



# Low-carbon, Climate-resilient Development Finance Tracking in MDBs

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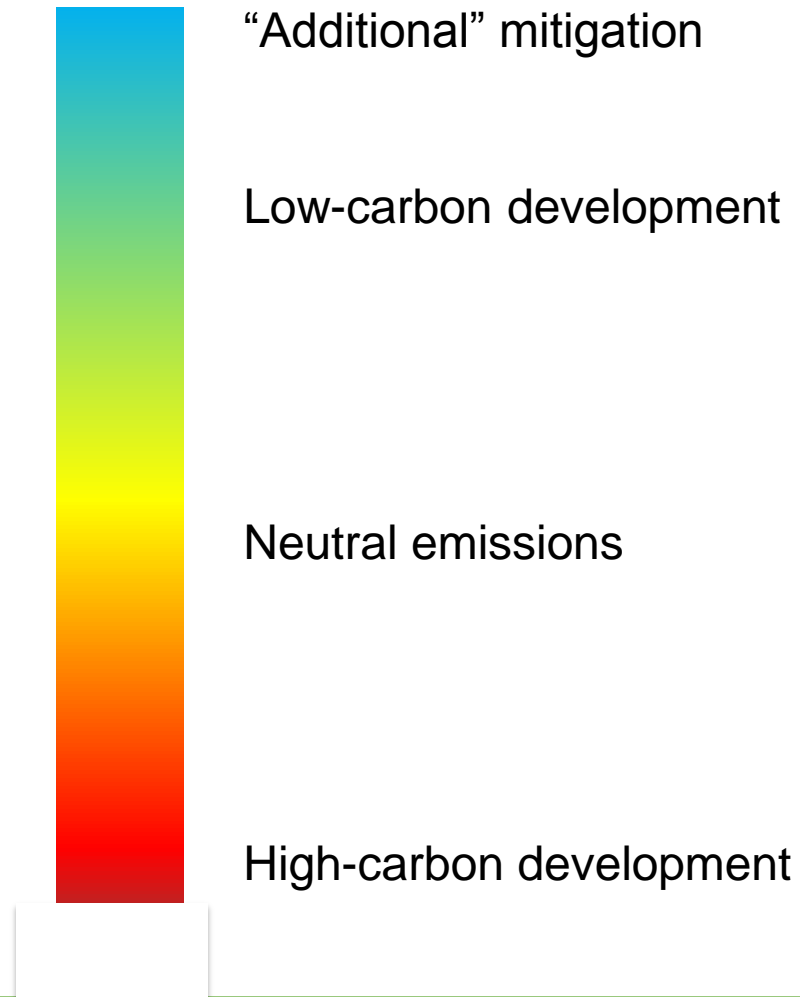
10 November 2011

*Expert workshop on tracking climate  
finance flows from the private sector  
and multilateral development banks*

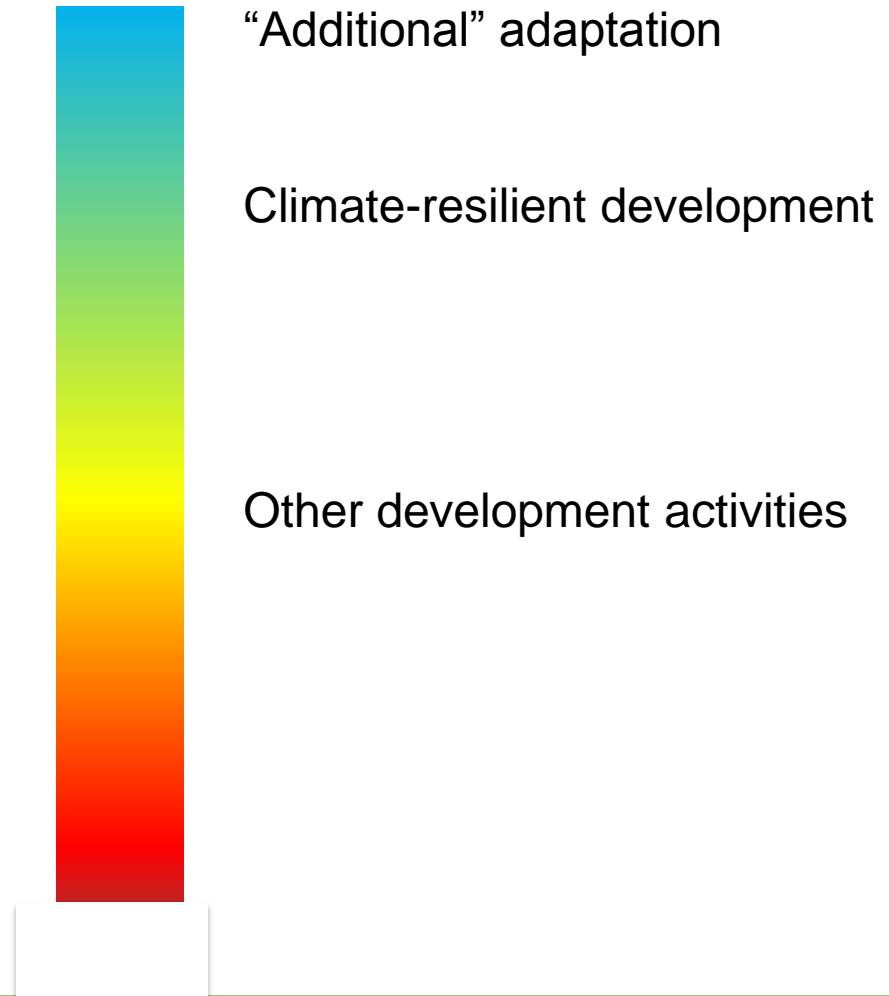
# Purposes of MDB tracking

- Internally,
  - Shifting lending towards low-carbon, climate-resilient development
  - Measure compliance with lending targets
- Externally,
  - Reporting, including to OECD (request to include Rio markers in data)

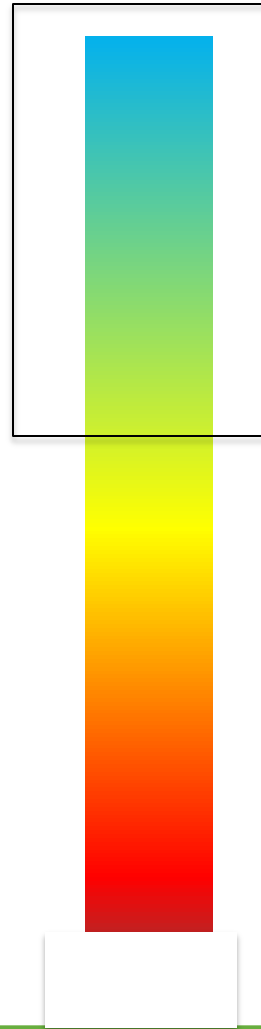
# Development and GHG emissions



# Development and climate resilience

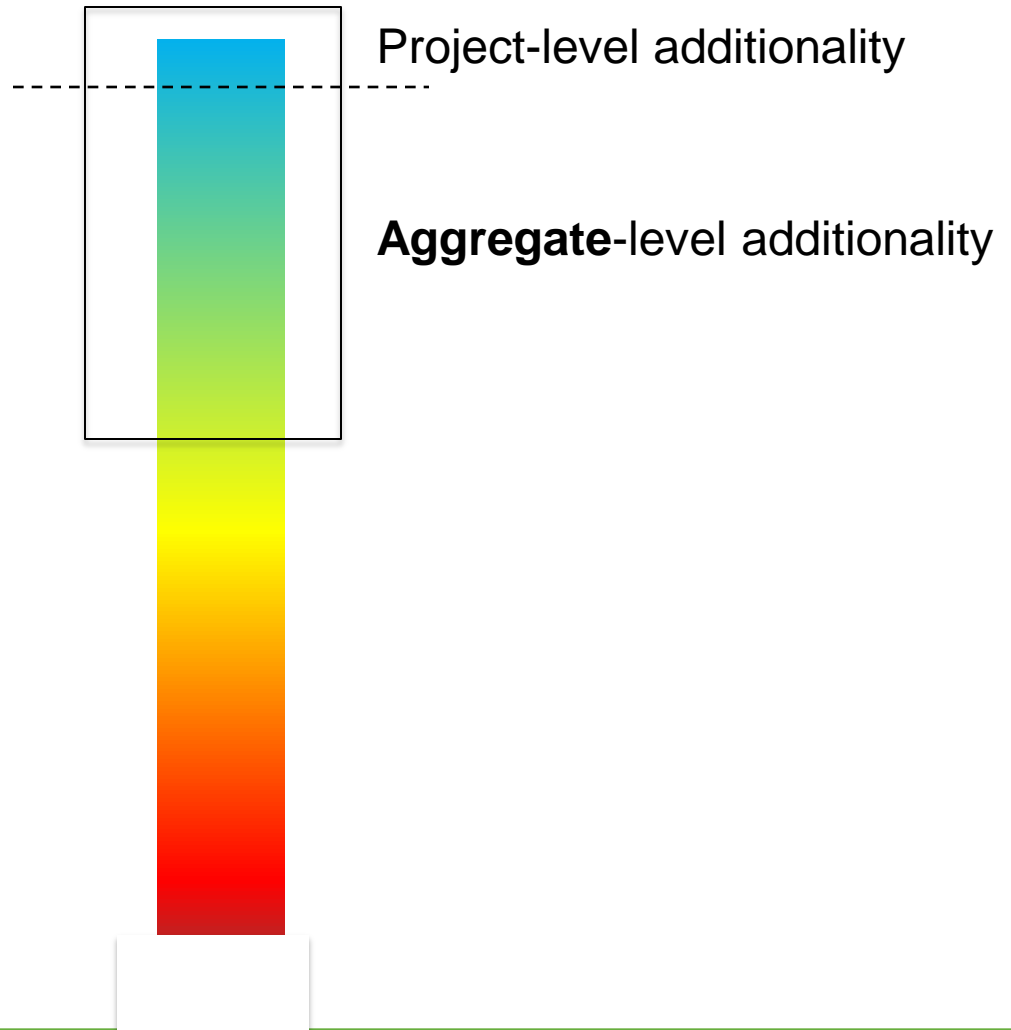


# What do we track?

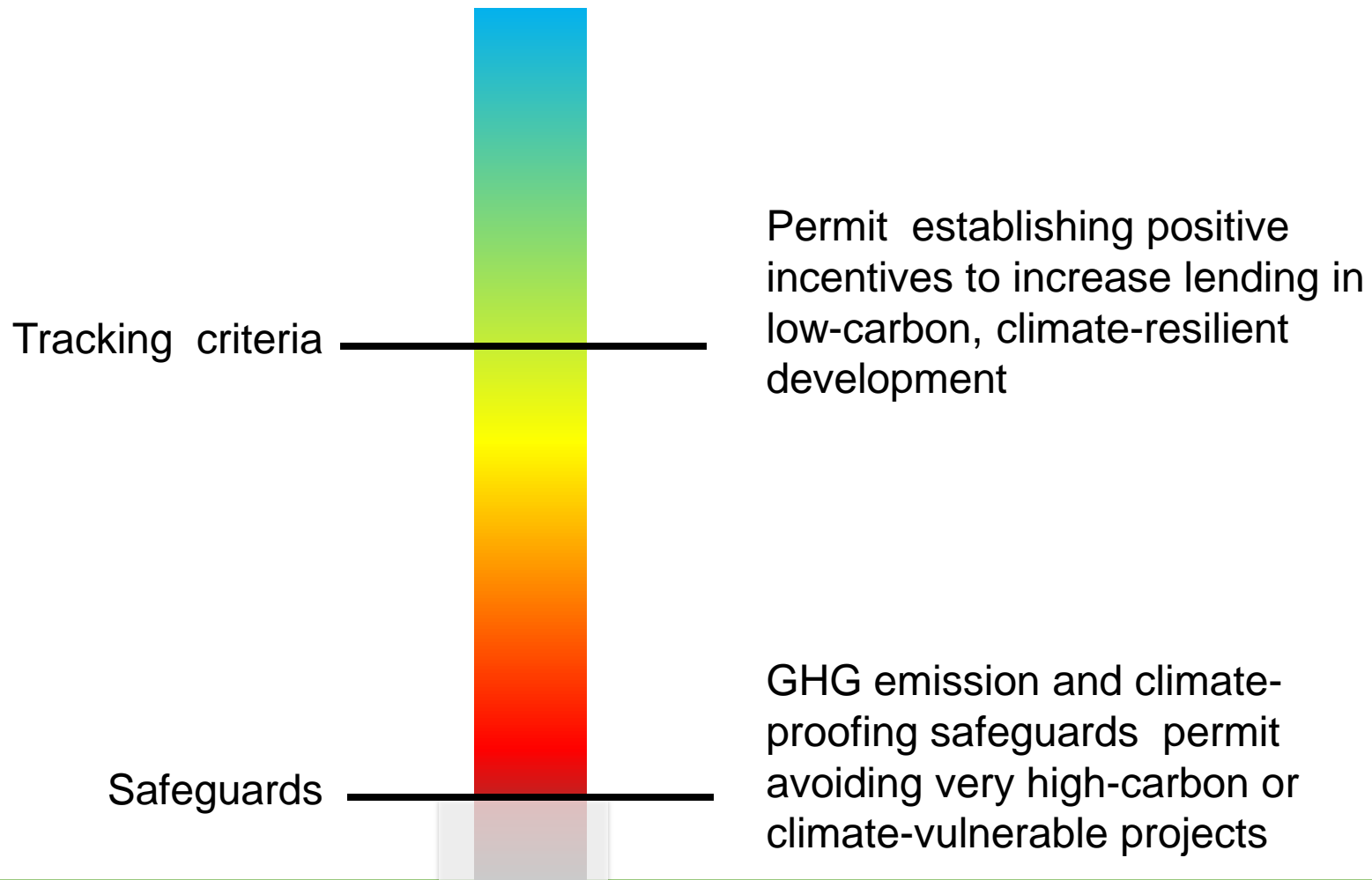


Low-carbon, climate-resilient  
development

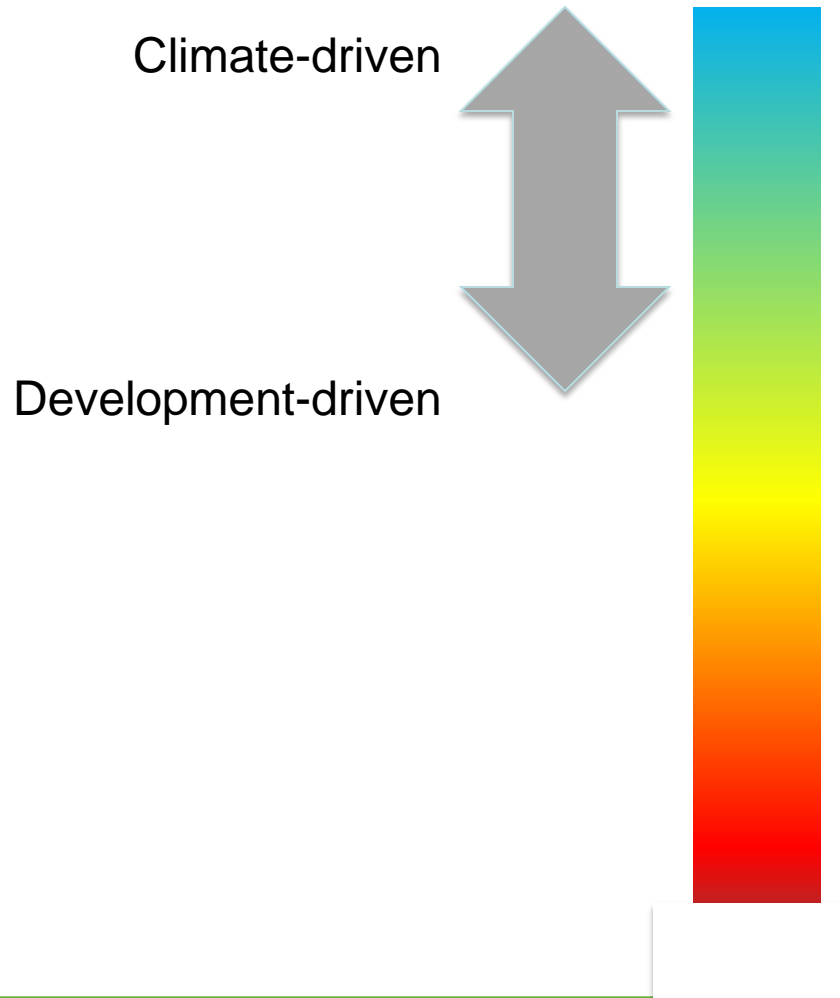
# Additionality



# MDB instruments for shifting lending



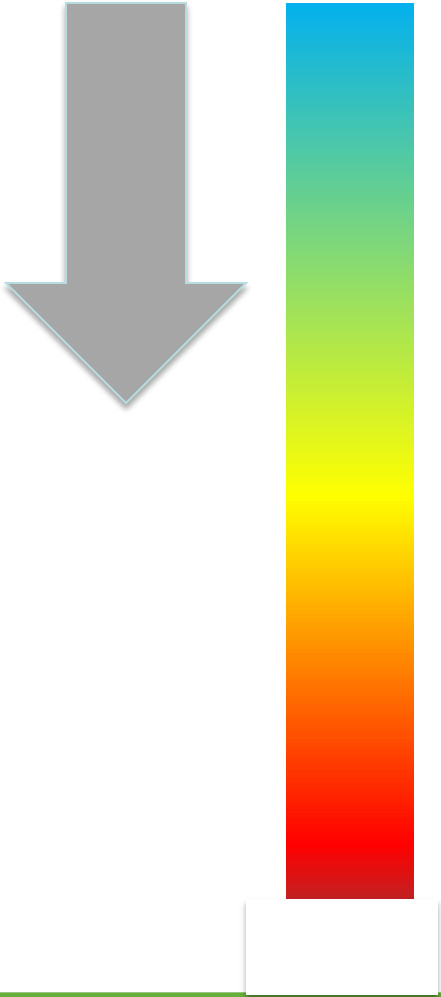
# Climate vs. development





# Mobilization of additional resources

Lower mobilization



Higher mobilization

# MDBs and Rio markers

- How to deal with principal/significant?
  - “**Principal (2)** (primary) policy objectives are those which can be identified as being fundamental in the design and impact of the activity and which are an explicit objective of the activity. They may be selected by answering the question ‘**would the activity have been undertaken without this objective?**’. The full amounts of activities marked as ‘principal’ can be considered as contributing to the policy objective.”\*
- As the answer to the question is normally “probably yes”, most MDB projects would fall into “Significant”

\* <http://www.oecd.org/dataoecd/46/13/42819225.pdf>

# Joint MDB criteria

- *Joint Multilateral Development Banks Climate Financing Report*, released June 2010
- Several areas were identified that required further work
- Working group created, including work-streams on:
  - Mitigation finance tracking criteria (IDB)
  - Adaptation (AfDB)
- Commitment by MDBs confirmed during two VP meetings in 2011
- Workshop in Washington November 7-8

# Why develop common tracking criteria?

- Ability to report externally apples and apples
- Contributing to the development of our internal criteria
- Participating with our development perspective in international climate change finance tracking processes (contributing to some development activities being recognized as low-carbon or climate-resilient)

# Mitigation work-stream

- **M**DB Climate Change **M**itigation **F**inance Tracking **M**ethodology (**MMFM**)
- Proposes a consensus-based list of types of activity, which lead to relatively significant emission reductions vis-à-vis other commonly-used options
- Areas that require further refinement of definitions:
  - Greenfield energy efficiency exceptions
  - Transport-based urban development
  - Activities leading to a reduction of deforestation

# Adaptation work-stream

- Still in a preliminary stage
- More complex tracking criteria, likely to be based on
  - Types of activity
  - Purpose
  - Context

# Challenges for common tracking criteria

- Difficulty in handling different criteria (the official and the joint criteria); banks may need to report to OECD using their official internal criteria
- Difficulty in harmonizing procedures (components or whole projects only; approvals, commitments or disbursements)



¡Gracias!

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