Towards improved tracking of public and private climate finance
Marrakech, 8 November 2016

Presentation by Amal-Lee Amin, Inter-American Development Bank
On behalf of the MDB Working Group on Climate Finance Tracking and Reporting
Multilateral Development Bank (MDB) climate finance tracking working group members:

African Development Bank
Asian Development Bank
European Bank for Reconstruction and Development
European Investment Bank
Inter-American Development Bank Group
World Bank Group
BACKGROUND

• 2009: International community set goal to mobilise **US$100 billion per year by 2020** for climate action.
• This created a need to measure these financial flows in a **comparable** manner.
• Since 2011, MDBs have taken a **lead role** to define climate finance and report their climate finance flows according to a **shared methodology, consistently and in a transparent manner**.
• MDBs **collaborate and share knowledge** on climate finance tracking with other groups such as UNFCCC-SCF, OECD, and IDFC.
• MDBs passed an historic milestone in 2015: providing more than **US$100 billion** in climate finance since 2011.
• Joint reports are issued **annually**, most recently **2015**.
**SUMMARY: 2015 MDB CLIMATE FINANCE**

<table>
<thead>
<tr>
<th>MDB</th>
<th>Adaptation Finance</th>
<th>Mitigation Finance</th>
<th>MDB Climate Finance</th>
</tr>
</thead>
<tbody>
<tr>
<td>ADB</td>
<td>356</td>
<td>2,561</td>
<td>2,917</td>
</tr>
<tr>
<td>AfDB</td>
<td>396</td>
<td>963</td>
<td>1,359</td>
</tr>
<tr>
<td>EBRD</td>
<td>244</td>
<td>2,973</td>
<td>3,217</td>
</tr>
<tr>
<td>EIB</td>
<td>365</td>
<td>4,772</td>
<td>5,137</td>
</tr>
<tr>
<td>IDBG</td>
<td>270</td>
<td>1,474</td>
<td>1,744</td>
</tr>
<tr>
<td>WBG</td>
<td>3,393</td>
<td>7,329</td>
<td>10,722</td>
</tr>
<tr>
<td><strong>TOTAL</strong></td>
<td><strong>5,024</strong></td>
<td><strong>20,072</strong></td>
<td><strong>25,096</strong></td>
</tr>
</tbody>
</table>

- **2015 Total MDB Climate Finance**
  - USD 25,096 million
  - **20%** Adaptation USD 5,024 million
  - **80%** Mitigation USD 20,072 million

- **Climate finance estimates are based on info available at time of operation’s approval by respective MDB Board.**
2015 MDB **ADAPTATION FINANCE**

**27%** Water and wastewater systems - USD 1,362 million

**18%** Crop production and food production - USD 927 million

**4%** Other agricultural and ecological resources - USD 217 million

**1%** Industry, extractive industries, manufacturing and trade - USD 29 million

**12%** Coastal and riverine infrastructure (including built flood protection infrastructure) - USD 589 million

**24%** Energy, transport, and other built environment infrastructure - USD 1,230 million

**2%** Financial services - USD 81 million

**5%** Institutional capacity support or technical assistance - USD 234 million

**4%** Cross-cutting sectors - USD 215 million

**3%** Multiple - USD 140 million

**71%** Investment loan - USD 3,531 million

**6%** Policy-based loan/budget support - USD 308 million

**13%** Grant - USD 666 million

**7%** Guarantee - USD 361 million

**3%** Line of credit - USD 144 million

**0.3%** Other instruments - USD 14 million

**10%** East Asia and the Pacific - USD 494 million

**3%** EU 11 - USD 160 million

**21%** Latin America and the Caribbean - USD 1,052 million

**10%** Middle East and North Africa - USD 498 million

**29%** South Asia - USD 1,484 million

**6%** Non-EU Europe and Central Asia - USD 314 million

**19%** Sub-Saharan Africa - USD 934 million

**2%** Multi-Regional - USD 88 million
2015 MDB MITIGATION FINANCE

- Waste and wastewater - USD 510 million (3%)
- Transport - USD 5,283 million (26%)
- Cross-cutting issues - USD 2,380 million (12%)
- Other sectors - USD 347 million (2%)

- Renewable energy - USD 6,018 million (30%)
- Lower carbon and efficient energy generation - USD 1,475 million (7%)
- Energy efficiency - USD 2,854 million (14%)
- Agriculture, forestry and land use - USD 1,205 million (6%)

- Investment loan - USD 15,340 million (76%)
- Policy-based loan/budget support - USD 1,027 million (5%)
- Grant - USD 765 million (4%)
- Guarantee - USD 1,094 million (6%)
- Equity - USD 761 million (4%)
- Line of credit - USD 842 million (4%)
- Other instruments - USD 243 million (1%)

- East Asia and the Pacific - USD 2,966 million (15%)
- EU 11 - USD 3,057 million (15%)
- Latin America and the Caribbean - USD 2,686 million (13%)
- Middle East and North Africa - USD 1,691 million (8%)
- South Asia - USD 3,193 million (16%)
- Non-EU Europe and Central Asia - USD 4,718 million (24%)
- Sub-Saharan Africa - USD 1,272 million (6%)
- Multi-Regional - USD 489 million (3%)
MDB ADAPTATION FINANCE TRACKING METHODOLOGY

• context- and location-specific
• Seeks to identify incremental costs, additionality – i.e. of activities that would not happen without climate change- and therefore with reduced scope for over-reporting on full project finance
• Granular: down to project components or elements, not necessarily full project
• Application of the methodology entails three key steps:
  o Setting out the climate vulnerability context of the project
  o Making an explicit statement of intent to address climate vulnerability as part of the project
  o Articulating a clear and direct link between the climate vulnerability context and the specific project activities.
MDB MITIGATION FINANCE TRACKING METHODOLOGY

- **Principles:** Common Principles for Climate Mitigation Finance Tracking developed by the joint climate finance group of MDBs and the IDFC

- **Eligibility:** Typology/List of activities considered as climate mitigation activities, including renewable energy and energy efficiency projects. In fossil fuel combustion sectors (transport, and energy production and use), the methodology recognizes the importance of long-term structural changes, such as the energy production shift to renewable energy technologies, and the modal shift to low-carbon modes of transport.

- **Granularity:** Mitigation activities are to be disaggregated from non-mitigation activities within a project, as reasonably possible

- **Scope:** Mitigation activities found in stand-alone projects or components thereof, multiple stand-alone projects under a larger program, or a program financed through a financial intermediary (e.g., credit line to national development bank for RE investments)

- **Impact Reporting:** Climate finance tracking is independent of GHG accounting and reporting
**MDB CLIMATE CO-FINANCE**

- MDBs defined a common approach to estimate and report climate co-financing (CCF) flows, meaning financial resources contributed by external entities (public and private) alongside climate finance committed by MDBs.

- CCF includes all financial instruments: grants, loans, equity, guarantees, others; CCF is quantifiable and traceable to investment documentation kept by an MDB.

- Guiding principles: no causality, conservative, estimation at time of Board approval or financial closure (of private financial structuring), no double-counting.

- Methodology to be consistent with Joint MDB Task Force on Measuring Private Investment Catalyzation.

- CCF figures estimated for FY 2014 were presented at COP21; figures for 2015 were integrated to Joint Report on MDB Climate Finance.
## 2015 MDB Climate Co-Finance

<table>
<thead>
<tr>
<th></th>
<th>ADB</th>
<th>AfDB</th>
<th>EBRD</th>
<th>EIB</th>
<th>IDBG</th>
<th>WBG</th>
<th>Total Climate Co-Finance (Gross)</th>
<th>Total Climate Co-Finance (Net)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Adaptation</td>
<td>115</td>
<td>220</td>
<td>17</td>
<td>10,065</td>
<td>59</td>
<td>1,252</td>
<td>11,729</td>
<td>11,188</td>
</tr>
<tr>
<td>Mitigation</td>
<td>5,073</td>
<td>1,862</td>
<td>3,153</td>
<td>22,754</td>
<td>1,126</td>
<td>18,898</td>
<td>52,866</td>
<td>43,808</td>
</tr>
<tr>
<td>Dual benefit</td>
<td>250</td>
<td>—</td>
<td>1,038</td>
<td>—</td>
<td>73</td>
<td>245</td>
<td>1,605</td>
<td>753</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>5,438</strong></td>
<td><strong>2,083</strong></td>
<td><strong>4,207</strong></td>
<td><strong>32,819</strong></td>
<td><strong>1,259</strong></td>
<td><strong>20,394</strong></td>
<td><strong>66,200</strong></td>
<td><strong>55,749</strong></td>
</tr>
</tbody>
</table>

Note: Values may not add up to total because of rounding.
**MDB WORKING GROUP, NEXT STEPS**

**Tracking enhancements:** to estimate climate finance through credit lines, financial intermediaries and guarantees; to consider output indicators (e.g. disbursements) in addition to inputs; to assess use of concessional finance for climate action

**On Mitigation tracking:** indicate progress made in measuring activities according to the *Common Principles for Mitigation Finance Tracking*; need to avoid long-term lock-in of high carbon infrastructure

**On Adaptation tracking:** further harmonization of methodology and its application so as to achieve *full comparability* especially in the challenging sectors (such as Water); seeking to develop metrics to capture full value of investing in adaptation

**Over the medium-term 2019-2020,** MDBs will endeavor to work together to ensure full alignment of their climate finance flows with Paris Agreement; will work to improve the narrative including common principles that lead effectively to low-carbon and climate resilient pathways as envisioned in the Paris Agreement. In 2017, MDB working group will identify and prioritize activities that enable this alignment.