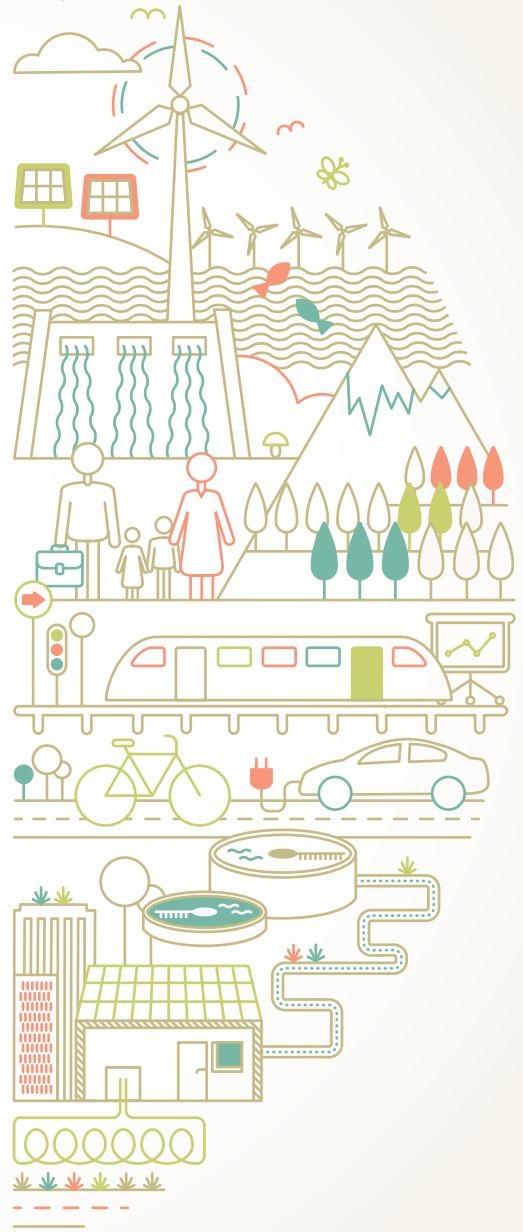


— 2019 —

JOINT REPORT  
ON MULTILATERAL  
DEVELOPMENT  
BANKS'

# CLIMATE FINANCE





— 2019 —

JOINT REPORT ON MULTILATERAL  
DEVELOPMENT BANKS'

# CLIMATE FINANCE

## **REVISION 1, AUGUST 2021**

The *2019 Joint Report on Multilateral Development Banks' Climate Finance* was first published in August 2020 and revised in August 2021.

This report was written by a group of multilateral development banks (MDBs), composed of the African Development Bank (AfDB), the Asian Development Bank (ADB), the Asian Infrastructure Investment Bank (AIIB), the European Bank for Reconstruction and Development (EBRD), the European Investment Bank (EIB), the Inter-American Development Bank Group (IDBG), the Islamic Development Bank (IsDB) and the World Bank Group (WBG). The findings, interpretations and conclusions expressed in this work do not necessarily reflect the official views of the MDBs' Boards of Executive Directors or the governments they represent.

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# ABBREVIATIONS AND ACRONYMS

|                 |                                                                                    |            |                                                                                                                                  |
|-----------------|------------------------------------------------------------------------------------|------------|----------------------------------------------------------------------------------------------------------------------------------|
| ADB             | Asian Development Bank                                                             | IDB Invest | IDBG private sector arm                                                                                                          |
| AfDB            | African Development Bank                                                           | IDB Lab    | the innovation laboratory of the IDBG                                                                                            |
| AIIB            | Asian Infrastructure Investment Bank                                               | IDFC       | International Development Finance Club                                                                                           |
| CCF             | climate co-finance                                                                 | IFC        | International Finance Corporation                                                                                                |
| CIF             | Climate Investment Funds                                                           | IsDB       | Islamic Development Bank                                                                                                         |
| CO <sub>2</sub> | carbon dioxide                                                                     | MDBs       | multilateral development banks                                                                                                   |
| EBRD            | European Bank for Reconstruction and Development                                   | MIGA       | Multilateral Investment Guarantee Agency                                                                                         |
| EIB             | European Investment Bank                                                           | NAMAs      | Nationally Appropriate Mitigation Actions                                                                                        |
| EU              | European Union                                                                     | NDCs       | Nationally Determined Contributions                                                                                              |
| €               | euro                                                                               | UNFCCC     | United Nations Framework Convention on Climate Change                                                                            |
| FY              | fiscal year                                                                        | US\$       | United States dollar                                                                                                             |
| GEF             | Global Environment Facility                                                        | WB         | World Bank, composed of the International Bank for Reconstruction and Development, and the International Development Association |
| GCF             | Green Climate Fund                                                                 | WBG        | World Bank Group, composed of the WB, IFC and MIGA                                                                               |
| GHG             | greenhouse gas                                                                     |            |                                                                                                                                  |
| IDB             | Inter-American Development Bank                                                    |            |                                                                                                                                  |
| IDBG            | Inter-American Development Bank Group, composed of the IDB, IDB Lab and IDB Invest |            |                                                                                                                                  |

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## PREFACE

The *Joint Report on Multilateral Development Banks' Climate Finance* is an annual collaborative effort to make public MDB climate finance figures, together with a clear explanation of the methodologies for tracking this finance. This joint report, alongside the MDBs' publication of climate finance statistics in their respective corporate media, is intended to track progress in relation to climate finance targets such as those announced around COP21 and the greater ambition pledged last year.

In September 2019, at the UN Secretary General's Climate Action Summit in New York the MDBs announced their annual climate action targets for 2025: at least US\$ 65 billion of climate finance in total from all MDBs, with US\$ 50 billion for low-income and middle-income countries; an increase in adaptation finance to US\$ 18 billion; and private mobilisation of US\$ 40 billion. *(This paragraph was revised in August 2021, removing the reference to "co-finance of US\$ 100 billion" and removing "direct" from "direct mobilisation", to align with the text of the High Level MDB Statement.)*

Since the first Joint Report, which covered climate finance for 2011, figures reported for climate finance have been based on a jointly developed MDB tracking methodology, which has been gradually updated and detailed. From the 2014 report onwards, the methodology has included reporting on climate co-finance alongside MDB climate finance. The first eight editions of the report provided climate finance data on a group of emerging and developing economies as defined by the MDBs, with slight fluctuations in geographical coverage year by year.

Starting with the 2019 report, for purposes of greater transparency and consistency with coverage of operations, MDBs agreed to start reporting on all economies where the MDBs operate, in other words to provide data on MDB climate finance commitments beyond those directed solely at developing and emerging economies. This change to reporting on all economies where the MDBs operate is made so that MDB climate finance data is more comprehensive and also includes a further breakdown by economy income level.

In 2015, the MDBs and the International Development Finance Club (IDFC) agreed on a set of Common Principles for finance to mitigate climate change and an initial set of Common Principles for finance to support adaptation to climate change. Their intention was to take a common approach to tracking and, in future, to reporting climate finance.

These institutions are expected to promote the Common Principles as their starting point and to discuss all differences transparently.

The MDBs have continued to address the challenges of tracking and enhance their methodologies, including through the ongoing work of the joint MDB climate finance tracking group. For these purposes, the MDB working group has formalised the coordination of two work streams. The first stream covers climate change mitigation and is coordinated by the European Investment Bank, while the second addresses climate change adaptation and is coordinated by the Inter-American Development Bank.

In 2019, the Climate Change Adaptation Working Group continued to harmonise the application of the adaptation finance tracking methodology and the Common Principles, in particular across more complex sectors and in jointly financed projects, and to harmonise the approach to reporting on climate resilience results. In December 2019, MDBs<sup>1</sup> and members of the IDFC published the joint Framework and Principles for Climate Resilience Metrics in Financing Operations, setting out the core concepts and characteristics of climate resilience metrics alongside a high-level framework for such metrics in financing operations. The Climate Change Mitigation Working Group plans to finalise review of the tracking methodology for climate mitigation finance during 2020, with the aim of commencing tracking in 2021 using the new methodology. The new version of the methodology will include a more granular breakdown of types of eligible activity, clear criteria that must be met and additional guidance to facilitate the application of these criteria.

The MDBs will continue to improve their tracking and reporting of climate finance in the context of their commitments to ensure consistent financial flows to the countries' long-term, low-carbon and climate-resilient development pathways, as a contribution to the successful implementation of Article 2.1(c) of the Paris Agreement. At COP25 in December 2019 the

<sup>1</sup> The AfDB, ADB, AIIB, EBRD, EIB, IDBG and IsDB.

MDBs presented an update on their work to align with the Paris Agreement: the key principles and criteria of their approach, as well as some methodological guidance on how to operationalise it. Furthermore, MDBs intend to ensure that they do not report as climate finance any activities not considered to be consistent with countries' long-term, low-carbon and climate-resilient pathways to meet the goals of the Paris Agreement. As the development of specific methodologies for assessing such consistency is a work in progress, financial flows presented in this report are not necessarily considered to be consistent with the countries' long-term, low-carbon and climate-resilient development pathways.

The 2019 edition of the *Joint Report on Multilateral Development Banks' Climate Finance* is published in the midst of the Covid-19 pandemic, which has caused significant social and economic disruption, temporarily reducing global carbon emissions

to 2006 levels. Countries now confront parallel threats of Covid-19 and climate change, as well as a unique opportunity to 'build back better' by planning investments for more sustainable systems in place of the current carbon-intensive approach. Global commitment is necessary to deploy financial resources such as stimulus and recovery packages to help build inclusive, low-carbon and climate-resilient economies.

This 2019 edition was prepared by the European Bank for Reconstruction and Development, together with partners the African Development Bank, the Asian Development Bank, the Asian Infrastructure Investment Bank, the European Investment Bank, the Inter-American Development Bank Group, the Islamic Development Bank and the World Bank Group.

August 2020

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## EXECUTIVE SUMMARY

This ninth edition of the *Joint Report on Multilateral Development Banks' Climate Finance* is an overview of climate finance committed in 2019 by the African Development Bank (AfDB), the Asian Development Bank (ADB), the European Bank for Reconstruction and Development (EBRD), the European Investment Bank (EIB), the Inter-American Development Bank Group (IDBG), the Islamic Development Bank (IsDB) and the World Bank Group (WBG). Importantly, this is the first year that IsDB data has been included in the total joint MDB climate finance figures. In addition, this year's report summarises information on climate finance tracking from the Asian Infrastructure Investment Bank (AIIB), presented separately from the joint figures.<sup>2</sup> AIIB climate finance commitments are not yet included in the total MDB climate finance reported in this year's edition.

The data and statistics presented in this year's report result from the uniform application of the methodologies developed jointly by the MDBs for their annual commitments.

In this report, the term “MDB climate finance” refers to the financial resources (from own accounts and MDB-managed external resources) committed by MDBs to development operations and components thereof which enable activities that mitigate climate change and support adaptation to climate change.

The term “climate co-finance” refers to the volume of financial resources invested by other public and private external parties alongside MDBs for climate mitigation and adaptation activities. The MDBs have reported jointly on climate finance since the first edition in 2012, which reported figures for 2011, and have added joint reporting on climate co-finance since the 2015 edition.

In this Joint Report for 2019, the geographical coverage has been expanded to report on all economies in which the MDBs operate (including those that are not developing and emerging economies), to make more transparent and consistent the reporting of MDBs' progress towards their joint climate finance commitments for 2025.

Collectively, the MDBs committed US\$ 61,562 million in climate finance in 2019 – US\$ 46,625 million or 76 per cent of this total for climate change mitigation finance and US\$ 14,937 million or 24 per cent for climate change adaptation finance. The net total climate co-finance committed during 2019 alongside

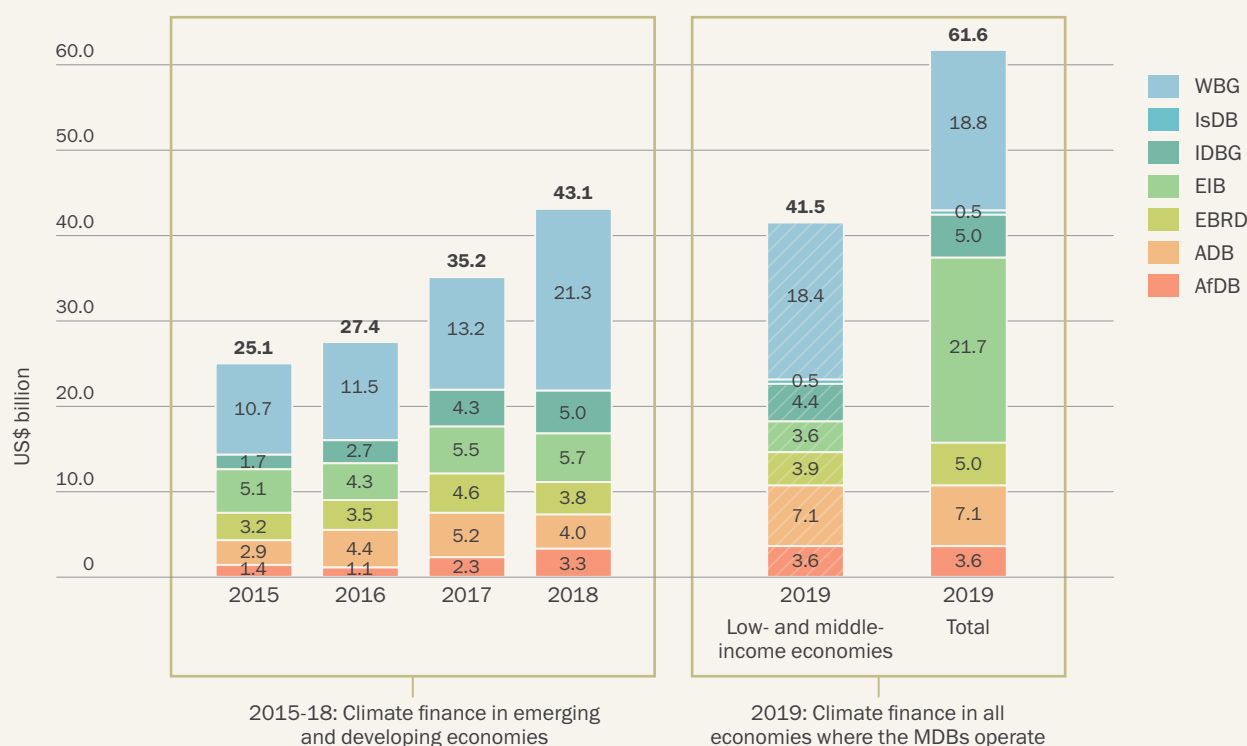
MDB resources was US\$ 102,683 million. Together, MDB climate finance and climate co-finance totalled US\$ 164,245 million.

Based on the expanded geographical coverage in this 2019 edition of the Joint Report, the MDB climate finance commitments are presented separately in two main groups: 1) Low-income and middle-income economies, a grouping that includes upper-middle, lower-middle and low-income economies, and 2) High-income economies, a category that also includes climate finance for global, multi-regional projects (a total of US\$ 185 million) when it is not possible to attribute these to a specific income group. In 2019, US\$ 41,467 million or 67 per cent of total MDB commitments was for low-income and middle-income economies and US\$ 20,095 million or 33 per cent for high-income economies. The economies are categorised by income grouping in accordance with the World Bank's classification dated June 2019 (see [Table A.F.1](#)).

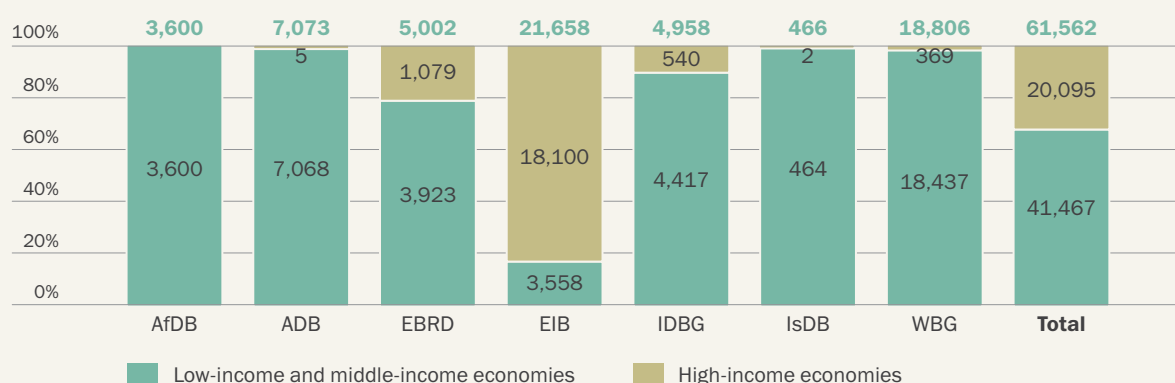
[Figure 1](#) presents MDB climate finance commitments reported for 2015-18 for emerging and developing economies and for 2019 for all economies in which the MDBs operate. [Figure 2](#) shows a more detailed breakdown of total MDB climate finance commitments in 2019 by MDB and by income group. [Figure 3](#) outlines MDB climate finance commitments by income grouping, with the inclusion of total MDB climate finance for high-income economies that was not reported in the 2015-18 editions of the *Joint Report on MDBs' Climate Finance*.

<sup>2</sup> See page 8 for data on AIIB climate finance commitments.

**Figure 1. MDBs' climate finance commitments 2015-19 (in US\$ billion)**



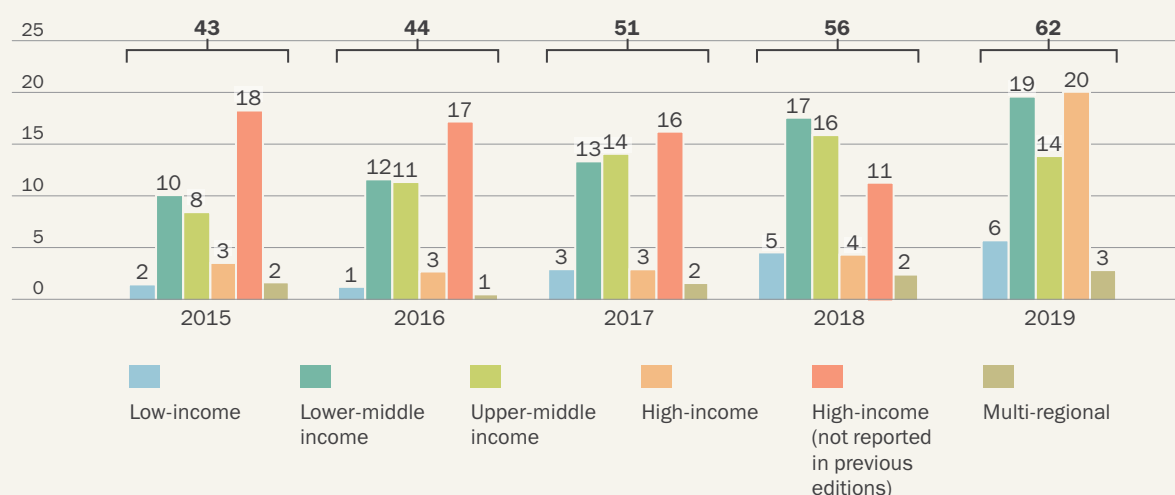
**Figure 2. Total MDB climate finance commitments for all economies where the MDBs operate, 2019 (in US\$ million)**



Notes for Figures 1 and 2:

1. Total 2019 climate finance in Figure 1 includes low-income and middle-income and high-income economies. Where possible, climate finance for regional projects has been split into two groups: low- and middle-income; and high-income. Climate finance that is global or cannot be attributed to a specific income group is reported under the high-income category.
2. IsDB reported commitment excludes operations of IsDB Group members including the Islamic Corporation for the Development of the Private Sector (ICD), the International Islamic Trade Finance Corporation (ITFC) and the Islamic Corporation for Insurance of Investment and Export Credit (ICIEC).
3. In the 2011-18 editions of the *Joint Report on MDBs' Climate Finance*, EIB climate finance figures were restricted to developing and emerging economies in transition and some EU economies (Bulgaria, Croatia, Cyprus, Estonia, Hungary, Latvia, Lithuania, Poland, Romania, Slovak Republic and Slovenia, with Greece reported since the 2016 edition and Czech Republic only included in the 2015 edition of the report), and did not include other EU economies where the EIB supported climate action. EIB 2019 climate finance commitments include all EU economies in addition to those previously covered. See [Table A.F.1](#) for details of geographical coverage in past editions of the Joint Report.
4. WBG climate finance resources (including own-account and managed external resources) for IFC, MIGA and the World Bank were US\$ 2,640 million (including US\$ 37 million of managed external resources), US\$ 1,017 million and US\$ 15,149 million, respectively. WB total commitments of own account in the fiscal year 2019 (FY19) were US\$ 45,123 million and a share of its climate-related financing reached 31 percent (US\$ 14,210 million of US\$ 45,123 million). IFC total commitments of own-account long-term finance in the financial year 2019 (FY19) were US\$ 8,920 million. As such, in FY19, IFC reached a level of 29 percent on long-term finance own-account climate commitments (US\$ 2,603 million of US\$ 8,920 million).
5. Since 2016, the IDBG's figures have included all climate finance for public and private borrowers or beneficiaries in all 26 IDBG borrowing member countries, via its three operational windows — IDB, IDB Invest and IDB Lab — on the basis of approval by the respective Boards of Executive Directors. Before 2016, IDBG figures did not include the private sector activity of the Inter-American Investment Corporation. In 2019, IDBG climate finance consisted of: US\$ 3,610 million through IDB; US\$ 1,329 million through IDB Invest; and US\$ 18 million through IDB Lab.
6. EBRD and EIB climate finance figures in this chart are based on the annual average European Central Bank rate. For 2019 the exchange rate used is €1 = US\$ 1.1195.
7. Numbers in the tables and figures in this report may not add up to the totals shown, due to rounding.

**Figure 3. MDB climate finance by income levels of borrowing or recipient economies, 2015-19 (in US\$ billion)**



**Notes:**

1. Figure 3 shows total MDB climate finance for 2015-18 including all economies, high-income economies such as Austria, Belgium, Czech Republic (included in 2015 edition of the Joint Report) Denmark, Finland, France, Germany, Greece (included in editions from 2016 onwards), Iceland, Ireland, Italy, Luxembourg, Malta, Netherlands, Norway, Portugal, Spain, Sweden and United Kingdom, consistent with the commitment to report from 2019 on all economies where the MDBs operate. Please see [Annex F](#) for details of the geographical coverage in past editions.
2. For 2019 climate finance data, MDBs estimated a more granular allocation of climate finance for their multi-regional projects. Where attribution was possible, figures were assigned according to the respective economies. In cases where such attribution was not possible, climate finance was allocated to high-income economies.
3. The category "High-income (not reported in previous editions)" refers to high-income economies for which climate finance was not reported in previous editions of the Joint Report.

MDBs apply two distinct methodologies – with fundamentally different approaches – to track climate change adaptation finance (or “adaptation finance”) and to track climate change mitigation finance (or “mitigation finance”). Both methodologies, however, track and report climate finance in a granular manner. In other words, the climate finance reported covers only those components and/or subcomponents or elements or proportions of projects that directly contribute to or promote adaptation and/or mitigation.

The MDBs estimate adaptation finance using the joint MDB methodology for tracking climate change adaptation finance. This methodology is based on a context- and location-specific approach and captures the amounts associated with activities directly linked to vulnerability to climate change. MDBs make the best possible efforts to differentiate between their usual development finance and finance provided with an explicit intent to reduce vulnerability to climate change. Thus, the methodology for tracking adaptation finance attempts to capture the *incremental cost* of adaptation activities. In contrast, mitigation finance is estimated in accordance with the joint MDB methodology for tracking climate mitigation finance, which is based on a list of activities in sectors and sub-sectors – according to each MDB’s operational practice – that reduce greenhouse gas

emissions and are compatible with low-emission development. Climate change adaptation finance in 2019 totalled US\$ 14,937 million, of which 93 per cent was directed at low-income and middle-income economies.

The MDBs’ methodologies for tracking climate mitigation finance align with the Common Principles for Climate Change Mitigation Finance Tracking<sup>3</sup> that the MDBs and the IDFC jointly agreed and first published in March 2015. In July 2015 the MDBs and the IDFC agreed an initial set of the Common Principles for Climate Adaptation Finance Tracking.<sup>4</sup> The organisations continue to harmonise their approaches to tracking adaptation finance. At COP24 in 2018 they announced a plan to work jointly to review and strengthen the Common Principles for Climate Mitigation Finance Tracking. The MDBs plan to finalise during 2020 their review of the methodology for tracking mitigation climate finance, with the aim of commencing tracking using the new methodology in 2021. The new version of the methodology will include a more granular breakdown of types of eligible activity, clear criteria that must be met and additional guidance to help interpretation. Climate change mitigation finance in 2019 totalled US\$ 46,625, of which 59 per cent was directed at low-income and middle-income economies.

<sup>3</sup> The Common Principles for Climate Mitigation Finance Tracking are set out in [Annex C](#): [https://www.eib.org/attachments/documents/mdb\\_idfc\\_mitigation\\_common\\_principles\\_en.pdf](https://www.eib.org/attachments/documents/mdb_idfc_mitigation_common_principles_en.pdf)

<sup>4</sup> The Common Principles for Climate Change Adaptation Finance Tracking are set out in [Annex B](#): [https://www.afdb.org/fileadmin/uploads/afdb/Documents/Generic-Documents/Common\\_Principles\\_for\\_Climate\\_Change\\_Adaptation\\_Finance\\_Tracking\\_-\\_Version\\_1\\_02\\_July\\_2015.pdf](https://www.afdb.org/fileadmin/uploads/afdb/Documents/Generic-Documents/Common_Principles_for_Climate_Change_Adaptation_Finance_Tracking_-_Version_1_02_July_2015.pdf)

In addition to reporting on mitigation and adaptation finance, some MDBs report on volumes of climate finance that have dual, simultaneous benefits: reducing GHGs and promoting adaptation to climate change. In 2019, the EBRD and IDBG reported a total of US\$ 1,070 million for dual-benefit projects. See [Annex D](#) for further climate finance statistics and examples of such projects. Given the relatively smaller volumes of “dual-benefit” climate finance and in order to simplify data presentation, the tables and graphs throughout this report present data by mitigation or adaptation finance, as indicated by the reporting MDBs.

Table 1 also presents data on MDB climate finance by type of recipient or borrower,<sup>5</sup> in other words, those to whom finance flows directly from the MDBs, as either public and private recipients or borrowers. In 2019, MDBs reported US\$ 43,719 million of their climate finance as being for public entities and US\$ 17,844 million for private entities.

**Table 1. Total MDB climate finance and net climate co-finance by economy income group and by type of recipient or borrower, 2019 (in US\$ million)**

|            | MDB climate finance                  |                           |        | Climate co-finance                   |                           |        |
|------------|--------------------------------------|---------------------------|--------|--------------------------------------|---------------------------|--------|
|            | For low- and middle-income economies | For high-income economies | Total  | For low- and middle-income economies | For high-income economies | Total  |
| Adaptation | 13,936                               | 1,001                     | 14,937 | 18,219                               | 1,210                     | 19,428 |
| Mitigation | 27,532                               | 19,094                    | 46,625 | 30,124                               | 53,131                    | 83,254 |
| Public     | 32,211                               | 11,508                    | 43,719 | 26,485                               | 20,550                    | 47,035 |
| Private    | 9,257                                | 8,587                     | 17,844 | 21,857                               | 33,790                    | 55,647 |

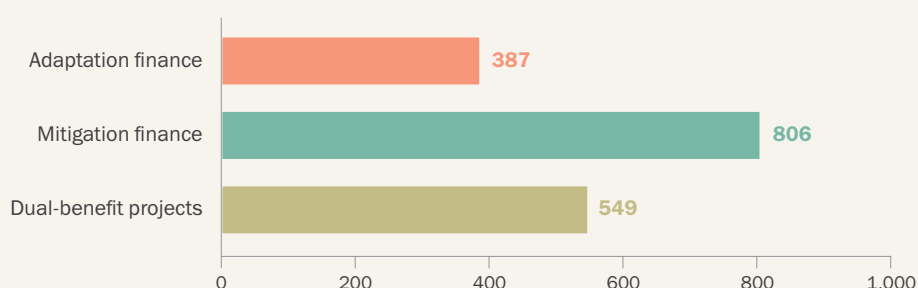
Note: Public and private sector operations: This determination is based on the status of the first recipient or borrower of MDB finance. The first recipient or borrower is considered to be public when at least 50 per cent of the stakes or shares of the recipient or borrower are publicly owned.

AIIB applied the joint MDB methodologies for tracking climate mitigation and adaptation finance to its 2019 projects financed from its own account, including sovereign-backed financing and non-sovereign-backed financing.

For 2019, AIIB’s climate finance was estimated to be US\$ 1.7 billion (approximately 39 per cent of total approved finance), of which US\$ 806 million

(46 per cent) was for climate change mitigation, US\$ 387 million (22 percent) was for climate change adaptation and US\$ 549 million (32 per cent) had dual benefits of mitigation and adaptation. AIIB intends to report on the details of its climate financing (for example, by region, sector, and instrument) in future editions of the Joint Report as AIIB expands its application of the joint MDB methodology.

**Figure 4. AIIB climate finance, 2019 (in US\$ million)**



<sup>5</sup> See [Annex A](#) for the definitions of public and private recipients or borrowers.

# OVERVIEW OF MDB METHODOLOGIES FOR TRACKING CLIMATE FINANCE

The tracking of MDB climate finance is based on the harmonised principles and jointly agreed methodologies detailed in [Annexes B and C](#) of this report. In this publication, the term “MDB climate finance” refers to the amounts committed by MDBs to finance climate change mitigation and adaptation activities in the projects they undertake. See [Annex F](#) for details of the 2019 report’s geographic coverage, and that of past editions.

MDB climate finance includes commitments from the MDBs’ own accounts, and from external resources channelled through and managed by the banks. Climate co-finance includes the amount of financial resources contributed by external resources alongside MDB climate finance. These may include entities from both the private (commercial) and public (non-commercial) sectors.

## 1.1. FINANCE FOR ADAPTATION TO CLIMATE CHANGE

Climate change adaptation aims to reduce the risks or vulnerabilities posed by climate change and to increase climate resilience. Identification of climate change adaptation finance is the result of a three-step process and thus, for a project to be counted either fully or partially towards MDB adaptation finance, it must:

- a. set out the project’s context of vulnerability to climate change
- b. make an explicit statement of intent to address this vulnerability as part of the project, and
- c. articulate a clear and direct link between the vulnerability and the specific project activities.

The MDB methodology for tracking climate change adaptation finance follows a context- and location-specific, conservative and granular approach. It tracks MDB financing only for those components and/or subcomponents or elements or proportions of projects that directly contribute to or promote adaptation. It is important to note the following:

- a. The adaptation finance reported might not capture certain activities that might contribute significantly to resilience, but cannot always be tracked in quantitative terms (for example, operational procedures that support adaptation to climate change) or might not be associated with costs (such as siting assets outside flood-prone areas).

- b. Climate adaptation finance, as defined by the methodology, is not intended to capture the value of an entire project or investment that may increase resilience as a result of specific adaptation activities that take place as part of the project.

The joint methodology for tracking climate adaptation finance is contained in [Annex B](#) of this report.

## 1.2. FINANCE FOR THE MITIGATION OF CLIMATE CHANGE

Climate change mitigation reduces, limits or sequesters greenhouse gas (GHG) emissions to mitigate climate change. However, not all activities that reduce GHGs are eligible to be counted towards MDB mitigation finance, which is calculated based on a list of activities that are compatible with low-emission pathways.

The joint methodology for tracking climate change mitigation finance recognises the importance of long-term structural changes, such as the shift to renewable energy technologies, and the modal shift to low-carbon modes of transport. Consequently, the methodology includes both greenfield and brownfield renewable energy projects as well as modal-shift projects in transport. For energy efficiency projects the methodology acknowledges that drawing a boundary between increasing production and reducing emissions per unit of output is difficult. Consequently, greenfield energy efficiency investments are included only in a few cases where they help to prevent a long-term lock-in to high-carbon infrastructure. For brownfield energy efficiency investments to be considered as climate finance, old technologies must be replaced, retrofitted or retired well before the end of their lifetimes with new technologies that are substantially more efficient. Alternatively, new technologies or processes are required to be substantially more efficient than those normally used in greenfield projects.

The methodology has some explicit exclusions in certain sectors. Examples include hydropower plants with high methane emissions from reservoirs that exceed GHG reductions associated with the plant’s renewable energy output; geothermal power plants with a high carbon dioxide (CO<sub>2</sub>) content in the geothermal fluid that cannot be reinjected; and biofuel projects that deplete carbon pools more than they reduce GHG emissions, due to high emissions during production, processing and transportation.

The joint methodology for tracking climate mitigation finance is contained in [Annex C](#) of this report.<sup>6</sup>

There are fundamental differences between the tracking methodologies for climate change adaptation activities and those for mitigation activities. For mitigation activities, a one-tonne reduction in CO<sub>2</sub> emissions has the same impact regardless of where the activities take place. It is therefore possible to define lists of typical activities that are deemed to support the path to low-carbon development.

However, adaptation activities are project- and location-specific, and they respond to specific climate vulnerabilities. Therefore, unlike mitigation activities, it is not possible to produce a stand-alone “list of adaptation activities” that can be used under all circumstances.

When comparing climate finance data, it is important to understand the differences and similarities.

Table 2 summarises the key points in this regard.

**Table 2. Comparison of methodologies for tracking adaptation and mitigation finance**

| Item                                                  | CLIMATE CHANGE ACTIVITY                                                                                                                                                                                                                                                                                                                                                                  |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                      |
|-------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
|                                                       | Adaptation                                                                                                                                                                                                                                                                                                                                                                               | Mitigation                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                           |
| General scope of qualifying activity                  | The activity is typically a component or element of a project, and in certain circumstances an entire project, contributing to resilience (including socioeconomic resilience) or adaptation to climate change.                                                                                                                                                                          | This is typically a project (or component thereof) that avoids, reduces or sequesters GHG emissions, or promotes efforts to achieve these goals.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                     |
| Basis for tracking                                    | Adaptation finance tracking is incremental or component based; it only takes into account those activities that specifically address vulnerability to climate change. Eligible components are usually parts of a larger project, for example, water-saving equipment that is part of a larger capital expenditure (capex) investment in an area vulnerable to increased risk of drought. | Mitigation finance tracking is either project- or component-based.<br><br><i>Project-based:</i> If the whole project is considered to be a mitigation activity, for example, a typical renewable energy project or a project dedicated to improving the energy efficiency of an existing facility, then 100 per cent of the project investment is considered to be mitigation finance.<br><br><i>Component-based:</i> In a project, if only a component of that project is a mitigation activity, such as energy efficiency equipment that is part of a larger capex investment, then the respective fraction of the project is considered to be mitigation finance. |
| Granular approach to finance tracking                 | The adaptation finance methodology intends to capture only the value of those activities within the project that are aimed at addressing specific climate vulnerabilities. It is not intended to capture the value of the entire project that is made more climate resilient as a consequence of specific adaptation activities within the project.                                      | A granular approach is used. Climate finance methodology intends to capture only the value of the project or its components that avoid, reduce, limit, sequester or promote the avoidance, reduction, limitation or sequestration of GHG emissions and are specified in the eligible list of activities.                                                                                                                                                                                                                                                                                                                                                             |
| Scale of impact                                       | Local, regional, national or global                                                                                                                                                                                                                                                                                                                                                      | Global                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                               |
| Indicator(s) to quantify and compare project outcomes | Multiple (project- and context-specific) indicators are needed; the intended outcomes depend on the nature of the project.                                                                                                                                                                                                                                                               | Ultimately, all mitigation projects can be compared on the basis of their direct or indirect reduction of GHGs (for example, systems for monitoring GHGs that lead to better use of energy systems).                                                                                                                                                                                                                                                                                                                                                                                                                                                                 |
| Qualification for climate finance                     | Qualification is based on a three-step assessment process, taking into account the climate change vulnerability context and the specific project intent to reduce climate vulnerabilities.                                                                                                                                                                                               | Qualification is based on a “positive list” of activities that qualify for mitigation finance and a set of specific qualification and exclusion criteria.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                            |
| Climate finance tracking                              | Following the three-step assessment process, a share of those project components that are clearly and directly linked to the climate vulnerability context and contribute to climate change resilience is classified as climate change adaptation finance.                                                                                                                               | Following the positive-list approach, financing of the eligible project activities is classified as climate change mitigation finance.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                               |

See [Annexes B](#) and [C](#) for a full description of the methodologies and examples of their application to MDB projects in an array of sectors.

<sup>6</sup> As highlighted in the executive summary of this report, the MDBs plan to finalise in 2020 their review of the methodology for tracking climate change mitigation finance, with the aim of commencing tracking using the new methodology in 2021.

## MDB CLIMATE FINANCE, 2019

### 2.1. TOTAL MDB CLIMATE FINANCE

In 2019, MDBs committed a total of US\$ 61,562 million to climate finance, with US\$ 41,467 million committed to low-income and middle-income economies.

Out of the US\$ 61,562, US\$ 58,437 million were from the MDBs' own account and US\$ 3,126 million from external resources that were channelled through the Banks. Total MDB mitigation finance was US\$ 46,625 million, or 76 per cent of the total commitments, while adaptation finance was US\$ 14,937 million, or 24 per cent of total commitments.

Out of the US\$ 41,467 million of climate finance committed to low-income and middle-income economies, US\$ 38,561 million were from the MDBs' own account and US\$ 2,906 from external resources that were channelled through the MDBs. Mitigation finance committed to low-income and middle-income economies totalled US\$ 27,532 million, or 66 per cent, while adaptation finance totalled US\$ 13,936 million, or 34 per cent.

**Table 3. Total MDB climate finance, 2019 (in US\$ million)**

| MDB          | For low-income and middle-income economies |                    |                     | For high-income economies |                    |                     | Total climate finance |                    |                     |
|--------------|--------------------------------------------|--------------------|---------------------|---------------------------|--------------------|---------------------|-----------------------|--------------------|---------------------|
|              | Adaptation finance                         | Mitigation finance | MDB climate finance | Adaptation finance        | Mitigation finance | MDB climate finance | Adaptation finance    | Mitigation finance | MDB climate finance |
| AfDB         | 2,016                                      | 1,584              | 3,600               | –                         | –                  | –                   | 2,016                 | 1,584              | 3,600               |
| ADB          | 1,531                                      | 5,537              | 7,068               | 5                         | –                  | 5                   | 1,536                 | 5,537              | 7,073               |
| EBRD         | 569                                        | 3,354              | 3,923               | 13                        | 1,066              | 1,079               | 582                   | 4,420              | 5,002               |
| EIB          | 387                                        | 3,170              | 3,558               | 584                       | 17,517             | 18,100              | 971                   | 20,687             | 21,658              |
| IDBG         | 1,887                                      | 2,531              | 4,417               | 31                        | 509                | 540                 | 1,918                 | 3,040              | 4,958               |
| IsDB         | 217                                        | 247                | 464                 | 1                         | 1                  | 2                   | 218                   | 248                | 466                 |
| WBG          | 7,329                                      | 11,108             | 18,437              | 368                       | 1                  | 369                 | 7,697                 | 11,109             | 18,806              |
| <b>Total</b> | <b>13,936</b>                              | <b>27,532</b>      | <b>41,467</b>       | <b>1,001</b>              | <b>19,094</b>      | <b>20,095</b>       | <b>14,937</b>         | <b>46,625</b>      | <b>61,562</b>       |

Note: In certain cases, MDBs finance activities that have simultaneous benefits for mitigation and adaptation. The 2019 figure of US\$ 1,070 million of climate finance with dual benefits is presented under the subheading of mitigation or adaptation finance (based on the most relevant elements of the project) to simplify reporting. The IDBG reported US\$ 942 million and the EBRD reported US\$ 128 million as dual-benefit projects. Note that the IDBG splits dual-benefit finance equally between adaptation and mitigation categories, while the EBRD allocates all dual-benefit activities to adaptation finance. See [Annex D](#) for further details.

**Table 4. Total MDB climate finance, climate co-finance and MDB finance, 2019**

|                                                                                              | AfDB                                       |                           | ADB                                        |                           | EBRD                                       |                           | EIB                                        |                           | IDBG                                       |                           | IsDB                                       |                           | WBG                                        |                           | Total          |
|----------------------------------------------------------------------------------------------|--------------------------------------------|---------------------------|--------------------------------------------|---------------------------|--------------------------------------------|---------------------------|--------------------------------------------|---------------------------|--------------------------------------------|---------------------------|--------------------------------------------|---------------------------|--------------------------------------------|---------------------------|----------------|
|                                                                                              | For low-income and middle-income economies | For high-income economies | For low-income and middle-income economies | For high-income economies | For low-income and middle-income economies | For high-income economies | For low-income and middle-income economies | For high-income economies | For low-income and middle-income economies | For high-income economies | For low-income and middle-income economies | For high-income economies | For low-income and middle-income economies | For high-income economies |                |
| Own account                                                                                  | 2,993                                      | –                         | 6,363                                      | 5                         | 3,680                                      | 1,070                     | 3,305                                      | 18,023                    | 4,186                                      | 512                       | 464                                        | 2                         | 17,571                                     | 263                       | <b>58,437</b>  |
| MDB-managed external resources                                                               | 608                                        | –                         | 705                                        | –                         | 243                                        | 8                         | 253                                        | 78                        | 232                                        | 28                        | –                                          | –                         | 866                                        | 105                       | <b>3,126</b>   |
| MDB climate finance by income level of economies                                             | 3,600                                      | –                         | 7,068                                      | 5                         | 3,923                                      | 1,079                     | 3,558                                      | 18,100                    | 4,417                                      | 540                       | 464                                        | 2                         | 18,437                                     | 369                       | <b>61,562</b>  |
| <b>Total MDB climate finance</b>                                                             | <b>3,600</b>                               |                           | <b>7,073</b>                               |                           | <b>5,002</b>                               |                           | <b>21,658</b>                              |                           | <b>4,958</b>                               |                           | <b>466</b>                                 |                           | <b>18,806</b>                              |                           | <b>61,562</b>  |
| MDB operations from MDB own account                                                          | 8,804                                      | 7                         | 19,522                                     | 10                        | 8,849                                      | 2,392                     | 8,622                                      | 60,413                    | 14,303                                     | 2,197                     | 1,843                                      | 50                        | 57,786                                     | 1,805                     | <b>186,601</b> |
| Total MDB operations                                                                         | 10,162                                     | 7                         | 23,679                                     | 10                        | 10,281                                     | 2,684                     | 9,606                                      | 60,949                    | 14,855                                     | 2,253                     | 1,843                                      | 50                        | 58,650                                     | 1,968                     | <b>196,995</b> |
| <b>Total MDB operations from own account</b>                                                 | <b>8,811</b>                               |                           | <b>19,532</b>                              |                           | <b>11,241</b>                              |                           | <b>69,035</b>                              |                           | <b>16,499</b>                              |                           | <b>1,893</b>                               |                           | <b>59,591</b>                              |                           | <b>186,601</b> |
| <b>Total MDB operations</b>                                                                  | <b>10,169</b>                              |                           | <b>23,689</b>                              |                           | <b>12,965</b>                              |                           | <b>70,544</b>                              |                           | <b>17,107</b>                              |                           | <b>1,893</b>                               |                           | <b>60,618</b>                              |                           | <b>196,995</b> |
| <b>CLIMATE FINANCE RATIOS</b>                                                                |                                            |                           |                                            |                           |                                            |                           |                                            |                           |                                            |                           |                                            |                           |                                            |                           |                |
| Climate finance from MDB own account, as a percentage of MDB operations from MDB own account | 34%                                        |                           | 33%                                        |                           | 42%                                        |                           | 31%                                        |                           | 28%                                        |                           | 25%                                        |                           | 30%                                        |                           | <b>31%</b>     |
| MDB climate finance as a percentage of total MDB operations                                  | 35%                                        |                           | 30%                                        |                           | 39%                                        |                           | 31%                                        |                           | 29%                                        |                           | 25%                                        |                           | 31%                                        |                           | <b>31%</b>     |
| <b>CLIMATE CO-FINANCE</b>                                                                    |                                            |                           |                                            |                           |                                            |                           |                                            |                           |                                            |                           |                                            |                           |                                            |                           |                |
| Climate co-finance                                                                           | 9,225                                      | –                         | 8,768                                      | –                         | 3,729                                      | 2,968                     | 8,011                                      | 50,954                    | 1,754                                      | 251                       | 295                                        | –                         | 18,114                                     | 209                       | <b>104,278</b> |
| Correction for multiple MDB financing                                                        | (269)                                      | –                         | (233)                                      | –                         | (348)                                      | (4)                       | (205)                                      | (15)                      | (41)                                       | (22)                      | (6)                                        | –                         | (452)                                      | –                         | <b>(1,595)</b> |
| MDB climate activity finance                                                                 | 12,556                                     | –                         | 15,602                                     | 5                         | 7,305                                      | 4,042                     | 11,363                                     | 69,039                    | 6,130                                      | 769                       | 754                                        | 2                         | 36,100                                     | 577                       | <b>164,245</b> |
| <b>Total MDB climate activity finance</b>                                                    | <b>12,556</b>                              |                           | <b>15,607</b>                              |                           | <b>11,347</b>                              |                           | <b>80,402</b>                              |                           | <b>6,899</b>                               |                           | <b>756</b>                                 |                           | <b>36,677</b>                              |                           | <b>164,245</b> |

Notes:

1. Numbers in the tables and figures in this report may not add up to the totals shown, due to rounding.
2. "MDB climate finance" refers to the sum of the climate finance from the MDBs' own accounts and the MDB-managed external resources.
3. "Total MDB operations" refers to the sum of the MDBs' own accounts and MDB-managed external resources.
4. "Total MDB climate activity finance" refers to the sum of "Total MDB climate finance" and "Climate co-finance".

Sources of MDB climate finance are split between the MDBs' own accounts and the external resources channelled through and managed by the MDBs. External resources include trust-funded operations, such as those funded by bilateral agencies and dedicated climate finance funds such as the Climate Investment Funds (CIF), Green Climate Fund (GCF) and climate-related funds under the Global Environment Facility (GEF), EU blending facilities and others. As bilateral reporting may already cover some external resources, those managed by the MDBs are presented separately from the MDBs' own accounts.

## 2.2. MDB CLIMATE FINANCE BY TYPE OF RECIPIENT OR BORROWER

MDBs report on the nature of first recipients or borrowers<sup>7</sup> of MDB climate finance (those to whom finance will flow directly from the MDBs), differentiating between public and private recipients or borrowers. Total commitment varies significantly between MDBs' own accounts and MDB-managed external resources, as Table 5 illustrates. Table 6 shows the split by type of recipient or borrower for the MDBs' own accounts and for MDB-managed external resources.

**Table 5. MDB climate finance by source of funds and by type of recipient or borrower, 2019 (in US\$ million)**

| Type of recipient or borrower | For low-income and middle-income economies |                                | For high-income economies |                                | Total climate finance |                                |
|-------------------------------|--------------------------------------------|--------------------------------|---------------------------|--------------------------------|-----------------------|--------------------------------|
|                               | MDB own account                            | MDB-managed external resources | MDB own account           | MDB-managed external resources | MDB own account       | MDB-managed external resources |
| Public recipient or borrower  | 29,970                                     | 2,241                          | 11,375                    | 133                            | <b>41,345</b>         | <b>2,374</b>                   |
| Private recipient or borrower | 8,591                                      | 665                            | 8,500                     | 87                             | <b>17,092</b>         | <b>752</b>                     |
| <b>Total</b>                  | <b>38,561</b>                              | <b>2,906</b>                   | <b>19,875</b>             | <b>219</b>                     | <b>58,437</b>         | <b>3,126</b>                   |

**Table 6. MDB climate finance by type of recipient or borrower, 2019 (in US\$ million)**

| MDB          | For low-income and middle-income economies |               | For high-income economies |               | Total         |               |
|--------------|--------------------------------------------|---------------|---------------------------|---------------|---------------|---------------|
|              | Private                                    | Public        | Private                   | Public        | Private       | Public        |
| AfDB         | 1,197                                      | 2,403         | –                         | –             | <b>1,197</b>  | <b>2,403</b>  |
| ADB          | 504                                        | 6,564         | –                         | 5             | <b>504</b>    | <b>6,569</b>  |
| EBRD         | 2,252                                      | 1,672         | 1,077                     | 2             | <b>3,328</b>  | <b>1,673</b>  |
| EIB          | 927                                        | 2,631         | 6,899                     | 11,201        | <b>7,826</b>  | <b>13,832</b> |
| IDBG         | 1,000                                      | 3,418         | 348                       | 193           | <b>1,347</b>  | <b>3,610</b>  |
| IsDB         | –                                          | 464           | –                         | 2             | <b>–</b>      | <b>466</b>    |
| WBG          | 3,378                                      | 15,059        | 263                       | 105           | <b>3,641</b>  | <b>15,165</b> |
| <b>Total</b> | <b>9,257</b>                               | <b>32,211</b> | <b>8,587</b>              | <b>11,508</b> | <b>17,844</b> | <b>43,719</b> |

<sup>7</sup> See [Annex A](#) for the definitions of public and private recipients or borrowers.

## 2.3. MDB CLIMATE FINANCE BY TYPE OF INSTRUMENT

For the sixth consecutive year, MDBs reported climate finance by the types of financial instrument (see [Annex E](#) for definitions). MDBs reported that 73 per cent of total climate finance was committed through investment loans (see Table 7 on MDB climate finance by type of instrument). Illustrative examples of various types of instrument are presented in [Table A.E.1](#).

**Table 7. Total MDB climate finance split by type of instrument, 2019 (in US\$ million)**

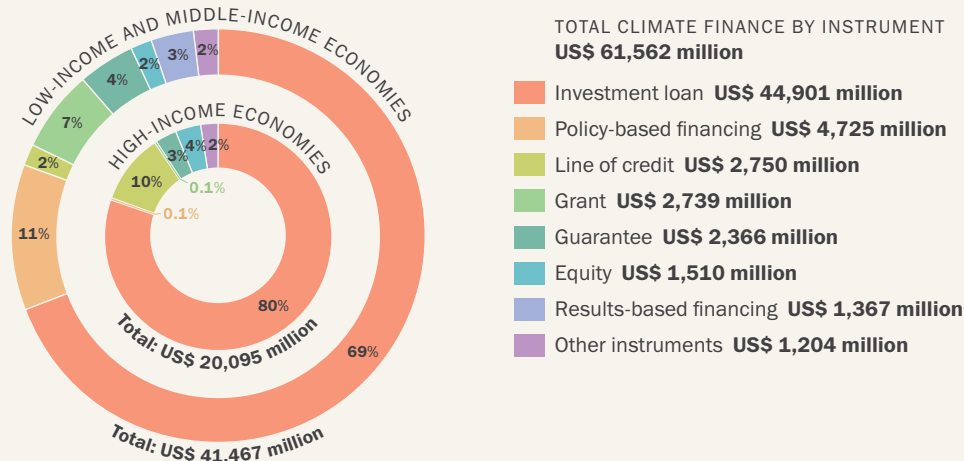
| Instrument type         | For low-income and middle-income economies | For high-income economies | Total         |
|-------------------------|--------------------------------------------|---------------------------|---------------|
| Equity                  | 760                                        | 749                       | <b>1,510</b>  |
| Grant                   | 2,716                                      | 23                        | <b>2,739</b>  |
| Guarantee               | 1,736                                      | 630                       | <b>2,366</b>  |
| Investment loan         | 28,730                                     | 16,172                    | <b>44,901</b> |
| Line of credit          | 711                                        | 2,039                     | <b>2,750</b>  |
| Policy-based financing  | 4,698                                      | 27                        | <b>4,725</b>  |
| Results-based financing | 1,367                                      | –                         | <b>1,367</b>  |
| Other instruments       | 750                                        | 454                       | <b>1,204</b>  |
| <b>Total</b>            | <b>41,467</b>                              | <b>20,095</b>             | <b>61,562</b> |

Notes:

1. [Annex E](#) defines the various type of instrument.

2. Other instruments include advisory services and bonds. Some MDBs report eligible bonds under the category of investment loans.

**Figure 5. Total MDB climate finance by type of instrument, 2019**



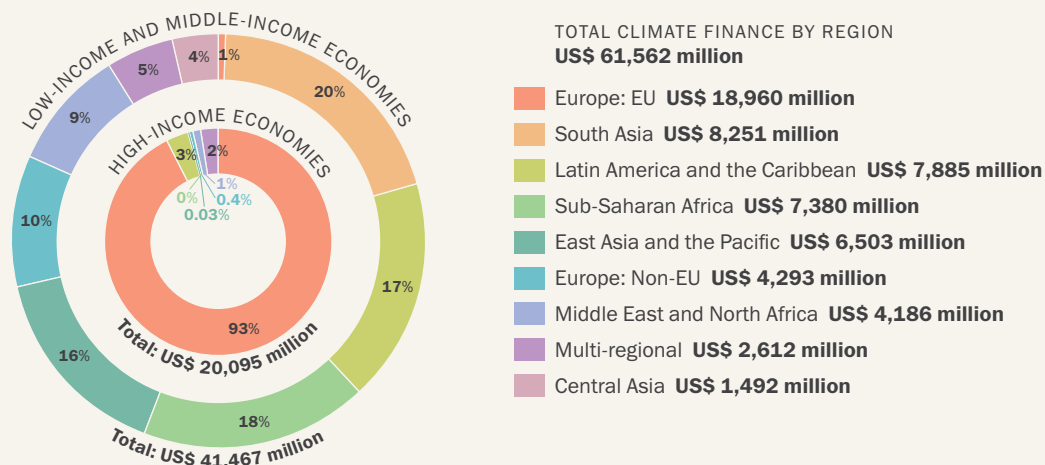
## 2.4. MDB CLIMATE FINANCE BY REGION

MDB climate finance commitments are grouped by region.<sup>8</sup> Table 8 presents information on MDB climate finance by region.

**Table 8. MDB climate finance by region, 2019 (in US\$ million)**

| Region                          | For low-income and middle-income economies | For high-income economies | Total         |
|---------------------------------|--------------------------------------------|---------------------------|---------------|
| Central Asia                    | 1,492                                      | –                         | 1,492         |
| East Asia and the Pacific       | 6,497                                      | 6                         | 6,503         |
| Europe: EU                      | 322                                        | 18,639                    | 18,960        |
| Europe: Non-EU                  | 4,220                                      | 73                        | 4,293         |
| Latin America and the Caribbean | 7,226                                      | 659                       | 7,885         |
| Middle East and North Africa    | 3,919                                      | 267                       | 4,186         |
| South Asia                      | 8,251                                      | –                         | 8,251         |
| Sub-Saharan Africa              | 7,380                                      | 0                         | 7,380         |
| Multi-regional                  | 2,160                                      | 452                       | 2,612         |
| <b>Total</b>                    | <b>41,467</b>                              | <b>20,095</b>             | <b>61,562</b> |

**Figure 6. MDB climate finance by region, 2019**



MDB climate finance allocated to small island states and to least-developed economies is presented in Table 9. Least-developed economies are defined according to the UNFCCC criteria<sup>9</sup> and presented based on the UNFCCC list.<sup>10</sup> Small island states are defined

according to the Alliance of Small Island States (AOSIS) list.<sup>11</sup> Economies considered least-developed economies and/or small island states are listed in [Annex E](#).

**Table 9. MDB climate finance for least-developed economies and small island states, 2019 (in US\$ million)**

|                                                                   | Mitigation finance | Adaptation finance | Total        |
|-------------------------------------------------------------------|--------------------|--------------------|--------------|
| Least-developed economies <i>that are not small island states</i> | 3,076              | 3,715              | 6,791        |
| Small island states <i>that are not least-developed economies</i> | 422                | 364                | 786          |
| Least-developed economies and small island economies              | 129                | 200                | 329          |
| <b>Total</b>                                                      | <b>3,627</b>       | <b>4,279</b>       | <b>7,906</b> |

<sup>8</sup> See [Table A.F.1](#) for regional groupings.

<sup>9</sup> <https://www.un.org/development/desa/dpad/least-developed-country-category/ldc-criteria.html>

<sup>10</sup> <https://unfccc.int/topics/resilience/workstreams/national-adaptation-programmes-of-action/ldc-country-information>

<sup>11</sup> <https://www.aosis.org/member-states>

## MDB ADAPTATION FINANCE, 2019

In 2019, MDBs reported a total of US\$ 14,937 million in commitments for climate change adaptation finance, with US\$ 13,936 million, or 93 per cent, committed to low-income and middle-income economies. The data reported corresponds to the incremental costs of project components, subcomponents, or elements, or proportions of projects, which are considered to be inputs to an adaptation process and are intended to reduce vulnerability to climate change and build resilience to climate change.

- Table 10 presents the 2019 adaptation figures by MDB, with a breakdown of climate adaptation finance committed by the MDBs from their own accounts and from MDB-managed external resources.
- Table 11 shows a breakdown by type of recipient or borrower.
- Table 12 breaks down MDB adaptation finance by the type of instrument. MDBs reported that 63 per cent of total adaptation finance was committed through investment loans.
- Table 13 shows total adaptation finance by region. The largest proportions of adaptation finance were in the following regions: Sub-Saharan Africa, South Asia, and Latin America and the Caribbean.
- Table 14 reports MDB adaptation finance by sector, with 26 per cent in energy, transport and other built environment and infrastructure, followed by 20 per cent in water and wastewater operations.
- Adaptation finance by region, with a further breakdown by sector, is presented in Table 15.

**Table 10. MDB adaptation finance by MDB according to source of funds, 2019 (in US\$ million)**

| MDB          | For low-income and middle-income economies |                                | For high-income economies |                                | Total           |                                |
|--------------|--------------------------------------------|--------------------------------|---------------------------|--------------------------------|-----------------|--------------------------------|
|              | MDB own account                            | MDB-managed external resources | MDB own account           | MDB-managed external resources | MDB own account | MDB-managed external resources |
| AfDB         | 1,695                                      | 321                            | –                         | –                              | 1,695           | 321                            |
| ADB          | 1,408                                      | 123                            | 5                         | –                              | 1,413           | 123                            |
| EBRD         | 554                                        | 14                             | 13                        | 0                              | 567             | 14                             |
| EIB          | 352                                        | 35                             | 584                       | –                              | 936             | 35                             |
| IDBG         | 1,799                                      | 87                             | 24                        | 7                              | 1,824           | 94                             |
| IsDB         | 217                                        | –                              | 1                         | –                              | 218             | –                              |
| WBG          | 7,073                                      | 257                            | 263                       | 104                            | 7,336           | 361                            |
| <b>Total</b> | <b>13,098</b>                              | <b>837</b>                     | <b>890</b>                | <b>111</b>                     | <b>13,989</b>   | <b>948</b>                     |

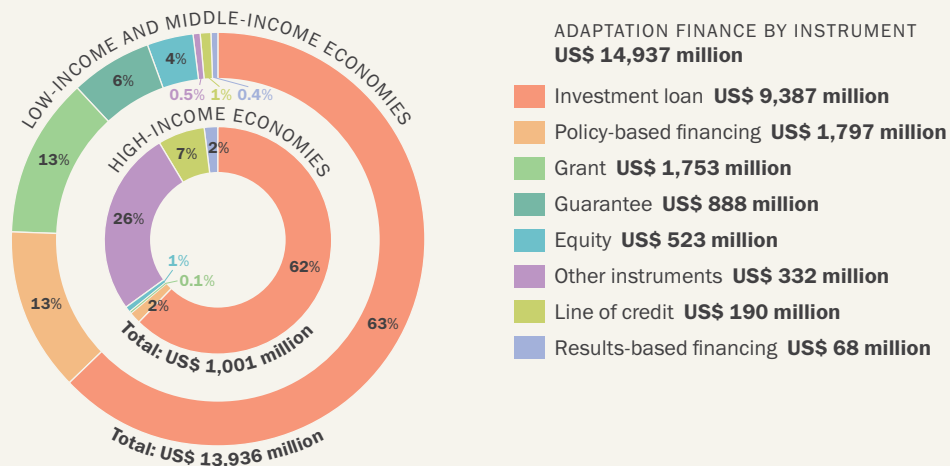
**Table 11. MDB adaptation finance by MDB and by type of recipient or borrower, 2019 (in US\$ million)**

| MDB          | For low-income and middle-income economies |               | For high-income economies |            | Total        |               |
|--------------|--------------------------------------------|---------------|---------------------------|------------|--------------|---------------|
|              | Private                                    | Public        | Private                   | Public     | Private      | Public        |
| AfDB         | 256                                        | 1,760         | –                         | –          | 256          | 1,760         |
| ADB          | 31                                         | 1,500         | –                         | 5          | 31           | 1,505         |
| EBRD         | 120                                        | 449           | 13                        | 0          | 132          | 449           |
| EIB          | 44                                         | 344           | 85                        | 498        | 129          | 842           |
| IDBG         | 352                                        | 1,534         | 3                         | 28         | 356          | 1,562         |
| IsDB         | 0                                          | 217           | –                         | 1          | 0            | 218           |
| WBG          | 44                                         | 7,285         | 263                       | 104        | 308          | 7,389         |
| <b>Total</b> | <b>847</b>                                 | <b>13,088</b> | <b>364</b>                | <b>637</b> | <b>1,212</b> | <b>13,725</b> |

**Table 12. MDB adaptation finance by type of instrument, 2019 (in US\$ million)**

| Instrument type         | For low-income and middle-income economies | For high-income economies | Total         |
|-------------------------|--------------------------------------------|---------------------------|---------------|
| Equity                  | 513                                        | 10                        | 523           |
| Grant                   | 1,752                                      | 1                         | 1,753         |
| Guarantee               | 888                                        | –                         | 888           |
| Investment loan         | 8,762                                      | 625                       | 9,387         |
| Line of credit          | 122                                        | 67                        | 190           |
| Policy-based financing  | 1,781                                      | 16                        | 1,797         |
| Results-based financing | 49                                         | 19                        | 68            |
| Other instruments       | 68                                         | 263                       | 332           |
| <b>Total</b>            | <b>13,936</b>                              | <b>1,001</b>              | <b>14,937</b> |

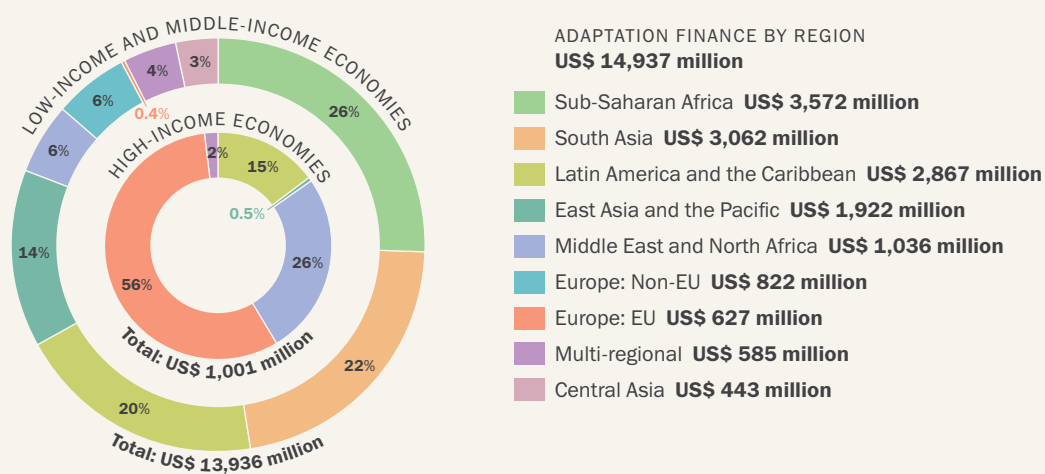
**Figure 7. MDB adaptation finance by type of instrument, 2019**



**Table 13. MDB adaptation finance by region, 2019 (in US\$ million)**

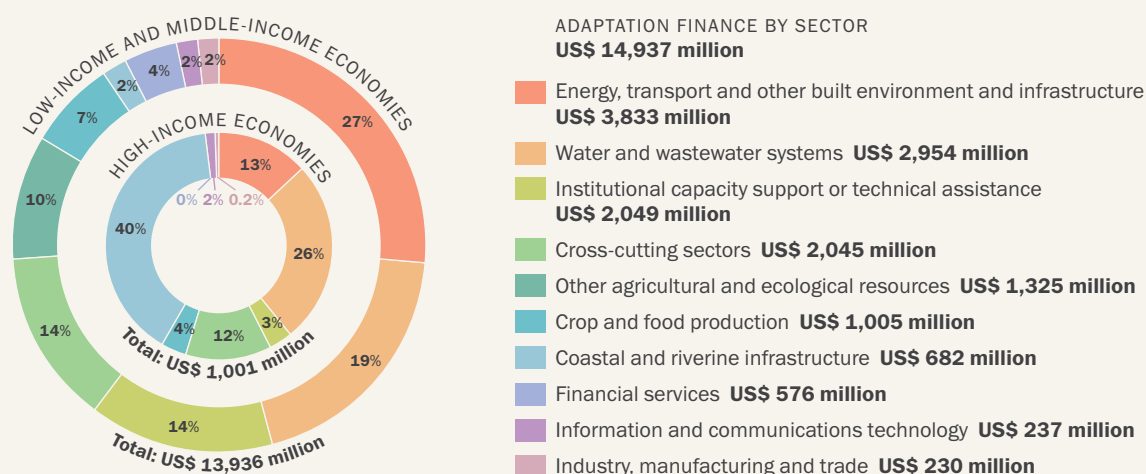
| Region                          | For low-income and middle-income economies | For high-income economies | Total         |
|---------------------------------|--------------------------------------------|---------------------------|---------------|
| Central Asia                    | 443                                        | –                         | <b>443</b>    |
| East Asia and the Pacific       | 1,917                                      | 5                         | <b>1,922</b>  |
| Europe: EU                      | 62                                         | 565                       | <b>627</b>    |
| Europe: Non-EU                  | 822                                        | –                         | <b>822</b>    |
| Latin America and the Caribbean | 2,719                                      | 148                       | <b>2,867</b>  |
| Middle East and North Africa    | 772                                        | 264                       | <b>1,036</b>  |
| South Asia                      | 3,062                                      | –                         | <b>3,062</b>  |
| Sub-Saharan Africa              | 3,572                                      | –                         | <b>3,572</b>  |
| Multi-regional                  | 566                                        | 19                        | <b>585</b>    |
| <b>Total</b>                    | <b>13,936</b>                              | <b>1,001</b>              | <b>14,937</b> |

**Figure 8. MDB adaptation finance by region, 2019**



**Table 14. MDB adaptation finance by sector, 2019 (in US\$ million)**

| Sector group                                                     | For low-income and middle-income economies | For high-income economies | Total         |
|------------------------------------------------------------------|--------------------------------------------|---------------------------|---------------|
| Coastal and riverine infrastructure                              | 285                                        | 397                       | 682           |
| Crop and food production                                         | 967                                        | 38                        | 1,005         |
| Cross-cutting sectors                                            | 1,924                                      | 122                       | 2,045         |
| Energy, transport and other built environment and infrastructure | 3,700                                      | 133                       | 3,833         |
| Financial services                                               | 576                                        | 0                         | 576           |
| Industry, manufacturing and trade                                | 229                                        | 2                         | 230           |
| Information and communications technology                        | 222                                        | 16                        | 237           |
| Institutional capacity support or technical assistance           | 2,016                                      | 33                        | 2,049         |
| Other agricultural and ecological resources                      | 1,325                                      | –                         | 1,325         |
| Water and wastewater systems                                     | 2,693                                      | 261                       | 2,954         |
| <b>Total</b>                                                     | <b>13,936</b>                              | <b>1,001</b>              | <b>14,937</b> |

**Figure 9. MDB adaptation finance by sector, 2019**

**Table 15. MDB adaptation finance by sector and by region, 2019 (in US\$ million)**

|                                                                  | Central Asia | East Asia and the Pacific | Europe: EU | Europe: Non-EU | Latin America and the Caribbean | Middle East and North Africa | South Asia | Sub-Saharan Africa | Multi-regional |
|------------------------------------------------------------------|--------------|---------------------------|------------|----------------|---------------------------------|------------------------------|------------|--------------------|----------------|
| Coastal and riverine infrastructure                              | –            | 67                        | 134        | 10             | 16                              | 264                          | 157        | 3                  | 31             |
| Crop and food production                                         | 4            | 87                        | 38         | 22             | 50                              | 83                           | 159        | 534                | 28             |
| Cross-cutting sectors                                            | 11           | 245                       | 64         | 32             | 476                             | 94                           | 336        | 634                | 154            |
| Energy, transport and other built environment and infrastructure | 152          | 543                       | 115        | 419            | 389                             | 99                           | 1,088      | 788                | 240            |
| Financial services                                               | 38           | 146                       | –          | 19             | 33                              | 106                          | 30         | 205                | 0              |
| Industry, manufacturing and trade                                | 43           | 1                         | 2          | 178            | –                               | –                            | –          | 5                  | 2              |
| Information and communications technology                        | 1            | 45                        | 16         | 1              | 56                              | –                            | 61         | 47                 | 12             |
| Institutional capacity support or technical assistance           | 4            | 294                       | 22         | 3              | 1,006                           | 116                          | 282        | 276                | 46             |
| Other agricultural and ecological resources                      | 87           | 230                       | –          | 9              | 200                             | –                            | 476        | 254                | 70             |
| Water and wastewater systems                                     | 103          | 265                       | 238        | 131            | 641                             | 274                          | 474        | 826                | 2              |

## MDB MITIGATION FINANCE, 2019

In 2019, MDBs reported a total of US\$ 46,625 million in financial commitments to the mitigation of climate change, with US\$ 27,532 million, or 59 per cent, committed to low-income and middle-income economies. Data reported corresponds to the financing of mitigation projects or of those components, subcomponents, or elements, or proportions of projects that provide mitigation benefits (rather than reporting the entire project cost).

- Table 16 provides a breakdown of climate mitigation finance committed by the MDBs during 2019 from MDB own-account and external resources.
- Table 17 shows a breakdown by type of recipient or borrower.

- Table 18 breaks down MDB mitigation finance by type of instrument. MDBs reported that 76 per cent of total mitigation finance was committed through investment loans.
- Table 19 shows total mitigation finance by region. The largest proportions of mitigation finance were in the following regions: Europe: EU, South Asia, and Latin America and the Caribbean.
- Table 20 reports MDBs' mitigation finance by sector, with 29 per cent in transport, followed by 24 per cent in renewable energy.
- Mitigation finance by region, with a further breakdown by sector, is presented in Table 21.

**Table 16. MDB mitigation finance by MDB, according to source of funds, 2019 (in US\$ million)**

| MDB          | For low-income and middle-income economies |                                | For high-income economies |                                | Total           |                                |
|--------------|--------------------------------------------|--------------------------------|---------------------------|--------------------------------|-----------------|--------------------------------|
|              | MDB own account                            | MDB-managed external resources | MDB own account           | MDB-managed external resources | MDB own account | MDB-managed external resources |
| AfDB         | 1,298                                      | 287                            | –                         | –                              | <b>1,298</b>    | <b>287</b>                     |
| ADB          | 4,954                                      | 582                            | –                         | –                              | <b>4,954</b>    | <b>582</b>                     |
| EBRD         | 3,125                                      | 229                            | 1,057                     | 8                              | <b>4,183</b>    | <b>237</b>                     |
| EIB          | 2,953                                      | 217                            | 17,439                    | 78                             | <b>20,392</b>   | <b>295</b>                     |
| IDBG         | 2,386                                      | 144                            | 488                       | 21                             | <b>2,874</b>    | <b>166</b>                     |
| IsDB         | 247                                        | –                              | 1                         | –                              | <b>248</b>      | <b>–</b>                       |
| WBG          | 10,499                                     | 609                            | –                         | 1                              | <b>10,499</b>   | <b>610</b>                     |
| <b>Total</b> | <b>25,463</b>                              | <b>2,069</b>                   | <b>18,985</b>             | <b>108</b>                     | <b>44,448</b>   | <b>2,178</b>                   |

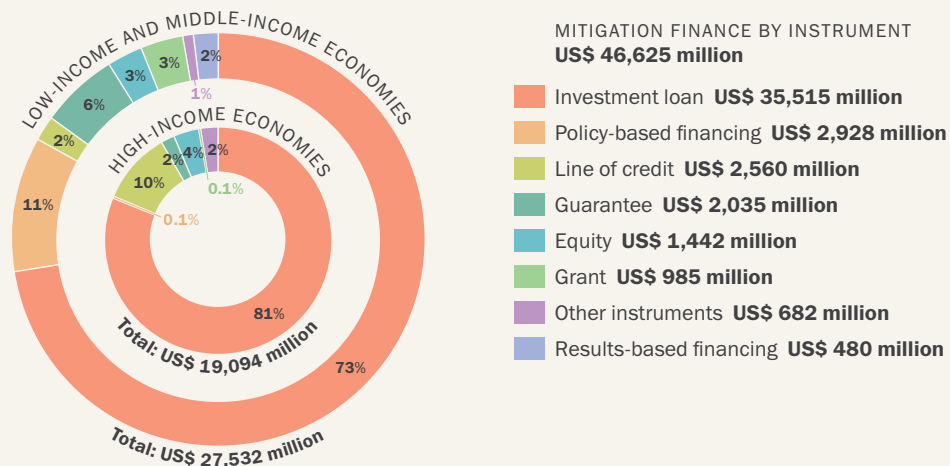
**Table 17. MDB mitigation finance by MDB and by type of recipient or borrower, 2019 (in US\$ million)**

| MDB          | For low-income and middle-income economies |               | For high-income economies |               | Total         |               |
|--------------|--------------------------------------------|---------------|---------------------------|---------------|---------------|---------------|
|              | Private                                    | Public        | Private                   | Public        | Private       | Public        |
| AfDB         | 941                                        | 644           | –                         | –             | <b>941</b>    | <b>644</b>    |
| ADB          | 473                                        | 5,064         | –                         | –             | <b>473</b>    | <b>5,064</b>  |
| EBRD         | 2,132                                      | 1,222         | 1,064                     | 2             | <b>3,196</b>  | <b>1,224</b>  |
| EIB          | 883                                        | 2,287         | 6,814                     | 10,703        | <b>7,697</b>  | <b>12,990</b> |
| IDBG         | 647                                        | 1,884         | 345                       | 165           | <b>992</b>    | <b>2,048</b>  |
| IsDB         | 0                                          | 247           | –                         | 1             | <b>0</b>      | <b>248</b>    |
| WBG          | 3,334                                      | 7,774         | –                         | 1             | <b>3,334</b>  | <b>7,775</b>  |
| <b>Total</b> | <b>8,409</b>                               | <b>19,123</b> | <b>8,223</b>              | <b>10,871</b> | <b>16,632</b> | <b>29,994</b> |

**Table 18. MDB mitigation finance by type of instrument, 2019 (in US\$ million)**

| Instrument type         | For low-income and middle-income economies | For high-income economies | Total         |
|-------------------------|--------------------------------------------|---------------------------|---------------|
| Equity                  | 711                                        | 731                       | 1,442         |
| Grant                   | 963                                        | 22                        | 985           |
| Guarantee               | 1,668                                      | 367                       | 2,035         |
| Investment loan         | 19,968                                     | 15,546                    | 35,515        |
| Line of credit          | 588                                        | 1,972                     | 2,560         |
| Policy-based financing  | 2,917                                      | 11                        | 2,928         |
| Results-based financing | 480                                        | –                         | 480           |
| Other instruments       | 237                                        | 445                       | 682           |
| <b>Total</b>            | <b>27,532</b>                              | <b>19,094</b>             | <b>46,625</b> |

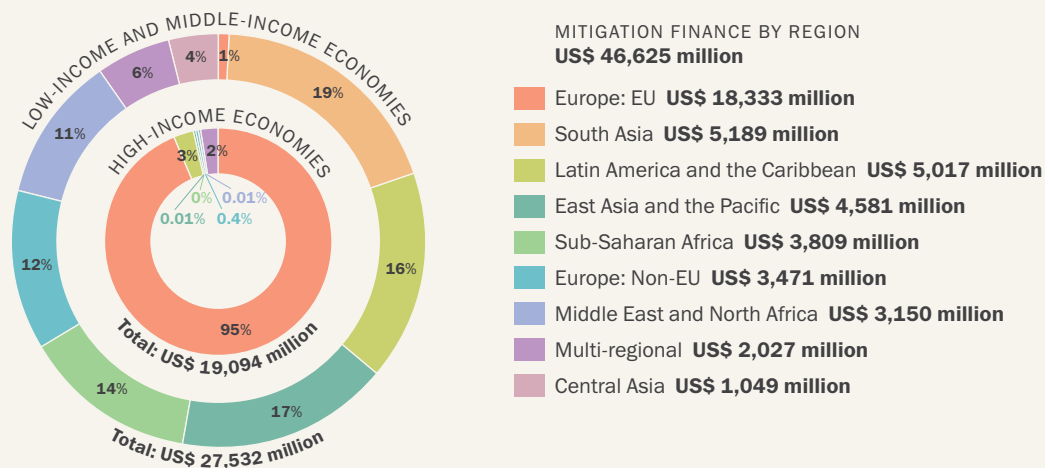
**Figure 10. MDB mitigation finance by type of instrument, 2019**



**Table 19. MDB mitigation finance by region, 2019 (in US\$ million)**

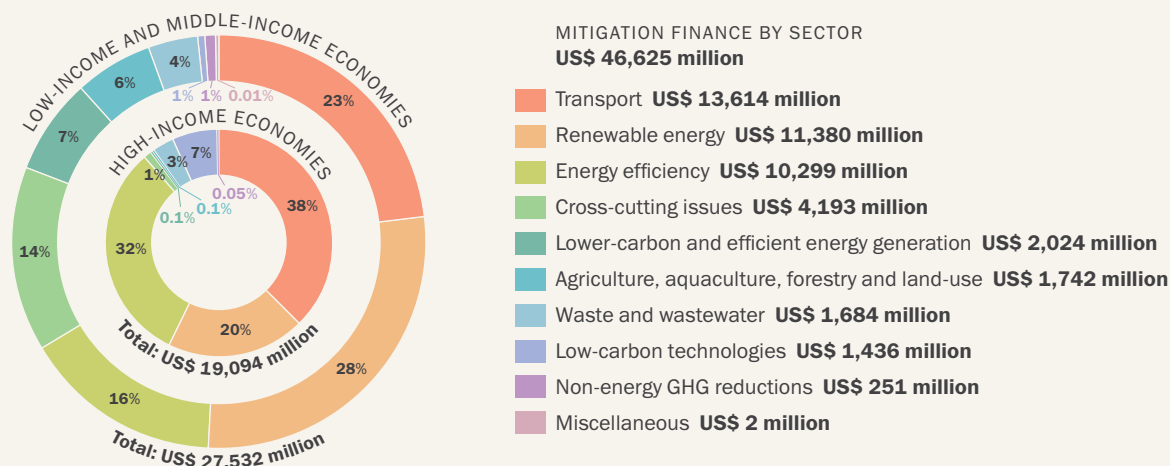
| Region                          | For low-income and middle-income economies | For high-income economies | Total         |
|---------------------------------|--------------------------------------------|---------------------------|---------------|
| Central Asia                    | 1,049                                      | –                         | <b>1,049</b>  |
| East Asia and the Pacific       | 4,580                                      | 1                         | <b>4,581</b>  |
| Europe: EU                      | 259                                        | 18,074                    | <b>18,333</b> |
| Europe: Non-EU                  | 3,398                                      | 73                        | <b>3,471</b>  |
| Latin America and the Caribbean | 4,507                                      | 510                       | <b>5,017</b>  |
| Middle East and North Africa    | 3,148                                      | 2                         | <b>3,150</b>  |
| South Asia                      | 5,189                                      | –                         | <b>5,189</b>  |
| Sub-Saharan Africa              | 3,808                                      | 0                         | <b>3,809</b>  |
| Multi-regional                  | 1,593                                      | 434                       | <b>2,027</b>  |
| <b>Total</b>                    | <b>27,532</b>                              | <b>19,094</b>             | <b>46,625</b> |

**Figure 11. MDB mitigation finance by region, 2019**



**Table 20. MDB mitigation finance by region, 2019 (in US\$ million)**

| Sector                                          | For low-income and middle-income economies | For high-income economies | Total         |
|-------------------------------------------------|--------------------------------------------|---------------------------|---------------|
| Agriculture, aquaculture, forestry and land-use | 1,714                                      | 28                        | <b>1,742</b>  |
| Cross-cutting issues                            | 3,985                                      | 209                       | <b>4,193</b>  |
| Energy efficiency                               | 4,280                                      | 6,019                     | <b>10,299</b> |
| Low-carbon technologies                         | 185                                        | 1,251                     | <b>1,436</b>  |
| Lower-carbon and efficient energy generation    | 1,999                                      | 26                        | <b>2,024</b>  |
| Non-energy GHG reductions                       | 241                                        | 10                        | <b>251</b>    |
| Renewable energy                                | 7,643                                      | 3,737                     | <b>11,380</b> |
| Transport                                       | 6,415                                      | 7,199                     | <b>13,614</b> |
| Waste and wastewater                            | 1,067                                      | 617                       | <b>1,684</b>  |
| Miscellaneous                                   | 2                                          | –                         | <b>2</b>      |
| <b>Total</b>                                    | <b>27,532</b>                              | <b>19,094</b>             | <b>46,625</b> |

**Figure 12. MDB mitigation finance by sector, 2019**

**Table 21. MDB mitigation finance by sector and by region, 2019 (in US\$ million)**

| Sector                                          | Central Asia | East Asia and the Pacific | Europe: EU | Europe: Non-EU | Latin America and the Caribbean | Middle East and North Africa | South Asia | Sub-Saharan Africa | Multi-regional |
|-------------------------------------------------|--------------|---------------------------|------------|----------------|---------------------------------|------------------------------|------------|--------------------|----------------|
| Agriculture, aquaculture, forestry and land-use | 8            | 228                       | 20         | 210            | 309                             | 0                            | 280        | 580                | 107            |
| Cross-cutting issues                            | 109          | 431                       | 151        | 428            | 1,338                           | 571                          | 390        | 604                | 173            |
| Energy efficiency                               | 348          | 687                       | 6,096      | 902            | 783                             | 447                          | 330        | 324                | 383            |
| Low-carbon technologies                         | –            | 0                         | 1,220      | 115            | 42                              | 1                            | 3          | 0                  | 54             |
| Lower-carbon and efficient energy generation    | 82           | 1                         | –          | 351            | 368                             | 644                          | 376        | 87                 | 115            |
| Non-energy GHG reductions                       | –            | 148                       | 10         | –              | 15                              | 0                            | 75         | 3                  | –              |
| Renewable energy                                | 484          | 1,129                     | 3,432      | 690            | 996                             | 809                          | 940        | 1,870              | 1,030          |
| Transport                                       | 4            | 1,869                     | 6,842      | 559            | 724                             | 446                          | 2,792      | 274                | 105            |
| Waste and wastewater                            | 15           | 87                        | 563        | 216            | 444                             | 232                          | 3          | 65                 | 59             |
| Miscellaneous                                   | –            | 1                         | –          | –              | –                               | –                            | –          | 1                  | 0              |

# 5

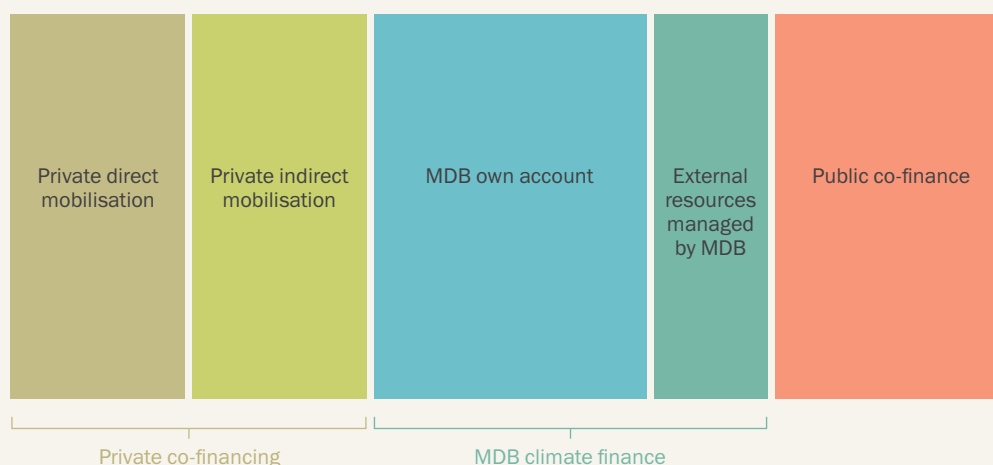
## CLIMATE CO-FINANCE, 2019

From 2015 the MDBs began reporting on climate co-financing (CCF) flows in line with the harmonised definitions and indicators that had been established to estimate CCF. Tracking of climate co-finance aims to estimate the volume of financial resources invested by public and private external parties alongside MDBs for climate mitigation and adaptation activities.

This approach presents CCF sources of funds in the following categories: (i) other MDBs; (ii) IDFC member institutions, including bilateral and multilateral members; (iii) other international public entities such as donor governments; (iv) contributions from other domestic public entities such as recipient-country governments (for example, financing by local counterparts); and (v) all private entities (defined as those with at least 50 per cent of their shares held privately), split into private direct mobilisation and private indirect mobilisation. This level of granularity enables MDBs to present an increasingly nuanced picture of co-finance flows used for climate change interventions.

In April 2017, MDBs published a reference guide (*From Billions to Trillions: Transforming Development Finance*)<sup>12</sup> to explain how they calculate and jointly report private investment mobilisation beyond climate finance. The purpose of the methodology is to recognise and measure the private capital mobilised in MDB project activities. The guide outlines the MDBs' joint commitment to mobilising increased investment from the private sector and institutional investors. Total financing of climate activity includes climate co-finance, that is, the amount of financial resources that external entities contribute. The MDBs are implementing the definitions and recommendations of the MDB Taskforce on Private Investment Mobilisation for tracking the private share of climate co-finance. This methodology focuses on assessing the private finance mobilised by an MDB, on a project-by-project basis, such as private direct mobilisation and private indirect mobilisation.<sup>13</sup> The *2019 Joint Report on MDBs' Climate Finance* follows the agreed terminology<sup>14</sup> and Table 23 includes "private direct mobilisation" and "private indirect mobilisation". Added together, these two forms of mobilisation represent the private share of climate co-finance.

**Figure 13. Total activity financing, by type of finance**



<sup>12</sup> <http://documents.worldbank.org/curated/en/495061492543870701/pdf/114403-WP-PUBLIC-cedvp-14p-JointMDBReportingonPrivateInvestmentMobilizationMethodologyReferenceGuide.pdf>

<sup>13</sup> <http://documents.worldbank.org/curated/en/495061492543870701/pdf/114403-WP-PUBLIC-cedvp-14p-JointMDBReportingonPrivateInvestmentMobilizationMethodologyReferenceGuide.pdf>

<sup>14</sup> See Annex A for definitions of "private direct mobilisation", "private indirect mobilisation" and "public direct mobilisation".

Table 22 shows 2019 CCF flows as reported by each institution, segmented by the source of co-financing. These CCF figures are the best estimate of resource flows based on information available at the time of board approval and/or commitment to each project. In some cases, two or more MDBs jointly finance a project, which results in some overlap between the gross co-finance figures reported by the different MDBs. Table 22 shows CCF flows by adaptation and mitigation. In order to avoid double-counting, the last column of Tables 22 and 23 nets out potentially double-counted co-financing by considering only the proportion of co-financing for every project that features co-financing from another MDB. Such CCF figures are also listed in Table 4, alongside each MDB's own climate finance flows.

In the reference guide, MDBs emphasise the differences in how various financial instruments, including guarantees, are tracked and reported. By mitigating the political and commercial risks of private and publicly owned investments, guarantees can facilitate access to capital for climate finance activities. This can enhance the mobilisation of resources for a specific project or in support of specific government policies.

For consistency with the agreed MDB methodology on tracking and reporting mobilised private capital, the tracking and reporting of guarantees as detailed in this report assumes: (i) a distinction in tracking and reporting between “commercial guarantees” and “non-commercial guarantees”;<sup>15</sup> and (ii) causality between the guarantee and the underlying investment covered (in other words, in the absence of the guarantee, the underlying investment would be unlikely to occur). For this reason, the gross exposure from the guarantee issuance and the underlying investment may be reported separately under MDBs' own account and private co-finance, while the best effort is made to minimise double-counting.

Table 23 reflects the 2019 CCF flows, including the direct and indirect mobilisation attributed to guarantees. The guarantee exposure of each MDB is shown as “own account” in Table 4.

**Table 22. Climate co-finance flows by MDB and by thematic focus, 2019 (in US\$ million)**

|                                                   | AfDB         | ADB          | EBRD         | EIB           | IDBG         | IsDB       | WBG           | Total climate co-finance | Correction for multiple MDB financing |
|---------------------------------------------------|--------------|--------------|--------------|---------------|--------------|------------|---------------|--------------------------|---------------------------------------|
| <b>FOR LOW-INCOME AND MIDDLE-INCOME ECONOMIES</b> |              |              |              |               |              |            |               |                          |                                       |
| Adaptation finance                                | 8,602        | 3,056        | 1,044        | 182           | 726          | 140        | 4,963         | 18,713                   | <b>18,219</b>                         |
| Mitigation finance                                | 623          | 5,711        | 2,686        | 7,828         | 1,028        | 155        | 13,151        | 31,183                   | <b>30,124</b>                         |
| <b>Total</b>                                      | <b>9,225</b> | <b>8,768</b> | <b>3,729</b> | <b>8,011</b>  | <b>1,754</b> | <b>295</b> | <b>18,114</b> | <b>49,896</b>            | <b>48,342</b>                         |
| <b>FOR HIGH-INCOME ECONOMIES</b>                  |              |              |              |               |              |            |               |                          |                                       |
| Adaptation finance                                | –            | –            | 530          | 481           | 6            | –          | 209           | 1,225                    | <b>1,210</b>                          |
| Mitigation finance                                | –            | –            | 2,438        | 50,473        | 245          | –          | –             | 53,156                   | <b>53,131</b>                         |
| <b>Total</b>                                      | <b>–</b>     | <b>–</b>     | <b>2,968</b> | <b>50,954</b> | <b>251</b>   | <b>–</b>   | <b>209</b>    | <b>54,381</b>            | <b>54,340</b>                         |
| <b>TOTAL CLIMATE CO-FINANCE</b>                   |              |              |              |               |              |            |               |                          |                                       |
| Adaptation finance                                | 8,602        | 3,056        | 1,574        | 663           | 731          | 140        | 5,172         | 19,938                   | <b>19,428</b>                         |
| Mitigation finance                                | 623          | 5,711        | 5,124        | 58,302        | 1,273        | 155        | 13,151        | 84,339                   | <b>83,254</b>                         |
| <b>Total</b>                                      | <b>9,225</b> | <b>8,768</b> | <b>6,698</b> | <b>58,965</b> | <b>2,004</b> | <b>295</b> | <b>18,323</b> | <b>104,278</b>           | <b>102,683</b>                        |

<sup>15</sup> In the context of this report, non-commercial risk guarantees are defined as insurance or guarantee instruments covering investors against perceived political risks including, but not limited to, the risks of transfer restriction (including inconvertibility), expropriation, war and civil disturbance, breach of contract, and failure to honour financial obligations, and may provide credit enhancement and improve ratings for capital market transactions. Commercial or credit-risk guarantees refer to instruments covering all other risks not included above.

**Table 23. Climate co-finance flows by MDB and by source, 2019 (in US\$ million)**

|                                                   | AfDB         | ADB          | EBRD         | EIB           | IDBG         | IsDB       | WBG           | Total climate co-finance | Correction for multiple MDB financing |
|---------------------------------------------------|--------------|--------------|--------------|---------------|--------------|------------|---------------|--------------------------|---------------------------------------|
| <b>FOR LOW-INCOME AND MIDDLE-INCOME ECONOMIES</b> |              |              |              |               |              |            |               |                          |                                       |
| Public direct mobilisation                        | –            | –            | –            | 104           | 10           | –          | 6,860         | 6,974                    | <b>6,974</b>                          |
| <b>Public co-finance</b>                          |              |              |              |               |              |            |               |                          |                                       |
| Other MDBs                                        | 665          | 348          | 645          | 483           | 178          | 139        | 2,126         | 4,584                    | <b>4,584</b>                          |
| IDFC members                                      | 149          | 2,356        | 157          | 141           | 341          | 31         | 66            | 3,240                    | <b>3,098</b>                          |
| Other international public                        | 1,195        | 523          | 176          | 639           | 156          | 125        | 1,593         | 4,407                    | <b>3,914</b>                          |
| Other domestic public                             | 523          | 3,538        | 176          | 3,593         | 343          | –          | 190           | 8,362                    | <b>7,914</b>                          |
| <b>Total private mobilisation</b>                 |              |              |              |               |              |            |               |                          |                                       |
| Private direct mobilisation                       | –            | 83           | 188          | 120           | 328          | –          | 2,973         | 3,693                    | <b>3,693</b>                          |
| Private indirect mobilisation                     | 6,693        | 1,919        | 2,388        | 2,931         | 398          | –          | 4,306         | 18,635                   | <b>18,164</b>                         |
| <b>Total</b>                                      | <b>9,225</b> | <b>8,768</b> | <b>3,729</b> | <b>8,011</b>  | <b>1,754</b> | <b>295</b> | <b>18,114</b> | <b>49,896</b>            | <b>48,342</b>                         |
| <b>FOR HIGH-INCOME ECONOMIES</b>                  |              |              |              |               |              |            |               |                          |                                       |
| Public direct mobilisation                        | –            | –            | –            | 740           | –            | –          | –             | 740                      | <b>740</b>                            |
| <b>Public co-finance</b>                          |              |              |              |               |              |            |               |                          |                                       |
| Other MDBs                                        | –            | –            | 7            | 13            | 32           | –          | –             | 52                       | <b>52</b>                             |
| IDFC members                                      | –            | –            | –            | 438           | –            | –          | –             | 438                      | <b>438</b>                            |
| Other international public                        | –            | –            | –            | 4,518         | 42           | –          | –             | 4,561                    | <b>4,539</b>                          |
| Other domestic public                             | –            | –            | 123          | 14,667        | 6            | –          | –             | 14,796                   | <b>14,781</b>                         |
| <b>Total private mobilisation</b>                 |              |              |              |               |              |            |               |                          |                                       |
| Private direct mobilisation                       | –            | –            | 142          | 5,321         | 161          | –          | 209           | 5,832                    | <b>5,832</b>                          |
| Private indirect mobilisation                     | –            | –            | 2,696        | 25,257        | 9            | –          | –             | 27,962                   | <b>27,958</b>                         |
| <b>Total</b>                                      | <b>–</b>     | <b>–</b>     | <b>2,968</b> | <b>50,954</b> | <b>251</b>   | <b>–</b>   | <b>209</b>    | <b>54,381</b>            | <b>54,340</b>                         |
| <b>TOTAL CLIMATE CO-FINANCE</b>                   |              |              |              |               |              |            |               |                          |                                       |
| Public direct mobilisation                        | –            | –            | –            | 844           | 10           | –          | 6,860         | 7,714                    | <b>7,714</b>                          |
| <b>Public co-finance</b>                          |              |              |              |               |              |            |               |                          |                                       |
| Other MDBs                                        | 665          | 348          | 652          | 496           | 210          | 139        | 2,126         | 4,637                    | <b>4,637</b>                          |
| IDFC members                                      | 149          | 2,356        | 157          | 579           | 341          | 31         | 66            | 3,678                    | <b>3,536</b>                          |
| Other international public                        | 1,195        | 523          | 176          | 5,157         | 198          | 125        | 1,593         | 8,967                    | <b>8,453</b>                          |
| Other domestic public                             | 523          | 3,538        | 299          | 18,260        | 349          | –          | 190           | 23,159                   | <b>22,695</b>                         |
| <b>Total private mobilisation</b>                 |              |              |              |               |              |            |               |                          |                                       |
| Private direct mobilisation                       | –            | 83           | 330          | 5,441         | 489          | –          | 3,182         | 9,526                    | <b>9,526</b>                          |
| Private indirect mobilisation                     | 6,693        | 1,919        | 5,084        | 28,188        | 407          | –          | 4,306         | 46,597                   | <b>46,122</b>                         |
| <b>Total</b>                                      | <b>9,225</b> | <b>8,768</b> | <b>6,698</b> | <b>58,965</b> | <b>2,004</b> | <b>295</b> | <b>18,323</b> | <b>104,278</b>           | <b>102,683</b>                        |

Notes:

1. Co-financing figures are current as of 1 April 2020. Fluctuations are expected due to changes in project financing between Board approvals, loan signatures and execution.
2. For non-commercial guarantees, private direct mobilisation corresponds to the underlying investment covered by the guarantee. For MDBs reporting on own account associated with non-commercial guarantees, an adjustment must be made by the MDB to avoid double-counting.
3. Local counterpart financing is reported under "Other domestic public".

## ANNEX A. DEFINITIONS AND CLARIFICATIONS

### AVOIDING DOUBLE-COUNTING

Where the same project, sub-project or project element contributes to mitigation *and* adaptation, an MDB's individual processes will determine which proportion is counted as mitigation or as adaptation, so that the actual financing will not be recorded more than once. Some MDBs are reporting as a separate category climate finance in projects where the same components or elements contribute to mitigation and adaptation simultaneously. The MDBs are working on the best method for reporting projects where the same components or elements contribute to both mitigation and adaptation.

### CONSERVATIVENESS

Where data is unavailable, any uncertainty must be overcome by taking a conservative approach, where under-reported rather than over-reported climate finance is preferable.

### FINANCING INSTRUMENTS

This report accounts for climate finance through the largest and most relevant development-finance instruments of MDBs, including grants, loans, guarantees, equity, and performance-based instruments.

### GRANULARITY

MDBs report climate finance for only those components and/or subcomponents or elements or proportions of projects with activities that contribute directly to or promote climate change adaptation and/or mitigation.

### INVESTMENTS AND TECHNICAL ASSISTANCE

Refer to vehicles that MDBs use to channel specific investments to finance capital and recurrent expenditures for goods and services, as well as to specialised advisory services and capacity-building initiatives.

### MDB-MANAGED EXTERNAL RESOURCES

Refers to the volume of operations supported by bilateral institutions through dedicated climate finance entities such as the GEF and CIF, or other donor funds such as EU blending facilities, which may also be reported to the Development Assistance Committee of the Organisation for Economic Co-operation and Development by contributor countries.

### POINT OF REPORTING

Data reported herein reflects financial commitments at the time of Board approval or financial agreement signature and is therefore based on *ex-ante* estimations. All efforts have been made to prevent double-counting. No revisions will be issued in cases where a project's scope changes later to either increase or decrease climate financing.

### PRIVATE DIRECT MOBILISATION

Financing from a private entity on commercial terms due to the active and direct involvement of an MDB leading to commitment. Evidence of active and direct involvement includes mandate letters, fees linked to financial commitment or other valid or auditable evidence of an MDB's active and direct role leading to commitments by private financiers. Private direct mobilisation does not include sponsor financing.

### PRIVATE INDIRECT MOBILISATION

Financing from private entities supplied in connection with a specific activity for which an MDB is providing financing, where no MDB is playing an active or direct role that leads to the commitment of the private entity's finance. Private indirect mobilisation includes sponsor financing, if the sponsor qualifies as a private entity.

### PUBLIC AND PRIVATE SECTOR OPERATIONS

This determination is based on the status of the first recipient or borrower of MDB finance. The first recipient or borrower is considered to be public when at least 50 per cent of the stakes or shares of the recipient or borrower are publicly owned.

### PUBLIC DIRECT MOBILISATION

Financing from a public entity due to the active and direct involvement of an MDB leading to commitment. Evidence of active and direct involvement includes mandate letters or other valid or auditable evidence of an MDB's active and direct role. The main difference between an external resource under MDB management (ERUM) and a public direct mobilisation is the disbursement which under public direct mobilisation goes directly from a public entity to the beneficiary.

### RECIPIENT OR BORROWER

Refers to the first borrower or beneficiary to whom finance will flow directly. The MDBs acknowledge that this classification is neither simple nor straightforward and that the characteristics of the first recipient or borrower may not be the same as those of the final beneficiary or borrower. An example would be a loan to a national development bank (the first recipient) for energy efficiency in small and medium-sized enterprises (the final beneficiaries). Operations through public-private partnerships (PPPs) add another layer of complexity to this classification.

### REPORTING PERIOD

This report's data covers the fiscal year 2019. Even though MDBs do not follow the same reporting cycle, data remains comparable across MDBs as all reporting cycles correspond to a 12-month period.

### RESOURCES COVERED

MDBs' own accounts as well as a range of external resources managed by the MDBs and various sources of co-financing.

### VALUES OF ZERO AND “—”

Reporting is complete for all fields and tables. A value of 0 in a table means that the value is below US\$ 0.5 million while a “—” means that no amount was reported. As all financial figures are rounded to the nearest US\$ million, calculations contained in a table may vary slightly and may not always add up to 100 per cent or to the total shown.

## ANNEX B. JOINT METHODOLOGY FOR TRACKING CLIMATE CHANGE ADAPTATION FINANCE

### BACKGROUND AND GUIDING PRINCIPLES

Climate resilience and adaptation are intrinsically linked to development. This makes it challenging to accurately estimate adaptation finance elements in development operations. In response to this challenge, the joint MDB Working Group on Climate Finance Tracking applies a common adaptation finance tracking methodology to identify within the development operations of MDBs those specific adaptation activities (or, in other words, the differentiating elements of development operations) that are carried out in response to perceived or expected climate change impacts. The methodology applies a context-specific, location-specific and granular approach, and estimations are made conservatively to reduce scope for over-reporting of adaptation finance.

The MDB adaptation finance tracking methodology considers the sub-project level or project-element level to be appropriate. The joint MDB approach also seeks to identify the links between adaptation activities and the project's explicit intent to reduce vulnerability to climate change. Thus, the volume of MDB-reported adaptation finance is an estimation of total project finance for specific project activities that contribute to overall project outcomes in the process of adapting to climate change.

It is important to note that the MDBs' estimated climate finance may not express the full value of project finance that contributes to climate resilience. For instance, the granular approach would capture financing for improved drainage of a newly constructed road to withstand heavy rainfall or storm surges that in turn contributes to the overall resilience of the road and the investment. The granular approach does not capture the value of the entire project or investment that may increase resilience due to specific adaptation activities within the project. In addition, some activities without associated incremental costs, such as operational procedures to ensure business continuity or the practice of siting assets outside the range of a future storm surge, may not be tracked in quantitative terms.

### MDB METHODOLOGY AND MDB-IDFC COMMON PRINCIPLES

MDBs and the [International Development Finance Club](#) (IDFC) are fully committed to promoting and supporting climate-resilient development as an essential part of the sustainability of their

investments. With this shared commitment, MDBs and the IDFC work together towards improved definitions and understanding of the different approaches and principles for climate change adaptation finance tracking.

As a result, in July 2015 these institutions agreed on the [Common Principles for Climate Change Adaptation Finance Tracking](#). The Principles establish the parameters with which to identify and estimate the volume of adaptation finance in MDB and IDFC operations. They also form the basis for further joint work to increase the comparability of reported figures on climate adaptation finance and to harmonise key concepts related to reporting guidelines and processes. MDBs and the IDFC are currently developing additional metrics to identify and report on climate resilience in their development operations.

### APPLICATION OF THE ADAPTATION FINANCE TRACKING METHODOLOGY

The MDB methodology on adaptation finance tracking consists of the following three key steps:

1. setting out the climate change vulnerability context of the project
2. making an explicit statement of intent of the project to reduce climate change vulnerability, and
3. articulating a clear and direct link between specific project activities and the project's objective to reduce vulnerability to climate change.

The identification and estimation of adaptation finance is limited solely to those project activities (that is, projects, project components, or elements or proportions of projects) that are clearly linked to the climate change vulnerability context.

### STEP 1. CONTEXT OF VULNERABILITY TO CLIMATE CHANGE

For a project to be considered as contributing to adaptation, the context of climate change vulnerability must first be set out clearly using a robust evidence base. Project documents may refer to existing analyses and reports or to original, bespoke assessments of climate change vulnerability, such as those carried out as part of project preparation. Good practice in the use of existing analyses or reports includes citing authoritative, preferably peer-reviewed sources, such

as academic journals, national communications to the UNFCCC, Nationally Determined Contributions (NDCs), reports of the Intergovernmental Panel on Climate Change, or strategic programmes for climate resilience.

Good practice in conducting original, bespoke analysis entails the use of information from trusted sources, which document the vulnerability of communities, physical assets or ecosystems to climate change as well as the use of recent climate trends including any departures from historic means. These may be combined with climate change projections drawn from a range of climate change models, with high and low greenhouse gas emission scenarios, to explore the full array of projected outcomes and uncertainties. Climate projection uncertainties should be presented and interpreted in a transparent way. The timescale of projected climate change impacts should match the intended lifespan of the assets and systems being financed through the project (for example, a time horizon of 2030, 2050, 2080, and so on).

## STEP 2. STATEMENT OF PURPOSE OR INTENT

Once a project's context of vulnerability to climate change has been established, the project should set out the explicit intention to address the context-specific and location-specific climate change vulnerabilities in response to the project's climate vulnerability assessment. This is an important step to distinguish between a development project contributing to climate change adaptation and a standard development project.

The methodology is flexible about the location and form of this statement of intent in the document, as long as the MDB is able to record and track the rationale for each adaptation element linked to the climate-change vulnerability context described. MDB projects with adaptation finance usually state – in final technical documents, documents for Board approval, internal memos or other associated project documents – the intention to reduce vulnerability.

## STEP 3. CLEAR AND DIRECT LINK BETWEEN CLIMATE CHANGE VULNERABILITY AND PROJECT ACTIVITIES

In line with the principles of the overall MDB climate finance tracking methodology, adaptation finance estimations consider only the finance allocated to specific project activities that are clearly linked to the project's climate-change vulnerability context.

Where climate change adaptation activities are planned in projects that have additional objectives, adaptation finance tracking takes into account the estimated incremental cost or investment associated with such discrete project components – or elements of project design – that address risks and vulnerabilities under conditions of current and future climate change, and compares these with a project design that does not consider such conditions.

When it is not possible to estimate *incremental* cost or investment directly from project budgets – for example, when using policy instruments or balance-sheet lending, equity investments or credit-line lending through financial intermediaries – a proportion of the project cost or investment corresponding to adaptation activities may be used to represent the incremental amount.

Table 1 in Annex B of the *2016 Joint Report on Multilateral Development Bank's Climate Finance*<sup>16</sup> provides a list of examples illustrating sector-specific and subsector-specific adaptation activities in which MDB adaptation finance may be identified. The list is not meant to be exhaustive, nor is it intended for application as a positive list. It is for illustrative purposes only. Any adaptation finance that is identified needs to be substantiated through the application of the three-step process described above.

For an illustration of how the MDB adaptation finance tracking methodology is applied to development operations, see [Table A.B.1](#) below.

## ADAPTATION FINANCE TRACKING AMONG DEVELOPMENT FINANCE INSTITUTIONS

A growing number of institutions and initiatives work on the methodologies for tracking climate adaptation finance and make increasing efforts to harmonise these approaches. The MDB-IDFC Common Principles result from such joint work. These institutions continue their efforts for greater harmonisation, comparability and transparency of their reported climate finance. In addition, the OECD, which designed and applies the *OECD-DAC Rio Markers for Climate*, recommends the MDB methodology's three-step approach to climate adaptation finance tracking as a "best practice". The OECD's efforts have resulted in improved guidance for tracking bilateral official development assistance (ODA) targeting climate change adaptation.

<sup>16</sup> [www.ebrd.com/2016-joint-report-on-mdbs-climate-finance.pdf](http://www.ebrd.com/2016-joint-report-on-mdbs-climate-finance.pdf)

**Table A.B.1. Case studies of tracking adaptation finance in projects**

| Sector                                                         | Cross-cutting sectors (policy and regulation)                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                 | Health                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                        |
|----------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Brief description of project                                   | The project will pilot an innovative leveraging mechanism to catalyse private, institutional and commercial capital for the development of climate-positive infrastructure and business in the region. It will support a portfolio of mitigation and adaptation sub-projects assessed against both climate and financial eligibility criteria. The project will contribute to the province's transition to low-carbon and climate-resilient development patterns.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                             | The project aims to improve primary health care and disease surveillance systems in the client country. It seeks to enhance the delivery of primary healthcare services by enhancing the service readiness of healthcare providers, strengthening the community health worker (CHW) programme and improving the capacities of public health facilities. It also supports the integration of infectious disease surveillance into the general systems of disease surveillance and response, with a focus on cholera.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                           |
| Climate vulnerability context                                  | Climate change modelling shows the following impacts:<br>(1) Temperature change: Compared with the average temperature for 1961-1990, average annual temperature in the province will rise by 0.5°C to 1.3°C by 2020, and by 1.5°C to 2.7°C by 2050, exposing 8.2 million people to flooding, with agriculture becoming unstable and drought affecting 6.9 million people.<br>(2) Precipitation trend: Compared with the average precipitation in the period 1961-1990, average annual precipitation will increase by between 3.0 per cent and 4.8 per cent by 2020, and by between 9.5 per cent and 12 per cent by 2050, resulting in increased frequency of floods and droughts. Sea level will continue to rise and the impacts of storms, storm surges and coastal erosion are likely to further intensify. Some 14.4 million people could be affected. Under climate change, extreme rainfall events characterised as once-in-thirty and once-in-fifty years will occur more frequently. | Climate change projections anticipate an average temperature increase of 0.5°C to 2.3°C in the country by mid-century. This warming effect, coupled with predicted changes in precipitation patterns, is expected to increase the frequency and intensity of extreme weather events such as hurricanes, storm surges and flooding. Rising temperatures and increased precipitation create conditions for the biological proliferation of infectious diseases, and vector-borne diseases in particular. Climate change-related hazards put additional stress on the health sector in the client country by accelerating the spread of water-borne diseases such as cholera and increasing the incidence of vector-borne diseases such as dengue and malaria. Debris and standing water from storms create breeding grounds for vector-borne diseases and have resulted in the spread of infectious diseases in the country's urban areas in the past, affecting water and sanitation systems in healthcare facilities. In addition, cholera outbreaks in the aftermath of hurricanes are a major public health threat in the country.                                                                                                                                                                                                                                          |
| Statement of purpose or intent to reduce climate vulnerability | The Green Development Fund (GDF) will aim to invest 75 per cent in mitigation, measured through the reduction in CO <sub>2</sub> emissions, and 25 per cent in adaptation, measured through the improvement in the beneficiaries' resilience. By 2027, the project is expected to reduce CO <sub>2</sub> emissions by 2.5 million tonnes per year and directly build resilience for at least 2 million people in the region.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                  | The project aims to reduce the country's vulnerability to public health hazards exacerbated by the effects of climate change. It seeks to do this by improving the surveillance of climate-sensitive diseases (in other words, vector-borne and water-borne diseases) and strengthening the CHW programme.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                    |
| Project activities linked to reducing climate vulnerability    | One of the project's outputs will structure the GDF as an investment-pooling vehicle for climate financing, run by a professional fund management company.<br><br>Priority adaptation activities to be financed through the fund include:<br>(1) urban flood protection to address increased precipitation intensity<br>(2) investments to protect bulk water and address rural and urban water shortages due to changing rainfall patterns<br>(3) coastal zone protection to address the increased risk of storm surge and salination<br>(4) city greening to address the risk of extreme temperatures.                                                                                                                                                                                                                                                                                                                                                                                      | The project will support improvements to water and sanitation systems in primary healthcare facilities to enhance their resilience to climate-related disasters. It will provide technical assistance for strengthening the design and implementation of the national CHW programme, which will include enhancing the capacities of CHWs to anticipate future disasters through the deployment of early-warning systems, emergency management planning and disaster recovery. CHWs can then play a pivotal role in improving disaster response and recovery and supplement the efforts of disaster responders. The project will also support a package of basic primary healthcare services that will include treatment of climate-sensitive water-borne diseases. In addition, the project will finance the integration of cholera surveillance and response tools into the general disease surveillance, control and response systems in the country. Such an integrated surveillance system will allow key climate-sensitive diseases to be monitored more easily, thereby reducing the vulnerability of the population to public health risks exacerbated by climate change. It will also include capacity-building programmes for the control of infectious diseases and raise awareness of the links between climate change, natural disasters and infectious diseases. |
| Type of financial instrument                                   | Investment loan through a financial intermediary                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                              | Investment loan                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                               |
| Estimation of adaptation finance                               | The total project cost is US\$ 1.2 billion. The MDB provided a loan of US\$ 100 million and the Green Climate Fund an additional US\$ 100 million. The total adaptation cost financed from the MDB's own resources is US\$ 25 million, which is the amount to be allocated to priority adaptation projects of the fund.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                       | The total project cost is US\$ 70 million. The MDB provided a loan of US\$ 55 million, of which US\$ 16.5 million was reported as adaptation finance, estimated using a proportion of the project cost that corresponded to adaptation activities that would improve the surveillance of and response to climate-sensitive diseases and build climate resilience.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                             |

**Table A.B.1. Case studies of tracking adaptation finance in projects (continued)**

| Sector                                                         | Agriculture and water sectors                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                |
|----------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Brief description of project                                   | The project's development objective is to improve the livelihood of the rural population through the development of sustainable agriculture, water resources management, adaptation to climate change and long-term resilience. It addresses food insecurity, climate change vulnerability and increases economic returns in the value chain for the rural population by enhancing integration and market links.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                             |
| Climate vulnerability context                                  | The country is among those most susceptible to the threats of climate change in the region, largely due to the sensitivity of its agricultural systems. Globally, between 1960 and 2010, annual temperatures have risen by 2.4°C on average and by 2050 are projected to increase in all climate zones by 2.7°C. The project's climate risk assessment identified increased flooding, permafrost loading or snow loading, as well as water scarcity or water stress as the predominant climate change risks. In terms of vulnerability, a significant part of the project area is prone to natural and climate-related disasters, which could significantly damage the agricultural infrastructure and lead to irreversible economic losses.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                 |
| Statement of purpose or intent to reduce climate vulnerability | The project aims to address the climate vulnerability of the agricultural sector and improve the livelihood of the rural population through sustainable agricultural development and water resources management, with a focus on adaptation to climate change and on building the long-term resilience of the agricultural sector in beneficiary communities.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                |
| Project activities linked to reducing climate vulnerability    | <p>In order to address the identified climate risks and vulnerabilities, the project was structured into four main components:</p> <ol style="list-style-type: none"> <li>(1) Water resource infrastructure development addressing: <ol style="list-style-type: none"> <li>(a) Water shortage or extreme drought: The irrigation infrastructure component will address the risks of water shortages and extreme drought in beneficiary communities.</li> <li>(b) Excessive precipitation or flooding: The project design also caters to extreme situations during peak or flood seasons to accommodate high-water flow during the peak flood, based on a flood event with a 0.5 per cent likelihood of occurring (in other words, about once in every 200 years)</li> <li>(c) Excessive loading with permafrost and snow: The use of anti-frost concretes and additives to help minimise the potential risk to infrastructure from harsh winter conditions.</li> </ol> </li> <li>(2) Improvement in agricultural production and value addition, including the construction of storage facilities for agricultural products to preserve harvested crops, grains and fruits.</li> <li>(3) Capacity-development and institutional strengthening to build the adaptive capacity of the beneficiary, overall climate resilience of the system and the local communities' knowledge of the potential climate hazards and impacts on their farming activities, water supplies and agricultural system.</li> <li>(4) Consultancy services including the construction of demonstration fields and the supply of equipment.</li> </ol> |
| Type of financial instrument                                   | Investment loan                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                              |
| Estimation of adaptation finance                               | The total cost of the project is US\$ 60 million, provided by the MDB and other financiers. In terms of climate finance contribution, 100 per cent of the project cost accounts for adaptation finance (based on the components implemented) and the MDB contributed US\$ 20 million to the total project cost, which was fully counted as adaptation finance.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                               |

**Table A.B.1. Case studies of tracking adaptation finance in projects (continued)**

| Sector                                                         | Water and wastewater management                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                |
|----------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Brief description of project                                   | <p>The project supports infrastructure rehabilitation, builds capacity, mobilises private finance and enhances service delivery. It has three components:</p> <ol style="list-style-type: none"> <li>(1) Reform of the operational and enabling environment to build the implementing agency's technical and managerial capacity and improve operational performance.</li> <li>(2) Infrastructure investments in water and sewerage infrastructure, mostly through the rehabilitation of infrastructure and support for measures to improve the energy efficiency of pumping stations and treatment plants.</li> <li>(3) Project management costs and the preparation of subsequent project phases.</li> </ol>                                 |
| Climate vulnerability context                                  | <p>The country has been assessed to be highly vulnerable to climate change-driven risks. In particular, sudden spells of intense precipitation occurring simultaneously with storm surges may cause major urban flooding and aggravate the problems of poor drainage and inadequate sewerage infrastructure. The 2012 Water and Sewage Board (WSB) climate adaptation study identified at least 11 climate-related threats to specific WSB assets, ranging from lower reservoir levels to storm surges and the exposure of pumping stations.</p>                                                                                                                                                                                               |
| Statement of purpose or intent to reduce climate vulnerability | <p>The capacity-building programme, which is part of project component 1, will contribute to sustainable utility operations within the implementing agency, climate change adaptation within the project and, by extension, within the country.</p>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                            |
| Project activities linked to reducing climate vulnerability    | <p>The capacity-building programme will build the implementing agency's technical and managerial capacity, including its capacity to handle climate risks. This includes the design and implementation of an asset management programme and improvements to the geographic information system (GIS). The asset management programme will contribute to sustainable utility operations within the implementing agency and to climate change adaptation in the country. This programme will build on the 2012 WSB climate adaptation study by assigning, prioritising and initiating asset-specific adaptation measures such as the provision of submersible pumps and back-up generators for assets exposed to a high risk of storm surges.</p> |
| Type of financial instrument                                   | Investment loan                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                |
| Estimation of adaptation finance                               | <p>The total cost of the project is US\$ 100 million. The MDB contributed US\$ 40 million and counted the entire cost of component 1 (US\$ 2.8 million) as adaptation finance.</p>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                             |

## ANNEX C. JOINT METHODOLOGY FOR TRACKING CLIMATE CHANGE MITIGATION FINANCE

The 2019 tracking of mitigation finance is based on the Common Principles for Climate Change Mitigation Finance Tracking,<sup>17</sup> referred to in this report as the Common Principles.<sup>18</sup> The Common Principles were developed by the joint climate finance group of MDBs and by the IDFC, based on their experience of the topic and with the intention of sharing them with other institutions that are seeking common approaches to tracking and reporting.

The Principles consist of a set of common definitions and guidelines, including a list of activities. However, they do not cover aspects of their implementation, including quality-control procedures, which remain the sole responsibility of each institution and/or group. The Common Principles reflect the approach that both groups (MDBs and the IDFC) have been following for tracking climate change mitigation activities for the past eight years, and are based on the application of harmonised terms. While the MDBs and the IDFC continue to report through their respective group-based efforts, the joint MDB approach for reporting mitigation finance aligns closely with the Common Principles, and is based on the following attributes:

### 1. ADDITIONALITY

Like the Common Principles, this approach is activity-based. It focuses on the type of activity to be executed, and not on its purpose, the origin of the financial resources or the results.

### 2. TIMELINE

Project reporting is *ex-ante* project implementation at Board approval or at the time of financial commitment.

### 3. CONSERVATIVENESS

Where data is unavailable, any uncertainty must be overcome taking a conservative approach, where it is preferable to under-report rather than over-report climate finance.

### 4. GRANULARITY

The tracking only covers mitigation activities, which are to be disaggregated from non-mitigation activities as far as reasonably possible. If such disaggregation is needed and not possible using project-specific data, a more qualitative or experience-based assessment can be used to identify the proportion of the project that covers climate mitigation activities, consistent with the

principle of conservativeness. This applies to all categories, but is of particular significance for energy efficiency projects.

### 5. SCOPE

Mitigation activities or projects can consist of a standalone project, multiple standalone projects under a larger programme, a component of a standalone project or a programme financed through a financial intermediary. For example, a project with a total cost of US\$ 100 million may have a US\$ 10 million documented component for energy efficiency improvement; in this case, only the US\$ 10 million would be reported. Another example may be a US\$ 100 million credit line to a financial intermediary for renewable energy and pollution control investments, where it is foreseen that at least 60 per cent of the resources would flow into renewable energy investments; in such a case, only US\$ 60 million would be reported.

### 6. MITIGATION RESULTS

Reporting according to this methodology and the Common Principles does not imply evidence of climate change impacts. Moreover, any inclusion of climate change impacts is not a substitute for project-specific theoretical and/or quantitative evidence of GHG emission mitigation. Projects seeking to demonstrate climate change impacts should do so through project-specific data.

### 7. ELIGIBILITY

Climate mitigation promotes efforts to reduce, limit or sequester GHG emissions to reduce the risk of climate change. Mitigation finance is based on a list of activities that are compatible with low-emission pathways.<sup>19</sup> As a consequence, not all activities that reduce GHGs in the short term are eligible to be counted towards MDB mitigation finance.

The joint methodology for tracking climate change mitigation finance recognises the importance of long-term structural changes, such as the shift in energy production to renewable energy technologies, and the modal shift to low-carbon modes of transport. Consequently, both greenfield and brownfield renewable energy and transport modal shift projects are included. For projects that improve the energy and resource efficiency of technologies and processes, the methodology acknowledges that their impacts in terms of reducing GHG emissions

<sup>17</sup> <http://www.worldbank.org/content/dam/Worldbank/document/Climate/common-principles-for-climate-mitigation-finance-tracking.pdf>

<sup>18</sup> As noted in the executive summary of this report, the MDBs plan to finalise during 2020 their review of the methodology for tracking climate change mitigation finance, with the aim of commencing tracking using the new methodology in 2021.

<sup>19</sup> Paris Agreement, December 2015 (FCCC/CP/2-15/L9/Rev.1, Article 2c).

may be considered upstream and/or downstream. However, it also acknowledges that drawing the boundary between increasing production and reducing emissions per unit of output is difficult. Therefore, investments in greenfield energy and resource efficiency are included only in a few cases where they help prevent a long-term lock-in to high-carbon infrastructure.

When considering brownfield energy and resource efficiency investments as climate finance, old technologies must be replaced well before the end of their lifetimes with new technologies that are substantially more efficient. Alternatively, new technologies or processes must enable substantially higher system efficiency compared to those normally used in greenfield projects.

## 8. EXCLUSIONS

The methodology assumes that care will be taken to identify projects that are included in the typology list but do not mitigate emissions due to their specific circumstances. Examples of such projects include: hydropower plants with high methane emissions from reservoirs exceeding the GHG reductions associated with the plant's use of renewable energy; geothermal power plants with high CO<sub>2</sub> content in the geothermal fluid that cannot be reinjected; or biofuel projects with net high emissions taking into account production, processing and transportation.

## 9. AVOIDANCE OF DOUBLE-COUNTING

Where the same project, sub-project or project element contributes to mitigation and adaptation, an MDB's individual processes will determine what proportion is counted as mitigation or as adaptation, so that the actual financing will not be recorded more than once. Some MDBs are reporting as a separate category any projects where the same components or elements contribute to both mitigation and adaptation. The MDBs are working on the best reporting method for projects where the same components or elements contribute to both mitigation and adaptation.

Table A.C.1 lists the activities that MDBs have agreed are eligible to be classified as climate mitigation finance. The table is based on a previous list that the MDBs and IDFC developed in the Common Principles for Climate Mitigation Finance Tracking, with a number of additional clarifications. MDBs apply the list of eligible activities to financing through all types of financial instrument. Table A.C.2 summarises cases to illustrate how MDBs have applied the mitigation tracking approach recently.

**Table A.C.1. List of activities eligible for classification as climate mitigation finance**

| Category                                        | Sub-category                                                                                 | Eligible activities                                                                                                                                                                                                                                                                           |
|-------------------------------------------------|----------------------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| 1. RENEWABLE ENERGY                             | 1.1. Electricity generation                                                                  | Wind power                                                                                                                                                                                                                                                                                    |
|                                                 |                                                                                              | Geothermal power (only if net emission reductions can be demonstrated)                                                                                                                                                                                                                        |
|                                                 |                                                                                              | Solar power (concentrated solar power, photovoltaic power)                                                                                                                                                                                                                                    |
|                                                 |                                                                                              | Biomass or biogas power (only if they result in net reductions in emissions, taking into account production, processing and transportation)                                                                                                                                                   |
|                                                 |                                                                                              | Ocean power (wave, tidal, ocean currents, salt gradient, and so on)                                                                                                                                                                                                                           |
|                                                 |                                                                                              | Hydropower plants (only if net emission reductions can be demonstrated)                                                                                                                                                                                                                       |
|                                                 |                                                                                              | Renewable energy power plant retrofits                                                                                                                                                                                                                                                        |
|                                                 | 1.2. Heat production or other renewable energy application                                   | Solar water heating and other thermal applications of solar power in all sectors                                                                                                                                                                                                              |
|                                                 |                                                                                              | Thermal applications of geothermal power in all sectors                                                                                                                                                                                                                                       |
|                                                 |                                                                                              | Wind-driven pumping systems or similar applications                                                                                                                                                                                                                                           |
| 2. LOWER-CARBON AND EFFICIENT ENERGY GENERATION | 1.3. Measures to facilitate integration of renewable energy into grids                       | Thermal applications of sustainably produced bioenergy in all sectors                                                                                                                                                                                                                         |
|                                                 |                                                                                              | New, expanded and improved transmission systems (lines, substations)                                                                                                                                                                                                                          |
|                                                 |                                                                                              | Storage systems (battery, mechanical, pumped storage) that facilitate integration of renewables, or increase renewable energy production                                                                                                                                                      |
|                                                 |                                                                                              | New information and communication technology, smart grid and mini grid                                                                                                                                                                                                                        |
|                                                 | 2.1. Transmission and distribution systems                                                   |                                                                                                                                                                                                                                                                                               |
|                                                 |                                                                                              | Retrofit of transmission lines or substations and/or distribution systems to reduce energy use and/or technical losses including improving grid stability or reliability (in the case of capacity expansion, only the portion of the investment that is reducing existing losses is included) |
|                                                 | 2.2. Power plants                                                                            | Thermal power plant retrofit to switch from a more GHG-intensive fuel to a different and less GHG-intensive type of fuel <sup>20</sup>                                                                                                                                                        |
|                                                 |                                                                                              | Conversion of existing fossil-fuel-based power plant to co-generation <sup>21</sup> technologies that generate electricity in addition to providing heating or cooling                                                                                                                        |
|                                                 |                                                                                              | Energy efficiency improvement in existing thermal power plant                                                                                                                                                                                                                                 |
| 3. ENERGY EFFICIENCY <sup>22</sup>              | 3.1. Energy efficiency in industry in existing facilities                                    | Industrial energy-efficiency improvement through the installation of more efficient equipment, changes in processes, reduction of heat losses and/or increased waste-heat recovery and/or resource efficiency <sup>23</sup>                                                                   |
|                                                 |                                                                                              | Installation of co-generation plants that generate electricity in addition to providing heating or cooling                                                                                                                                                                                    |
|                                                 |                                                                                              | Replacement of an older facility (old facility retired) with a more efficient facility                                                                                                                                                                                                        |
|                                                 | 3.2. Energy efficiency improvements in existing commercial, public and residential buildings | Energy efficiency improvement in lighting, appliances and equipment, including energy-management systems                                                                                                                                                                                      |
|                                                 |                                                                                              | Substitution of existing heating or cooling systems for buildings by co-generation plants that generate electricity in addition to providing heating or cooling <sup>24</sup>                                                                                                                 |
|                                                 |                                                                                              | Retrofit of existing buildings: architectural or building changes that enable reduction of energy consumption                                                                                                                                                                                 |
|                                                 | 3.3. Energy efficiency improvements in the utility sector and public services                | Energy efficiency improvement in utilities and public services through the installation of more efficient lighting or equipment                                                                                                                                                               |
|                                                 |                                                                                              | Rehabilitation of district heating and cooling systems                                                                                                                                                                                                                                        |
|                                                 |                                                                                              | Reduction of heat loss in utilities and/or increased recovery of waste heat                                                                                                                                                                                                                   |
|                                                 |                                                                                              | Improvement in utility-scale energy efficiency through efficient energy use and loss reduction, or resource efficiency <sup>25</sup> improvements                                                                                                                                             |
|                                                 | 3.4. Vehicle fleet energy efficiency and low-carbon fuels                                    |                                                                                                                                                                                                                                                                                               |
|                                                 |                                                                                              | Existing vehicle, rail or boat fleet retrofit or replacement (including the use of lower-carbon fuels, electric or hydrogen technologies), or new vehicle, rail or boat fleets with ultra-low carbon emissions, exceeding available standards.                                                |

*(Continued overleaf)*

<sup>20</sup> Excluding the replacement of coal by coal.

<sup>21</sup> In all co-generation projects energy efficiency is required to be substantially higher than separate production of electricity and heat.

<sup>22</sup> The general principle for brownfield energy efficiency activities involving the replacement of technologies or processes is that: (i) the old technologies are replaced well before the end of their lifetime and the new technologies are substantially more efficient; or (ii) new technologies or processes are substantially more efficient than those normally used in greenfield projects.

<sup>23</sup> The general principle for resource efficiency activities is that activities are substantially more efficient than replaced technologies or processes, noting that efficiencies and avoided emissions may occur upstream or downstream of the project.

<sup>24</sup> Refer to footnote 22.

<sup>25</sup> Refer to footnote 23.

**Table A.C.1. List of activities eligible for classification as climate mitigation finance (continued)**

| Category                                           | Sub-category                                                                                                                                                                 | Eligible activities                                                                                                                                                                                                                                                                                                    |
|----------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| 3. ENERGY EFFICIENCY <sup>22</sup><br>(CONTINUED)  | 3.5. Energy efficiency in new commercial, public and residential buildings                                                                                                   | Use of highly efficient architectural designs, energy-efficient appliances and equipment, and building techniques that reduce the energy consumption of buildings, exceeding available standards and complying with high energy efficiency certification or rating schemes                                             |
|                                                    | 3.6. Energy audits                                                                                                                                                           | Energy audits of energy end-users, including industries, buildings and transport systems                                                                                                                                                                                                                               |
| 4. AGRICULTURE, AQUACULTURE, FORESTRY AND LAND-USE | 4.1. Agriculture                                                                                                                                                             | Reduction in energy use in traction (such as efficient tillage), irrigation and other agricultural processes                                                                                                                                                                                                           |
|                                                    |                                                                                                                                                                              | Agricultural projects that improve existing carbon pools (such as rangeland management, collection and use of bagasse, rice husks or other agricultural waste, reduced tillage techniques that increase carbon content of soil, rehabilitation of degraded lands, peatland restoration, and so on)                     |
|                                                    |                                                                                                                                                                              | Reduction of non-CO <sub>2</sub> GHG emissions from agricultural practices and technologies (for example, paddy rice production, reduction in fertiliser use)                                                                                                                                                          |
|                                                    |                                                                                                                                                                              | Resource efficiency <sup>26</sup> in agricultural processes and supply chains                                                                                                                                                                                                                                          |
|                                                    | 4.2. Afforestation and reforestation and biosphere conservation                                                                                                              | Afforestation (plantations) and agroforestry on non-forested land                                                                                                                                                                                                                                                      |
|                                                    |                                                                                                                                                                              | Reforestation on previously forested land                                                                                                                                                                                                                                                                              |
|                                                    |                                                                                                                                                                              | Sustainable forest management activities that increase carbon stocks or reduce the impact of forestry activities                                                                                                                                                                                                       |
|                                                    |                                                                                                                                                                              | Biosphere conservation and restoration projects (including payments for ecosystem services) seeking to reduce emissions from the deforestation or degradation of ecosystems                                                                                                                                            |
| 4.3. Livestock                                     | Livestock projects that reduce methane or other GHG emissions (for example, manure management with biodigesters, and improved feeding practices to reduce methane emissions) |                                                                                                                                                                                                                                                                                                                        |
| 4.4. Biofuels                                      | Production of biofuels, including biodiesel and bioethanol (only if net emission reductions can be demonstrated)                                                             |                                                                                                                                                                                                                                                                                                                        |
| 4.5. Aquaculture                                   | Reduction in energy use or resource efficiency in aquaculture <sup>27</sup>                                                                                                  |                                                                                                                                                                                                                                                                                                                        |
| 5. NON-ENERGY GHG REDUCTIONS                       | 5.1. Fugitive emissions                                                                                                                                                      | Reduction of gas flaring or fugitive methane emissions in the oil and gas industry                                                                                                                                                                                                                                     |
|                                                    |                                                                                                                                                                              | Coal-mine methane capture                                                                                                                                                                                                                                                                                              |
|                                                    | 5.2. Carbon capture and storage                                                                                                                                              | Projects for carbon capture and storage technology that prevent the release of large quantities of CO <sub>2</sub> into the atmosphere from fossil fuel use in power generation and process emissions in other industries                                                                                              |
|                                                    | 5.3. Air conditioning and refrigeration                                                                                                                                      | Retrofit of existing industrial, commercial and residential infrastructure to switch to cooling agent with lower potential for global warming                                                                                                                                                                          |
| 5.4. Industrial processes                          | Reduction in GHG emissions resulting from industrial process improvements and cleaner production (for example, of cement or chemicals), excluding carbon capture and storage |                                                                                                                                                                                                                                                                                                                        |
| 6. WASTE AND WASTEWATER                            | 6.1. Wastewater                                                                                                                                                              | Treatment of wastewater, including wastewater collection networks, that reduces GHG emissions (only if substantial net GHG emission reductions can be demonstrated)                                                                                                                                                    |
|                                                    | 6.2. Solid waste management                                                                                                                                                  | Waste management projects that capture or combust methane emissions                                                                                                                                                                                                                                                    |
|                                                    |                                                                                                                                                                              | Waste-to-energy projects                                                                                                                                                                                                                                                                                               |
| 7. TRANSPORT                                       | 7.1. Urban transport modal change <sup>28</sup>                                                                                                                              | Urban mass transit                                                                                                                                                                                                                                                                                                     |
|                                                    |                                                                                                                                                                              | Non-motorised transport (bicycles and pedestrian mobility)                                                                                                                                                                                                                                                             |
|                                                    | 7.2. Transport-oriented urban development                                                                                                                                    | Integration of transport and urban development planning (dense development, multiple land-use, walking communities, transit connectivity, and so on), leading to a reduction in the use of passenger cars                                                                                                              |
|                                                    |                                                                                                                                                                              | Transport and travel demand-management measures dedicated to reducing pollutant emissions, including GHG emissions (such as high-occupancy vehicle lanes, congestion charging or road pricing, parking management, restriction or auctioning of licence plates, car-free city areas, low-emission zones) <sup>29</sup> |

(Continued overleaf)

<sup>26</sup> The general principle for resource efficiency activities is that activities are substantially more efficient than the replaced technologies or processes, noting that efficiencies and avoided emissions may occur upstream or downstream of the project.

<sup>27</sup> Refer to footnote 23.

<sup>28</sup> Modal shift includes prevention of future shifts to high-carbon modes.

<sup>29</sup> General traffic management is not included. This category is for demand management to reduce GHG emissions, assessed on a case-by-case basis.

**Table A.C.1. List of activities eligible for classification as climate mitigation finance (continued)**

| Category                    | Sub-category                                                                                        | Eligible activities                                                                                                                                                                                                                                                                                                                                                        |
|-----------------------------|-----------------------------------------------------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| 7. TRANSPORT<br>(CONTINUED) | 7.3. Inter-urban transport                                                                          | Railway transport ensuring a modal shift of freight and/or passenger transport from road or air to rail (improvement of existing lines or construction of new lines)                                                                                                                                                                                                       |
|                             |                                                                                                     | Waterway transport ensuring a modal shift of freight and/or passenger transport from road or air to waterways (improvement of existing infrastructure or construction of new infrastructure)                                                                                                                                                                               |
|                             |                                                                                                     | Bus passenger transport ensuring a modal shift from a higher-carbon mode of public transport                                                                                                                                                                                                                                                                               |
|                             | 7.4. Infrastructure for low-carbon and efficient transport                                          | Charging stations and other infrastructure for electric vehicles, hydrogen or dedicated biofuel fuelling<br><br>Digital solutions and programmes dedicated to reducing GHG emissions <sup>30</sup>                                                                                                                                                                         |
| 8. LOW-CARBON TECHNOLOGIES  | 8.1. Products or equipment                                                                          | Projects producing components, equipment or infrastructure dedicated to the renewable and energy efficiency sectors, or low-carbon technologies                                                                                                                                                                                                                            |
|                             | 8.2. Research and development                                                                       | Research and development of renewable-energy or energy-efficiency technologies, or low-carbon technologies                                                                                                                                                                                                                                                                 |
| 9. CROSS-CUTTING ISSUES     | 9.1. Support for national, regional or local policy, through technical assistance or policy lending | National, sectoral or territorial policies/planning/action plans/planning/institutions dedicated to mitigation, such as NDCs, NAMAs and plans for scaling up renewable energy                                                                                                                                                                                              |
|                             |                                                                                                     | Energy sector policies and regulations leading to climate change mitigation or the mainstreaming of climate action, such as energy efficiency standards or certification schemes; energy-efficiency procurement schemes; renewable energy policies, power market reform specifically designed to enable renewable energy                                                   |
|                             |                                                                                                     | Systems for monitoring the emission of greenhouse gases                                                                                                                                                                                                                                                                                                                    |
|                             |                                                                                                     | Efficient pricing of fuels and electricity (such as subsidy rationalisation, efficient end-user tariffs, and efficient regulations on electricity generation, transmission or distribution, and on carbon pricing)                                                                                                                                                         |
|                             |                                                                                                     | Education, training, capacity-building and awareness-raising on climate change mitigation or sustainable energy or sustainable transport; mitigation research                                                                                                                                                                                                              |
|                             |                                                                                                     | Other policy and regulatory activities, including those in non-energy sectors, leading to climate change mitigation or mainstreaming of climate action, such as fiscal incentives for low-carbon vehicles, sustainable afforestation standards                                                                                                                             |
|                             | 9.2. Carbon finance                                                                                 | Carbon markets and finance (purchase, sale, trading, financing and other technical assistance); includes all activities related to compliance-grade carbon assets and mechanisms                                                                                                                                                                                           |
|                             | 9.3. Supply chain                                                                                   | Measures in existing supply chains dedicated to improvements in energy efficiency or resource efficiency <sup>31</sup> upstream or downstream, leading to an overall reduction in GHG emissions                                                                                                                                                                            |
|                             | 10.1. Other activities with net greenhouse-gas reduction                                            | Any other activity if agreed by MDBs may be counted as climate mitigation finance when the results of <i>ex-ante</i> GHG accounting (undertaken according to commonly agreed methodologies) show emission reductions that are higher than a commonly agreed threshold, and the project is consistent with a pathway towards development characterised by low GHG emissions |

<sup>30</sup> Dedicated measures can mean that a proportional approach may be used to take account of the fact that reduction of GHG emissions may be one of several project objectives.

<sup>31</sup> The general principle for resource efficiency activities is that activities are substantially more efficient than the replaced technologies or processes, noting that efficiencies and avoided may occur upstream or downstream of the project.

**Table A.C.2. Case studies of tracking mitigation finance in projects**

| PROJECT FOCUS                                                                                                  | IMPROVEMENT IN NATURAL RESOURCE MANAGEMENT                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                         | SANITATION PROJECT IN SECONDARY CITIES                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                         |
|----------------------------------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Sector                                                                                                         | Forestry                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                           | Water and sanitation                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                           |
| Brief description of project                                                                                   | <p>The project supports the improvement of natural resource management through (i) promoting diversified, resilient, sustainable livelihoods, and (ii) the management of community forests and protected areas.</p> <p>The component covering the management of community forests and protected areas focuses on:</p> <ul style="list-style-type: none"> <li>community-based natural regeneration of indigenous forests</li> <li>the identification, restoration, and sustainable management of forest areas</li> <li>improved management of protected areas, including plans to increase forest cover.</li> </ul> | <p>The overall objective of the project is to help achieve a sustainable improvement in the provision of sanitation services in the region and 11 secondary cities by: (i) eliminating uncontrolled dumping of sludge, thus protecting the population and the environment against water-borne diseases, sewage flooding and discharge of untreated effluents; (ii) preventing ground and surface water pollution; (iii) supporting the value-added use of the treated faecal sludge and other substances in an environmentally and economically sustainable way (use of methane gas to generate electricity and of dry sludge as a fertiliser in agriculture, and so on); and (iv) promoting non-sewered sanitation and also developing the collection and treatment of faecal sludge. The project will significantly improve living conditions by reducing environmental pollution in the targeted cities, while improving health and sanitary conditions for the population.</p> <p>The project will treat 46 per cent of the sludge produced in urban areas and will raise the country's faecal sludge treatment rate from 15 per cent in 2016 to 57 per cent by the end of 2025. It is expected that the quantity of treated faecal sludge and discharge to the natural environment will conform to national standards (&lt;150mg/l), with associated environmental and health benefits.</p> <p>The project will pilot the production of electricity through a compact methane sludge-digestion plant that could process up to 500 m<sup>3</sup>/day in the region. This will reduce CO<sub>2</sub> emissions via the production of renewable energy and limit the emissions of methane from defecation in open areas.</p> |
| Classification (as in Annex C, Table A.C.1.):<br>(1) Category<br>(2) Sub-category and<br>(3) Eligible activity | <p>(1) 4. Agriculture, aquaculture, forestry and land-use</p> <p>(2) 4.2. Afforestation and reforestation and biosphere conservation</p> <p>(3) Reforestation on previously forested land and sustainable forest management activities that increase carbon stocks or reduce the impact of forestry activities</p>                                                                                                                                                                                                                                                                                                 | <p>(1) 1. Renewable energy</p> <p>(2) 1.1. Electricity generation</p> <p>(3) Biomass or biogas power</p>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                       |
| Type of financial instrument                                                                                   | Investment loan                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                    | MDB: 35 per cent grant, 65 per cent investment loan; Government: in-kind                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                       |
| Calculation of mitigation finance, including basis (for example, eligible components)                          | The activities related to management of community forests and protected areas were counted as climate mitigation finance. This amounted to US\$ 20.8 million out of the US\$ 100 million total project financing. The project also reported significant climate adaptation finance, giving it a total of US\$ 62.3 million in climate finance.                                                                                                                                                                                                                                                                     | <p>Biogas: The sludge treatment infrastructure development includes the construction of a compact methane sludge-digestion plant processing up to 500 m<sup>3</sup>/day in the region. The project will use dry sludge as fertiliser for agriculture by market gardeners and generate methane gas that will be used to provide up to 100 per cent of the power requirement of the compact methane sludge digestion plant and 36 pumping stations in the region.</p> <p>The total project budget is €47 million, of which €43 million is provided by the MBD. The cost of the methane digestion plant is estimated at €5 million (all covered by the MDB) and this accounts for the mitigation finance aspect of the project.</p>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                               |
| Type of mitigation finance (own resources, co-finance)                                                         | MDB own account                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                    | MDB own account, government co-finance                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                         |

**Table A.C.2. Case studies of tracking mitigation finance in projects (continued)**

| PROJECT FOCUS                                                                                                  | NATIONAL SOLAR PARK PROJECT                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                      | RESEARCH, DEVELOPMENT AND INNOVATION                                                                                                                                                                                                                                                                                                                                                                                                |
|----------------------------------------------------------------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Sector                                                                                                         | Energy – renewable energy                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                        | Energy systems                                                                                                                                                                                                                                                                                                                                                                                                                      |
| Brief description of project                                                                                   | <p>The project will support the national electricity utility company in the construction of a solar power park and a transmission interconnection system to the nearest grid substation selected. The park will consist of 150 to 200 hectares of land, fencing, drainage, roads and plant buildings, and will be able to accommodate at least 100 MW of photovoltaic plant capacity.</p> <p>The national solar park project will address the country's need to: (i) expand low-cost power generation, (ii) diversify the power generation mix and increase the percentage of clean energy in its generation mix in line with its stated targets for greenhouse gas emission reductions, and (iii) expand the use of competitive tenders and other global best practices in the sector.</p> <p>The project will have two outputs: (i) the construction of the solar park, transmission facilities and supporting infrastructure; and (ii) the strengthening of the company's capacity to integrate renewable energy into the national grid, including advanced technologies such as energy storage. These outputs will result in increased generation of solar energy power.</p> | <p>The project consists of financing research and development in the areas of renewable power generation, electrical storage, smart grids, power transmission and electronics. The project plays an essential part in the promoter's business strategy, refocused on the energy transition, energy storage, electro-mobility and offshore wind power.</p>                                                                           |
| Classification (as in Annex C, Table A.C.1.):<br>(1) Category<br>(2) Sub-category and<br>(3) Eligible activity | <p>(1) 1. Renewable energy</p> <p>(2) 1.1. Electricity generation</p> <p>(3) Eligible activity: solar power (photovoltaic power)</p>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                             | <p>(1) 8. Low-carbon technologies</p> <p>(2) 8.1. Products or equipment</p> <p>(3) 8.2. Research and development of renewable-energy or energy-efficiency technologies, or low-carbon technologies</p>                                                                                                                                                                                                                              |
| Type of financial instrument                                                                                   | Investment loan and grants                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                       | Investment loan                                                                                                                                                                                                                                                                                                                                                                                                                     |
| Calculation of mitigation finance, including basis (for example, eligible components)                          | As this is a solar project, the total mitigation finance of US\$ 6.47 million is 100 per cent of the MDB's loans, less the adaptation finance.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                   | The MDB reviewed the pipeline of research, development and innovation investments allocated as part of the project and determined that 43 per cent can be conservatively counted as climate mitigation finance. The elements counted relate to the development of more efficient renewable energy generation and the integration of renewable energy into the grid (transmission-, distribution- and demand-side response systems). |
| Type of mitigation finance (own resources, co-finance)                                                         | MDB own account                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                  | MDB own account                                                                                                                                                                                                                                                                                                                                                                                                                     |

## ANNEX D. FINANCE THAT BENEFITS BOTH ADAPTATION AND MITIGATION

The MDBs identify some components and/or subcomponents, or elements or proportions of projects that help to reduce GHG emissions while also reducing climate vulnerability, thereby delivering dual benefits of mitigation and adaptation. Where the same project, sub-project or project element contributes to both mitigation and adaptation, the MDB's internal processes will determine which proportions to count as mitigation or as adaptation so that the actual financing will not be double-counted. Some MDBs report projects where the same components or elements or proportions contribute to both mitigation and adaptation as a separate category (see Table A.D.1). The MDBs work continuously to refine the best reporting method for such projects.

For 2019, the EBRD and IDBG have tracked dual-benefit figures separately, while other MDBs have split the dual-benefit finance between adaptation and mitigation, according to their internal systems. In both cases, there is no double counting in either approach. Table A.D.2 provides greater detail on the instrument types used in adaptation, mitigation and dual-benefit finance.

**Table A.D.1. MDB adaptation, mitigation and dual-benefit climate finance (in US\$ million)**

| MDB          | Adaptation finance | Mitigation finance | Dual-benefit finance | Total        |
|--------------|--------------------|--------------------|----------------------|--------------|
| EBRD         | 454                | 4,420              | 128                  | 5,002        |
| IDBG         | 1,447              | 2,569              | 942                  | 4,958        |
| <b>Total</b> | <b>1,900</b>       | <b>6,989</b>       | <b>1,070</b>         | <b>9,959</b> |

Note: Numbers may not add up due to rounding.

**Table A.D.2. MDB adaptation, mitigation and dual-benefit climate finance (in US\$ million)**

| Instrument type         | Adaptation finance | Mitigation finance | Dual-benefit | Total         |
|-------------------------|--------------------|--------------------|--------------|---------------|
| Equity                  | 48                 | 1,442              | 20           | 1,510         |
| Grant                   | 1,752              | 984                | 3            | 2,739         |
| Guarantee               | 332                | 2,035              | 0            | 2,366         |
| Investment loan         | 9,127              | 35,332             | 442          | 44,901        |
| Line of credit          | 123                | 2,525              | 103          | 2,750         |
| Policy-based financing  | 1,552              | 2,683              | 490          | 4,725         |
| Results-based financing | 888                | 480                | 0            | 1,367         |
| Other instruments       | 517                | 676                | 12           | 1,204         |
| <b>Total</b>            | <b>14,338</b>      | <b>46,155</b>      | <b>1,070</b> | <b>61,562</b> |

Note: Numbers may not add up due to rounding.

**Table A.D.3. Case study of tracking a dual-benefit project**

| PROJECT FOCUS                                                  | PUBLIC FINANCIAL MANAGEMENT                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                               |
|----------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Sector                                                         | Governance and fiscal management                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                          |
| Brief description of project                                   | The project, which is the second policy-based loan to the borrower, builds on the first loan and supports the government in its efforts to: (i) establish a framework to move towards fiscal federalism; and (ii) improve the policy framework for public financial management.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                           |
| Classification                                                 | <p>Climate finance with a dual benefit split into adaptation and mitigation finance.</p> <p>Classification for mitigation finance:</p> <p>(1) 9. Cross-cutting issues</p> <p>(2) 9.1. Support for national, regional or local policy through technical assistance or policy-based financing</p> <p>(3) Other policy and regulatory activities, including those in non-energy sectors, leading to climate change mitigation or mainstreaming of climate action, such as fiscal incentives for low-carbon vehicles, sustainable afforestation standards.</p> <p>Adaptation finance:</p> <p><i>Climate vulnerability context:</i> The country is one of the most disaster- and climate-vulnerable countries in the world and this puts a significant strain on the government's budget. More than 80 per cent of its population is at risk of multiple natural hazards such as floods, landslides and glacial lake outburst floods.</p> <p><i>Statement of intent:</i> The project aims to build local capacity to manage disasters and climate change.</p> <p><i>Project activities linked to reducing climate vulnerability:</i> The project takes into account local-level risk profiles, including investments in post-disaster reconstruction, early warning preparedness and long-term climate resilience, and improves public financial management of sub-national governments in terms of climate change adaptation.</p>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                             |
| Calculation of<br>(1) mitigation and<br>(2) adaptation finance | <p>The MDB provided US\$ 100 million in budgetary support for ten policy actions. Based on the three steps and classification for mitigation, climate finance was committed to three of the ten policy actions. Details are as follows:</p> <p>Policy action (a): The policy action adopts the framework for the calculation and devolution of various government grants. The borrower also reinforces the country's climate change financing framework through this policy action, which was set up to mobilise, manage and target finance in support of realising the country's climate goals. Specifically, through this policy action, the borrower's provincial governments will levy the motor vehicle tax in support of climate change mitigation, and the revenue will be shared across the provincial and local governments, using forest area as one of the revenue-sharing indicators.</p> <p>The policy action was partially credited as adaptation and mitigation finance for aligning interests and incentivising different tiers of the government to support climate change adaptation and mitigation by encouraging afforestation.</p> <p>Policy action (b): The national planning commission has issued medium-term expenditure framework (MTEF) guidelines for the borrower's provincial and local governments to ensure prudent budget management, with the local need for climate action and sustainable development goals in mind. Through the first policy-based lending, the borrower reinstated the MTEF that had become weakened over the years and included climate change budget projections and climate change coding for the next three fiscal years to improve the fiscal resilience to climate change. Through the second series of policy-based lending, the borrower strengthened the sub-national governments' capacity for medium-term budget planning and the project prioritisation that would be necessary to scale up climate action at the provincial and local level.</p> <p>This policy action is fully credited as climate adaptation and mitigation finance for directly improving the local governments' capacity for climate action.</p> <p>Policy action (c): The borrower issued disaster-management policy guidelines to local governments, taking current risk profiles and future climate change into consideration. Through the first policy-based lending, the federal government enacted the Disaster Risk Reduction and Management (DRRM) Act. This series of policy actions supports implementation of the DRRM Act at the local level, helping shield the budget from natural disasters, improve fiscal sustainability and enhance its long-term climate resilience.</p> <p>The policy action is fully credited for adaptation co-benefits, given the country's vulnerability to the impacts of climate change and its contribution to improving the local capacity for disaster preparedness and response.</p> |
| Type of financial instrument                                   | Policy-based lending                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                      |
| Type of finance                                                | MDB own account                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                           |

**Table A.D.3. Case study of tracking a dual-benefit project (*continued*)**

| PROJECT FOCUS                                                  | RESTORATION OF CLIMATE-RESILIENT FORESTS, PROVISION OF SUSTAINABLE ECOSYSTEM SERVICES                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                             |
|----------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Sector                                                         | Forestry, water resources management                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                              |
| Brief description of project                                   | <p>The country suffers from some of the world's fastest deforestation rates, with forest cover having fallen from 70 per cent in 1990 to 40 per cent in 2015. About 45 per cent of the country's forests have been lost since 1990, and they are crucial for the provision of ecosystem services, particularly water. The drivers of deforestation include land-use change to agriculture, forest fires and, in a climate change scenario, the more intense and more frequent infestation of the bark beetle in an already degraded forest. Projections through to the year 2050 suggest that if forest degradation is not reversed, climate change – in other words, decreased rains and warmer temperatures – will lead to a doubling of bark beetle outbreaks in the country's central corridor. Greater losses are projected due to the combined effects of bark beetle outbreaks on a further degraded forest.</p> <p>The MDB partners with the country's Institute of Forestry Conservation and Development, Protected Areas, and Wildlife to support the climate resilience of forests in watersheds that are critical to replenish. The project's emphasis is on adaptive forest management systems that need time to bear results; investment capital; and technical assistance on initiatives such as fire control, forest thinning, enrichment of forest species, and good agroforestry that leads to greater productivity and deters changes in land use. The programme is also intended to boost effective governance and sustainable financial systems by clarifying land rights, scaling up current small-scale payments for ecosystem services, strengthening local governance and participation and effectively engaging the private sector.</p> |
| Classification                                                 | Dual-benefit climate finance                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                      |
| Calculation of<br>(1) mitigation and<br>(2) adaptation finance | <p>Total project finance: US\$ 35 million; 100 per cent climate finance, considered to have dual, simultaneous benefits in terms of climate mitigation and adaptation.</p> <p>Component 1: Restoration of privately owned forest land infested by bark beetle, with technical assistance and results-based payments for ecosystem services; and adaptive forest management.</p> <p>Component 2: Establishment of agroforestry systems in degraded lands.</p> <p>Component 3: Local capacity-building for watershed management, planning for forest management, training in governance, finance, technical assistance, equipment and monitoring of payments for ecosystem services.</p> <p>Component 4: Results-based payments for ecosystem services according to size of lot, number of beneficiaries of the water resource and contributions from beneficiaries.</p>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                            |
| Type of financial instrument                                   | 70 per cent investment loan, 30 per cent grant                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                    |
| Type of finance                                                | External resource under MDB management: Green Climate Fund                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                        |

# E

## ANNEX E. TYPES OF INSTRUMENT

The types of financial instrument containing climate finance as reported for 2019 include the following:

### a) ADVISORY SERVICES

MDB advisory services include advising national and local governments as well as private sector actors on a variety of topics, for instance how to improve their investment climate and strengthen basic infrastructure. The MDB tracks and reports the costs of managing advisory programmes, which may consist of staff time, studies, and training with clients. Similar to investments, some programmes are 100 per cent climate-related and some have a climate component tracked in the overall programme budget.

### b) EQUITY

Ownership interest in an enterprise that represents a claim on the assets of the entity in proportion to the number and class of shares owned.

### c) GRANTS

Transfers made in cash, goods or services for which no repayment is required. Grants are provided for investment support, policy-based support and/or technical assistance and advice.

### d) BOND

A type of bond, the issuance of which is done by a client and supported by an MDB, where the proceeds are applied exclusively to financing or re-financing, in part or in full, new and/or existing climate projects.

Only the percentage of proceeds that are used for activities included in the joint MDB methodology for tracking climate finance count as climate finance.

### e) GUARANTEES

Guarantees are instruments provided by an MDB to cover commercial and non-commercial risk.

Guarantees support private sector investments, commercial borrowing by sovereign or state-owned enterprises, and/or commercial borrowing by the sovereign for budget financing and to support reform programmes. Guarantees are extended for eligible projects that enable financing partners to transfer certain risks that they cannot easily absorb or manage on their own. Guarantees cover equity and a wide variety of debt instruments and support financial sector projects (including those of capital market investments and trade financiers and non-financial-sector business activities corresponding to activities across sectors).

### f) INVESTMENT LOANS

Loans are transfers for which repayment is required.

Investment loans can be used for any development activity that has the overall objective of promoting sustainable social and/or economic development, in line with the MDBs' mandates. Proceeds used for activities included in the joint MDB methodology for tracking climate finance count as climate finance.

- **Refinancing:** Refinancing is the replacement of an existing debt obligation with another debt obligation under different terms.

Refinancing can be classified as climate finance subject to the following terms:

- Refinancing of assets that have reached financial closure for the entire term of the project or that have passed the break-even point, provided that the client commits to originating new climate deals for that amount within the next 24 months.
- Refinancing of assets where financial closure has not yet taken place, or the project has not yet been fully constructed and is not yet operational.
- Bringing in additional long-term funds to replace short-term bridge loans or strengthening the financial terms of the climate-related asset through long-term loans with better terms than those of previous loans (for example, they correct a mismatch of maturity, adjust the costs of asset construction, reduce exchange rate impact, replace expensive debt, and so on)
- Refinancing climate finance projects that have already been constructed or are already operational but have not passed the break-even point (for example, recently built solar projects). The break-even conditions are confirmed by the investment team.

- **Working capital:** Working capital is finance provided for operational expenditures.

Working capital is considered to be climate finance if leads to, enables or supports the implementation and operation of activities included in the joint MDB methodology for tracking climate finance.

#### g) LINES OF CREDIT

Lines of credit provide a guarantee that funds will be made available but no financial asset exists until funds have been advanced. Climate finance is the proportion of the credit line that is committed to activities defined as eligible in the MDBs' climate finance tracking methodologies.

#### h) POLICY-BASED FINANCING (PBF)

Financing for a public borrower that helps the borrower to address actual or anticipated requirements for development finance of domestic or external origins.

Policy-based financing supports a programme of policy and institutional actions for a particular theme or sector of national policy. While it does not use the cost estimation approach for each policy action, disbursements of PBF are conditional on the borrower fulfilling their policy commitments in the lending agreement.

The proportion of this public financing that is reported as climate finance is the same as the proportion of the climate-related "prior actions" agreed in order to allow the policy-based financing to proceed. For example, if one in three prior actions are climate-related, one-third of the resulting policy-based financing would be counted as climate finance.

#### i) RESULTS-BASED FINANCING (RBF)

Results-based financing directly links the disbursement of funds to measurable results in a government-owned programme.

RBF aims to increase accountability and incentives for delivering and sustaining results, improve the effectiveness and efficiency of government-owned sector programmes, promote institutional development and enhance the effectiveness of development. Proceeds used for activities included in the joint MDB methodology for tracking climate finance count as climate finance.

**Table A.E.1. Case study: types of instrument**

| PROJECT FOCUS                                                                          | SUSTAINABLE FINANCE, SOVEREIGN GREEN BONDS                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                               | DISASTER RESILIENCE                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                 |
|----------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Sector                                                                                 | Finance (policy, capacity-building)                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                      | Public sector management                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                            |
| Brief description of project                                                           | <p>The MDB supports the ministry of finance and financial regulators in the country to agree on a roadmap for the green finance transition. Technical advice is targeted at improving the capacity of the country's financial sector and capital markets to analyse, consider and report the risks and opportunities arising from climate change, taking international best practice as a reference point (for example, the Task Force on Climate-related Financial Disclosures).</p> <p>A roundtable discussion with the private sector on green finance resulted in a <i>Green Agreement for the Financial Sector</i> and a roundtable supervisors' <i>Declaration on Climate-related Risks and Opportunities</i>. In parallel, MDB technical advice supported the ministry of finance in the successful issue of the first sovereign green bonds in the region, worth approximately US\$ 2.4 billion, with assistance to structure the green bond framework, the eligibility criteria for expenditure, and the monitoring and reporting mechanisms, as well as the selection of the first portfolio.</p> <p>As a result of sustained international support, innovative national policy and effective collaboration with the private sector, the country is quickly emerging as a leader in the transition to a low-carbon and climate-resilient financial system.</p> | <p>The proposed programme will improve the resilience of five small island states to disasters triggered by natural hazards. The proposed programme is phase 2 of the disaster resilience programme that was approved in December 2017 for three small island states. Phase 2 will replenish the available disaster contingency financing for one of the original countries and add four new countries to the programme.</p> <p>The programme will support policy actions in disaster resilience and provide participating countries with a source of contingency financing for timely disaster response, early recovery, and reconstruction activities. Eligibility to withdraw the financing is based on achieving prior approved policy actions, but disbursements will be triggered when a state of disaster or emergency is declared.</p> <p>The country-specific policy actions aim to reduce the underlying climate and disaster risks and enhance disaster preparedness through (i) the strengthening of policy, governance and institutional arrangements for disaster resilience; (ii) improved disaster-resilience investment planning and tools; and (iii) expanded disaster-risk financing. Examples of the policy actions include the development of a joint national action plan on climate change and disaster risk management; the submission of a second nationally determined contribution; and the approval of sector strategies with considerations of climate adaptation, disaster management and risk management.</p> <p>The programme is consistent with the objectives of the MDB's approach for the region (2016-20).</p> |
| Classification: (1) mitigation and (2) adaptation finance                              | <p>Both mitigation and adaptation finance.</p> <p>The technical advisory project supported the definition of bond expenditure criteria:</p> <p>a) eligible investments in mitigation include clean transport, energy efficiency, renewable energy, green buildings, waste management, agriculture and forestry</p> <p>b) eligible investments in adaptation include those related to climate observation programmes, water resources management and sustainable infrastructure.</p>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                      | Adaptation finance                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                  |
| Calculation of climate finance, including the basis (for example, eligible components) | US\$ 500,000 in technical advice. Of this amount, 100 per cent is considered to be climate finance.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                      | As there are no cost estimates for implementing each policy action, the investment is divided equally between each eligible policy action. Following this process, adaptation finance was calculated as US\$ 9.6 million.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                           |
| Type of financial instrument                                                           | Advisory service                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                         | Policy-based lending and grants                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                     |
| Type of finance (own account, co-finance)                                              | External resources under management (MDB-managed donor trust fund)                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                       | MDB own account                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                     |

**Table A.E.1. Case study: types of instrument (continued)**

| PROJECT FOCUS                                                                          | EQUITY FUND                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                             | GREEN BONDS                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                      | NON-COMMERCIAL GUARANTEE TO COVER EQUITY AND SHAREHOLDER LOAN                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                  |
|----------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Sector                                                                                 | Infrastructure fund                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                     | Financial institutions                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                           | Energy                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                         |
| Brief description of project                                                           | The operation relates to an investment in an equity fund targeting greenfield infrastructure assets within a wide range of sectors including transport, renewable energy (wind, micro and small-scale hydropower), utilities and social sectors (healthcare and education).                                                                                                                                                                                                                                                                                                                                                                                                                                             | <p>The project is part of a green and sustainability bond framework that enables and supports green bond issuance by financial institutions in emerging economies. Typically, the use of proceeds is for energy efficiency in buildings and renewable energy projects. The green bonds issued are subject to external verification and follow recognised international standards, including the Climate Bonds Standard and Certification Scheme.</p> <p>In this particular project, the financial institution has committed to allocating proceeds (US\$ 100 million) to expand the activity to finance energy-efficient properties. The issuance of green covered bonds is aligned with the Green Bond Principles and has met the criteria for certification by the Climate Bonds Standard Board on behalf of the Climate Bonds Initiative.</p> | The operation relates to a non-commercial guarantee for an equity and shareholder loan by a private sector investor in a renewable energy windpower project.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                   |
| Classification: (1) mitigation and (2) adaptation finance                              | Mitigation finance (renewable energy electricity generation)                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                            | Mitigation finance                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                               | (1) Mitigation finance (renewable energy electricity generation)                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                               |
| Calculation of climate finance, including the basis (for example, eligible components) | The MDB reviewed the pipeline of the fund's prospective investments and identified the investments dedicated to renewable energy generation assets (onshore and offshore wind energy, and micro hydropower plants). In addition, the fund manager provided the MDB with estimated transaction-completion probabilities (based on the stages of the fund's investment negotiations with the relevant counterparts, for example, initiation, offer, completed offer and so on). These probabilities were used to weigh the climate finance attributed to the relevant pipeline items. As a result, the MDB determined that 45 per cent of its investments in the fund could conservatively be counted as climate finance. | The finance qualifies 100 per cent as climate mitigation finance.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                | <p>The investment is dedicated 100 per cent to renewable energy generation assets.</p> <p>The equity and shareholder loan investments were covered via a guarantee against political risks, enabling 100 per cent of the equity and shareholder loan investments in the renewable energy assets. Specific risks covered included: protection against losses arising from an investor's inability to legally convert local currency into hard currency or transfer hard currency outside of the host country; expropriation rights to the insured investment; losses due to war and civil disturbance; and losses from the government's breach of contract. Out of the MDB guarantee exposure, equivalent to US\$ 122 million, 100 per cent was counted as climate finance.</p> |
| Type of financial instrument                                                           | Equity fund                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                             | Green bonds                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                      | Non-commercial guarantee                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                       |
| Type of finance (own account, co-finance)                                              | MDB own account                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                         | MDB own account                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                  | MDB own account                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                |

# F

## GEOGRAPHICAL COVERAGE OF THE REPORT

Table A.F.1 presents a list of economies covered by at least one of the MDBs, taken into account for climate finance data presented in this report and categorised in accordance with the World Bank's classification list dated June 2019. Least-developed economies are defined according to the UNFCCC list<sup>32</sup> and small island states are defined according to the Alliance of Small Island States (AOSIS) list. Note that some least-developed economies are also small island states.

Climate finance for economies marked with an asterisk (\*) has not been reported in previous editions of the *Joint Report on MDBs' Climate Finance*.

A value of 0 in Table A.F.1. means that the value is below US\$ 0.5 million while a “–” means that no amount was reported.

The inclusion of economies, and the terms and names used in this report to refer to geographical or other territories, political and economic groupings and units, do not constitute and should not be construed as constituting an express or implied position, endorsement, acceptance or expression of opinion by the MDBs or their members concerning the status of any country, territory, grouping and unit, or delimitation of its borders, or sovereignty.

**Table A.F.1. Climate finance by economy, for 2015, 2016, 2017, 2018 and 2019 (in US\$ million)**

| Economy     | Region                          | Income level of borrowing or recipient economy | Least-developed economy/Small island state/both | Total climate finance in reporting year, in US\$ million |        |       |       |       |
|-------------|---------------------------------|------------------------------------------------|-------------------------------------------------|----------------------------------------------------------|--------|-------|-------|-------|
|             |                                 |                                                |                                                 | 2015                                                     | 2016   | 2017  | 2018  | 2019  |
| Afghanistan | South Asia                      | Low-income                                     | Least-developed economy                         | –                                                        | 173    | 147   | 144   | 281   |
| Albania     | Europe: Non-EU                  | Upper-middle income                            |                                                 | 110                                                      | 174    | 15    | 111   | 114   |
| Algeria     | Middle East and North Africa    | Upper-middle income                            |                                                 | 1                                                        | –      | –     | –     | –     |
| Angola      | Sub-Saharan Africa              | Lower-middle income                            | Least-developed economy                         | –                                                        | 15     | 72    | 43    | 155   |
| Argentina   | Latin America and the Caribbean | Upper-middle income                            |                                                 | 314                                                      | 508    | 2,276 | 1,434 | 917   |
| Armenia     | Europe: Non-EU                  | Upper-middle income                            |                                                 | 108                                                      | 45     | 132   | 45    | 107   |
| Austria     | Europe: EU                      | High-income                                    |                                                 | 1,101*                                                   | 1,188* | 852*  | 344*  | 397   |
| Azerbaijan  | Europe: Non-EU                  | Upper-middle income                            |                                                 | 16                                                       | 171    | 250   | 20    | 8     |
| Bahamas     | Latin America and the Caribbean | High-income                                    | Small island state                              | 1                                                        | 1      | 44    | 100   | 4     |
| Bangladesh  | South Asia                      | Lower-middle income                            | Least-developed economy                         | 899                                                      | 1,315  | 200   | 1,296 | 2,050 |
| Barbados    | Latin America and the Caribbean | High-income                                    | Small island state                              | 1                                                        | 5      | –     | –     | 53    |
| Belarus     | Europe: Non-EU                  | Upper-middle income                            |                                                 | 43                                                       | 49     | 7     | 241   | 278   |
| Belgium     | Europe: EU                      | High-income                                    |                                                 | 427*                                                     | 1,351* | 689*  | 697*  | 587   |
| Belize      | Latin America and the Caribbean | Upper-middle income                            | Small island state                              | 51                                                       | 4      | 20    | 2     | 13    |
| Benin       | Sub-Saharan Africa              | Low-income                                     | Least-developed economy                         | 21                                                       | 3      | 44    | 126   | 297   |
| Bhutan      | South Asia                      | Lower-middle income                            | Least-developed economy                         | 2                                                        | 17     | 7     | 4     | 2     |
| Bolivia     | Latin America and the Caribbean | Lower-middle income                            |                                                 | 405                                                      | 373    | 321   | 363   | 124   |

(Continued overleaf)

<sup>32</sup> [http://unfccc.int/cooperation\\_and\\_support/ldc/items/3097.php](http://unfccc.int/cooperation_and_support/ldc/items/3097.php)

**Table A.F.1. Climate finance by economy, for 2015, 2016, 2017, 2018 and 2019 (in US\$ million) (continued)**

| Economy                          | Region                          | Income level of borrowing or recipient economy | Least-developed economy/Small island state/both | Total climate finance in reporting year, in US\$ million |       |       |       |       |
|----------------------------------|---------------------------------|------------------------------------------------|-------------------------------------------------|----------------------------------------------------------|-------|-------|-------|-------|
|                                  |                                 |                                                |                                                 | 2015                                                     | 2016  | 2017  | 2018  | 2019  |
| Bosnia and Herzegovina           | Europe: Non-EU                  | Upper-middle income                            |                                                 | 27                                                       | 95    | 101   | 110   | 180   |
| Botswana                         | Sub-Saharan Africa              | Upper-middle income                            |                                                 | –                                                        | –     | 143   | –     | 19    |
| Brazil                           | Latin America and the Caribbean | Upper-middle income                            |                                                 | 548                                                      | 914   | 766   | 1,473 | 1,700 |
| Bulgaria                         | Europe: EU                      | Upper-middle income                            |                                                 | 58                                                       | 156   | 112   | 137   | 5     |
| Burkina Faso                     | Sub-Saharan Africa              | Low-income                                     | Least-developed economy                         | 9                                                        | 7     | 166   | 130   | 194   |
| Burundi                          | Sub-Saharan Africa              | Low-income                                     | Least-developed economy                         | 25                                                       | 22    | 28    | 27    | 3     |
| Cape Verde                       | Sub-Saharan Africa              | Lower-middle income                            | Small island state                              | 1                                                        | –     | 15    | –     | 11    |
| Cambodia                         | East Asia and the Pacific       | Lower-middle income                            | Least-developed economy                         | 46                                                       | 85    | 86    | 117   | 139   |
| Cameroon                         | Sub-Saharan Africa              | Lower-middle income                            |                                                 | 2                                                        | 17    | 329   | 186   | 761   |
| Central African Republic         | Sub-Saharan Africa              | Low-income                                     | Least-developed economy                         | 7                                                        | –     | 10    | 23    | 99    |
| Chad                             | Sub-Saharan Africa              | Low-income                                     | Least-developed economy                         | 6                                                        | –     | –     | 41    | 58    |
| Chile                            | Latin America and the Caribbean | High-income                                    |                                                 | 119                                                      | 153   | 208   | 7     | 22    |
| China                            | East Asia and the Pacific       | Upper-middle income                            |                                                 | 1,091                                                    | 2,349 | 2,305 | 2,019 | 2,421 |
| Colombia                         | Latin America and the Caribbean | Upper-middle income                            |                                                 | 182                                                      | 904   | 747   | 719   | 1,047 |
| Comoros                          | Sub-Saharan Africa              | Lower-middle income                            | Both                                            | 5                                                        | –     | 4     | –     | 22    |
| Democratic Republic of the Congo | Sub-Saharan Africa              | Low-income                                     | Least-developed economy                         | 10                                                       | 153   | 128   | 6     | 98    |
| Congo                            | Sub-Saharan Africa              | Lower-middle income                            |                                                 | –                                                        | 25    | 2     | 58    | 58    |
| Costa Rica                       | Latin America and the Caribbean | Upper-middle income                            |                                                 | 200                                                      | –     | 5     | 4     | 162   |
| Côte d'Ivoire                    | Sub-Saharan Africa              | Lower-middle income                            |                                                 | 5                                                        | 73    | 296   | 346   | 535   |
| Croatia                          | Europe: EU                      | High-income                                    |                                                 | 174                                                      | 16    | 68    | 311   | 36    |
| Cook Islands                     | East Asia and the Pacific       | High-income                                    | Small island state                              | –                                                        | 4     | 12    | –     | 5     |
| Cyprus                           | Europe: EU                      | High-income                                    |                                                 | 22                                                       | 27    | 46    | 34    | 45    |
| Czech Republic                   | Europe: EU                      | High-income                                    |                                                 | 91                                                       | 11*   | 144*  | 59*   | 620   |
| Denmark                          | Europe: EU                      | High-income                                    |                                                 | 115*                                                     | 2*    | 151*  | 175*  | 335   |
| Djibouti                         | Sub-Saharan Africa              | Lower-middle income                            | Least-developed economy                         | –                                                        | 2     | –     | 41    | 21    |
| Dominica                         | Latin America and the Caribbean | Upper-middle income                            | Small island state                              | –                                                        | –     | –     | 39    | 70    |
| Dominican Republic               | Latin America and the Caribbean | Upper-middle income                            | Small island state                              | 1                                                        | 137   | 3     | 509   | 258   |
| Ecuador                          | Latin America and the Caribbean | Upper-middle income                            |                                                 | 582                                                      | 325   | 27    | 792   | 616   |
| Egypt                            | Middle East and North Africa    | Lower-middle income                            |                                                 | 511                                                      | 693   | 1,585 | 1,597 | 1,611 |

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**Table A.F.1. Climate finance by economy, for 2015, 2016, 2017, 2018 and 2019 (in US\$ million) (continued)**

| Economy           | Region                          | Income level of borrowing or recipient economy | Least-developed economy/Small island state/both | Total climate finance in reporting year, in US\$ million |        |        |        |       |
|-------------------|---------------------------------|------------------------------------------------|-------------------------------------------------|----------------------------------------------------------|--------|--------|--------|-------|
|                   |                                 |                                                |                                                 | 2015                                                     | 2016   | 2017   | 2018   | 2019  |
| El Salvador       | Latin America and the Caribbean | Lower-middle income                            |                                                 | –                                                        | –      | 29     | 52     | 128   |
| Equatorial Guinea | Sub-Saharan Africa              | Upper-middle income                            | Least-developed economy                         | –                                                        | –      | –      | –      | 63    |
| Eritrea           | Sub-Saharan Africa              | Low-income                                     | Least-developed economy                         | –                                                        | –      | 7      | –      | 34    |
| Estonia           | Europe: EU                      | High-income                                    |                                                 | 47                                                       | 89     | 5      | 8      | 10    |
| Eswatini          | Sub-Saharan Africa              | Lower-middle income                            |                                                 | 3                                                        | 31     | –      | 58     | 8     |
| Ethiopia          | Sub-Saharan Africa              | Low-income                                     | Least-developed economy                         | 79                                                       | 206    | 192    | 1,154  | 1,214 |
| Fiji              | East Asia and the Pacific       | Upper-middle income                            | Small island state                              | 53                                                       | 31     | 15     | –      | 2     |
| Finland           | Europe: EU                      | High-income                                    |                                                 | 420*                                                     | 1,357* | 639*   | 942*   | 284   |
| France            | Europe: EU                      | High-income                                    |                                                 | 4,185*                                                   | 3,124* | 4,461* | 2,673* | 3,669 |
| Gabon             | Sub-Saharan Africa              | Upper-middle income                            |                                                 | –                                                        | 43     | 24     | 95     | 67    |
| Gambia            | Sub-Saharan Africa              | Low-income                                     | Least-developed economy                         | –                                                        | 5      | 9      | 53     | 21    |
| Georgia           | Europe: Non-EU                  | Upper-middle income                            |                                                 | 109                                                      | 187    | 88     | 110    | 415   |
| Germany           | Europe: EU                      | High-income                                    |                                                 | 1,669*                                                   | 2,390* | 1,768* | 1,868* | 1,711 |
| Ghana             | Sub-Saharan Africa              | Lower-middle income                            |                                                 | 32                                                       | 72     | 81     | 63     | 353   |
| Greece            | Europe: EU                      | High-income                                    |                                                 | 216*                                                     | 91     | 673    | 225    | 732   |
| Grenada           | Latin America and the Caribbean | Upper-middle income                            | Small island state                              | –                                                        | –      | 1      | 12     | –     |
| Guatemala         | Latin America and the Caribbean | Upper-middle income                            |                                                 | –                                                        | 3      | 22     | 31     | 334   |
| Guinea            | Sub-Saharan Africa              | Low-income                                     | Least-developed economy                         | –                                                        | 7      | 17     | 64     | 90    |
| Guinea-Bissau     | Sub-Saharan Africa              | Low-income                                     | Both                                            | 10                                                       | –      | 3      | 12     | 8     |
| Guyana            | Latin America and the Caribbean | Upper-middle income                            | Small island state                              | 1                                                        | 7      | 2      | 15     | 15    |
| Haiti             | Latin America and the Caribbean | Low-income                                     | Both                                            | 41                                                       | 4      | 143    | 234    | 107   |
| Honduras          | Latin America and the Caribbean | Lower-middle income                            |                                                 | 253                                                      | 44     | 46     | 99     | 183   |
| Hungary           | Europe: EU                      | High-income                                    |                                                 | 497                                                      | 155    | 31     | 155    | 155   |
| Iceland           | Europe: EU                      | High-income                                    |                                                 | –                                                        | 189*   | –      | –      | –     |
| India             | South Asia                      | Lower-middle income                            |                                                 | 1,948                                                    | 3,017  | 2,678  | 3,703  | 3,671 |
| Indonesia         | East Asia and the Pacific       | Lower-middle income                            |                                                 | 674                                                      | 578    | 873    | 773    | 959   |
| Iran              | Middle East and North Africa    | Upper-middle income                            |                                                 | –                                                        | –      | –      | –      | 0     |
| Iraq              | Middle East and North Africa    | Upper-middle income                            |                                                 | 8                                                        | 610    | 321    | 446    | 103   |
| Ireland           | Europe: EU                      | High-income                                    |                                                 | 188*                                                     | 219*   | 148*   | 221*   | 144   |
| Israel            | Middle East and North Africa    | High-income                                    |                                                 | 160                                                      | –      | –      | –      | –     |
| Italy             | Europe: EU                      | High-income                                    |                                                 | 2,593*                                                   | 2,437* | 2,492* | 1,964* | 1,985 |
| Jamaica           | Latin America and the Caribbean | Upper-middle income                            | Small island state                              | 21                                                       | 57     | 52     | 290    | 3     |

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**Table A.F.1. Climate finance by economy, for 2015, 2016, 2017, 2018 and 2019 (in US\$ million) (continued)**

| Economy          | Region                          | Income level of borrowing or recipient economy | Least-developed economy/Small island state/both | Total climate finance in reporting year, in US\$ million |      |       |       |       |
|------------------|---------------------------------|------------------------------------------------|-------------------------------------------------|----------------------------------------------------------|------|-------|-------|-------|
|                  |                                 |                                                |                                                 | 2015                                                     | 2016 | 2017  | 2018  | 2019  |
| Jordan           | Middle East and North Africa    | Upper-middle income                            |                                                 | 238                                                      | 412  | 517   | 272   | 457   |
| Kazakhstan       | Central Asia                    | Upper-middle income                            |                                                 | 438                                                      | 521  | 389   | 260   | 364   |
| Kenya            | Sub-Saharan Africa              | Lower-middle income                            |                                                 | 260                                                      | 159  | 581   | 1,161 | 378   |
| Kiribati         | East Asia and the Pacific       | Lower-middle income                            | Both                                            | –                                                        | 11   | –     | 2     | 32    |
| Kosovo           | Europe: Non-EU                  | Upper-middle income                            |                                                 | 74                                                       | 56   | 31    | 48    | 96    |
| Kyrgyz Republic  | Central Asia                    | Lower-middle income                            |                                                 | 73                                                       | 179  | 55    | 118   | 189   |
| Laos             | East Asia and the Pacific       | Lower-middle income                            | Least-developed economy                         | 106                                                      | 13   | 40    | 109   | 69    |
| Latvia           | Europe: EU                      | High-income                                    |                                                 | 247                                                      | 2    | 86    | –     | 102   |
| Lebanon          | Middle East and North Africa    | Upper-middle income                            |                                                 | 303                                                      | 27   | 82    | 581   | 241   |
| Lesotho          | Sub-Saharan Africa              | Lower-middle income                            | Least-developed economy                         | –                                                        | 11   | 5     | 15    | 105   |
| Liberia          | Sub-Saharan Africa              | Low-income                                     | Least-developed economy                         | 3                                                        | 68   | 26    | 4     | 82    |
| Lithuania        | Europe: EU                      | High-income                                    |                                                 | 183                                                      | 215  | 95    | 157   | 30    |
| Luxembourg       | Europe: EU                      | High-income                                    |                                                 | 60*                                                      | 3*   | –     | –     | 223   |
| North Macedonia  | Europe: Non-EU                  | Upper-middle income                            |                                                 | 27                                                       | 14   | 8     | 18    | 99    |
| Madagascar       | Sub-Saharan Africa              | Low-income                                     | Least-developed economy                         | –                                                        | 37   | 131   | 89    | 280   |
| Malawi           | Sub-Saharan Africa              | Low-income                                     | Least-developed economy                         | 58                                                       | 1    | 210   | 218   | 210   |
| Malaysia         | East Asia and the Pacific       | Upper-middle income                            |                                                 | –                                                        | –    | –     | –     | 0     |
| Maldives         | South Asia                      | Upper-middle income                            | Small island state                              | 5                                                        | 35   | 19    | 2     | 2     |
| Mali             | Sub-Saharan Africa              | Low-income                                     | Least-developed economy                         | –                                                        | 9    | 104   | 94    | 144   |
| Malta            | Middle East and North Africa    | High-income                                    |                                                 | –                                                        | –    | –     | –     | 1     |
| Marshall Islands | East Asia and the Pacific       | Upper-middle income                            | Small island state                              | 2                                                        | 1    | 21    | 32    | 12    |
| Mauritania       | Sub-Saharan Africa              | Lower-middle income                            | Least-developed economy                         | –                                                        | 6    | –     | 11    | 39    |
| Mauritius        | Sub-Saharan Africa              | Upper-middle income                            | Small island state                              | 9                                                        | –    | –     | 1     | –     |
| Mexico           | Latin America and the Caribbean | Upper-middle income                            |                                                 | 330                                                      | 277  | 1,211 | 1,193 | 1,006 |
| Micronesia       | East Asia and the Pacific       | Lower-middle income                            | Small island state                              | –                                                        | –    | –     | –     | 46    |
| Moldova          | Europe: Non-EU                  | Lower-middle income                            |                                                 | 45                                                       | 106  | 110   | 7     | 68    |
| Mongolia         | East Asia and the Pacific       | Lower middle income                            |                                                 | 13                                                       | 44   | 150   | 356   | 162   |
| Montenegro       | Europe: Non-EU                  | Upper-middle income                            |                                                 | 62                                                       | 1    | 68    | 25    | 7     |
| Morocco          | Middle East and North Africa    | Lower middle income                            |                                                 | 914                                                      | 729  | 668   | 1,057 | 927   |

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**Table A.F.1. Climate finance by economy, for 2015, 2016, 2017, 2018 and 2019 (in US\$ million) (continued)**

| Economy               | Region                          | Income level of borrowing or recipient economy | Least-developed economy/Small island state/both | Total climate finance in reporting year, in US\$ million |       |       |       |       |
|-----------------------|---------------------------------|------------------------------------------------|-------------------------------------------------|----------------------------------------------------------|-------|-------|-------|-------|
|                       |                                 |                                                |                                                 | 2015                                                     | 2016  | 2017  | 2018  | 2019  |
| Mozambique            | Sub-Saharan Africa              | Low-income                                     | Least-developed economy                         | 111                                                      | 51    | 55    | 224   | 408   |
| Myanmar               | East Asia and the Pacific       | Lower-middle income                            | Least-developed economy                         | 81                                                       | 107   | 212   | 178   | 90    |
| Namibia               | Sub-Saharan Africa              | Upper-middle income                            |                                                 | –                                                        | –     | 58    | 46    | 5     |
| Nauru                 | East Asia and the Pacific       | Upper-middle income                            |                                                 | –                                                        | –     | 3     | 62    | 22    |
| Nepal                 | South Asia                      | Low-income                                     | Least-developed economy                         | 567                                                      | 111   | 204   | 435   | 226   |
| Netherlands           | Europe: EU                      | High-income                                    |                                                 | 630*                                                     | 465 * | 367*  | 913*  | 816   |
| New Caledonia         | East Asia and the Pacific       | High-income                                    |                                                 | –                                                        | –     | –     | –     | 1     |
| Nicaragua             | Latin America and the Caribbean | Lower-middle income                            |                                                 | 207                                                      | 49    | 235   | 56    | 56    |
| Niger                 | Sub-Saharan Africa              | Low-income                                     | Least-developed economy                         | 12                                                       | 163   | 47    | 29    | 273   |
| Nigeria               | Sub-Saharan Africa              | Lower-middle income                            |                                                 | 1                                                        | 102   | 34    | 1,155 | 170   |
| Norway                | Europe: Non-EU                  | High-income                                    |                                                 | –                                                        | 6*    | 347*  | 74*   | 72    |
| Oman                  | Middle East and North Africa    | High-income                                    |                                                 | –                                                        | –     | –     | –     | 264   |
| Pakistan              | South Asia                      | Lower-middle income                            |                                                 | 1,161                                                    | 673   | 1,018 | 1,305 | 1,285 |
| Palau                 | East Asia and the Pacific       | High-income                                    | Small island state                              | –                                                        | –     | –     | 2     | –     |
| Panama                | Latin America and the Caribbean | High-income                                    |                                                 | 112                                                      | 25    | 350   | 171   | 67    |
| Papua New Guinea      | East Asia and the Pacific       | Lower-middle income                            | Small island state                              | 36                                                       | 6     | 127   | 8     | 25    |
| Paraguay              | Latin America and the Caribbean | Upper-middle income                            |                                                 | 4                                                        | 4     | 51    | 294   | 116   |
| Peru                  | Latin America and the Caribbean | Upper-middle income                            |                                                 | 85                                                       | 309   | 306   | 201   | 203   |
| Philippines           | East Asia and the Pacific       | Lower-middle income                            |                                                 | 657                                                      | 638   | 167   | 505   | 1,693 |
| Poland                | Europe: EU                      | High-income                                    |                                                 | 1,189                                                    | 1,806 | 1,562 | 1,286 | 2,095 |
| Portugal              | Europe: EU                      | High-income                                    |                                                 | –                                                        | –     | –     | –     | 303   |
| Romania               | Europe: EU                      | Upper-middle income                            |                                                 | 249                                                      | 196   | 887   | 768   | 316   |
| Russia                | Europe: Non-EU                  | Upper-middle income                            |                                                 | 55                                                       | –     | –     | –     | –     |
| Rwanda                | Sub-Saharan Africa              | Low-income                                     | Least-developed economy                         | 63                                                       | 57    | 203   | 217   | 121   |
| Samoa                 | East Asia and the Pacific       | Upper-middle income                            | Small island state                              | 22                                                       | –     | 4     | 5     | 66    |
| São Tomé and Príncipe | Sub-Saharan Africa              | Lower-middle income                            | Both                                            | 4                                                        | 6     | 11    | –     | 32    |
| Senegal               | Sub-Saharan Africa              | Lower-middle income                            | Least-developed economy                         | 41                                                       | 16    | 679   | 272   | 168   |
| Serbia                | Europe: Non-EU                  | Upper-middle income                            |                                                 | 100                                                      | 143   | 290   | 621   | 284   |
| Seychelles            | Sub-Saharan Africa              | High-income                                    | Small island state                              | 25                                                       | –     | –     | 2     | 0     |
| Sierra Leone          | Sub-Saharan Africa              | Low-income                                     | Least-developed economy                         | –                                                        | 10    | 2     | 51    | 51    |

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**Table A.F.1. Climate finance by economy, for 2015, 2016, 2017, 2018 and 2019 (in US\$ million) (continued)**

| Economy                        | Region                          | Income level of borrowing or recipient economy | Least-developed economy/Small island state/both | Total climate finance in reporting year, in US\$ million |       |        |        |       |
|--------------------------------|---------------------------------|------------------------------------------------|-------------------------------------------------|----------------------------------------------------------|-------|--------|--------|-------|
|                                |                                 |                                                |                                                 | 2015                                                     | 2016  | 2017   | 2018   | 2019  |
| Sint Maarten (Dutch part)      | Latin America and the Caribbean | High-income                                    | Small island state                              | –                                                        | –     | –      | –      | 118   |
| Slovak Republic                | Europe: EU                      | High-income                                    |                                                 | 302                                                      | 87    | 53     | 281    | 143   |
| Slovenia                       | Europe: EU                      | High-income                                    |                                                 | 154                                                      | 18    | 47     | 1      | 93    |
| Solomon Islands                | East Asia and the Pacific       | Lower-middle income                            | Both                                            | –                                                        | 10    | 36     | 10     | 101   |
| Somalia                        | Sub-Saharan Africa              | Low-income                                     | Least-developed economy                         | –                                                        | 8     | –      | 1      | 27    |
| South Africa                   | Sub-Saharan Africa              | Upper-middle income                            |                                                 | 55                                                       | 59    | 103    | 544    | 178   |
| South Sudan                    | Sub-Saharan Africa              | Low-income                                     | Least-developed economy                         | –                                                        | 1     | 39     | –      | 28    |
| Spain                          | Europe: EU                      | High-income                                    |                                                 | 1,973*                                                   | 560*  | 1,876* | 1,526* | 2,561 |
| Sri Lanka                      | South Asia                      | Upper-middle income                            |                                                 | 84                                                       | 212   | 574    | 72     | 604   |
| St. Lucia                      | Latin America and the Caribbean | Upper-middle income                            | Small island state                              | –                                                        | –     | 2      | 35     | 1     |
| St. Vincent and the Grenadines | Latin America and the Caribbean | Upper-middle income                            | Small island state                              | –                                                        | –     | 9      | –      | 11    |
| Sudan                          | Sub-Saharan Africa              | Lower-middle income                            | Least-developed economy                         | 5                                                        | –     | 13     | 41     | 58    |
| Suriname                       | Latin America and the Caribbean | Upper-middle income                            | Small island state                              | 1                                                        | 8     | 26     | 32     | 95    |
| Sweden                         | Europe: EU                      | High-income                                    |                                                 | 557*                                                     | 417*  | 1,431* | 1,038* | 1,383 |
| Switzerland                    | Europe: Non-EU                  | High-income                                    |                                                 | –                                                        | 6     | –      | –      | 2     |
| Syria                          | Middle East and North Africa    | Low-income                                     |                                                 | –                                                        | –     | –      | –      | 1     |
| Tajikistan                     | Central Asia                    | Low-income                                     |                                                 | 149                                                      | 34    | 232    | 192    | 116   |
| Tanzania                       | Sub-Saharan Africa              | Low-income                                     | Least-developed economy                         | 243                                                      | 138   | 549    | 198    | 44    |
| Thailand                       | East Asia and the Pacific       | Upper-middle income                            |                                                 | 176                                                      | 91    | 130    | 533    | 97    |
| Timor-Leste                    | East Asia and the Pacific       | Lower-middle income                            | Both                                            | –                                                        | 5     | 9      | 2      | –     |
| Togo                           | Sub-Saharan Africa              | Low-income                                     | Least-developed economy                         | –                                                        | –     | 6      | 42     | 32    |
| Tonga                          | East Asia and the Pacific       | Upper-middle income                            | Small island state                              | 15                                                       | 8     | 1      | 14     | 83    |
| Trinidad and Tobago            | Latin America and the Caribbean | High-income                                    | Small island state                              | 1                                                        | 1     | –      | –      | –     |
| Tunisia                        | Middle East and North Africa    | Lower-middle income                            |                                                 | 19                                                       | 96    | 387    | 265    | 427   |
| Turkey                         | Europe: Non-EU                  | Upper-middle income                            |                                                 | 2,582                                                    | 2,135 | 1,790  | 1,450  | 1,449 |
| Turkmenistan                   | Central Asia                    | Upper-middle income                            |                                                 | 1                                                        | 1     | 6      | 5      | –     |
| Tuvalu                         | East Asia and the Pacific       | Upper-middle income                            | Both                                            | 7                                                        | 3     | 1      | 10     | 26    |
| Uganda                         | Sub-Saharan Africa              | Low-income                                     | Least-developed economy                         | 124                                                      | 15    | 166    | 621    | 283   |
| Ukraine                        | Europe: Non-EU                  | Lower-middle income                            |                                                 | 940                                                      | 865   | 833    | 519    | 1,115 |
| United Arab Emirates           | Middle East and North Africa    | High-income                                    |                                                 | –                                                        | –     | –      | –      | 2     |

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**Table A.F.1. Climate finance by economy, for 2015, 2016, 2017, 2018 and 2019 (in US\$ million) (continued)**

| Economy            | Region                          | Income level of borrowing or recipient economy | Least-developed economy/Small island state/both | Total climate finance in reporting year, in US\$ million |        |       |       |       |
|--------------------|---------------------------------|------------------------------------------------|-------------------------------------------------|----------------------------------------------------------|--------|-------|-------|-------|
|                    |                                 |                                                |                                                 | 2015                                                     | 2016   | 2017  | 2018  | 2019  |
| United Kingdom     | Europe: EU                      | High-income                                    |                                                 | 4,010*                                                   | 3,272* | 376*  | 255*  | 179   |
| Uruguay            | Latin America and the Caribbean | High-income                                    |                                                 | 139                                                      | 100    | 113   | 143   | 342   |
| Uzbekistan         | Central Asia                    | Lower-middle income                            |                                                 | 61                                                       | 55     | 270   | 1,162 | 823   |
| Vanuatu            | East Asia and the Pacific       | Lower-middle income                            | Both                                            | 23                                                       | 51     | 17    | –     | –     |
| Vietnam            | East Asia and the Pacific       | Lower-middle income                            |                                                 | 385                                                      | 1,211  | 862   | 210   | 442   |
| West Bank and Gaza | Middle East and North Africa    | Lower-middle income                            |                                                 | 5                                                        | 1      | 2     | 15    | 22    |
| Yemen              | Middle East and North Africa    | Low-income                                     | Least-developed economy                         | –                                                        | –      | –     | 78    | 131   |
| Zambia             | Sub-Saharan Africa              | Lower-middle income                            |                                                 | 68                                                       | 20     | 140   | 113   | 81    |
| Zimbabwe           | Sub-Saharan Africa              | Lower-middle income                            | Least-developed economy                         | 12                                                       | 18     | 24    | –     | 4     |
| Regional           | Regional                        | Regional                                       |                                                 | 1,427                                                    | 409    | 1,436 | 2,143 | 2,668 |
| Global             | Global                          | Global                                         |                                                 | 169                                                      | 77     | –     | –     | 103   |
| Multi-regional     | Multi-regional                  | Multi-regional                                 |                                                 | 147                                                      | 52     | 193   | 339   | 20    |

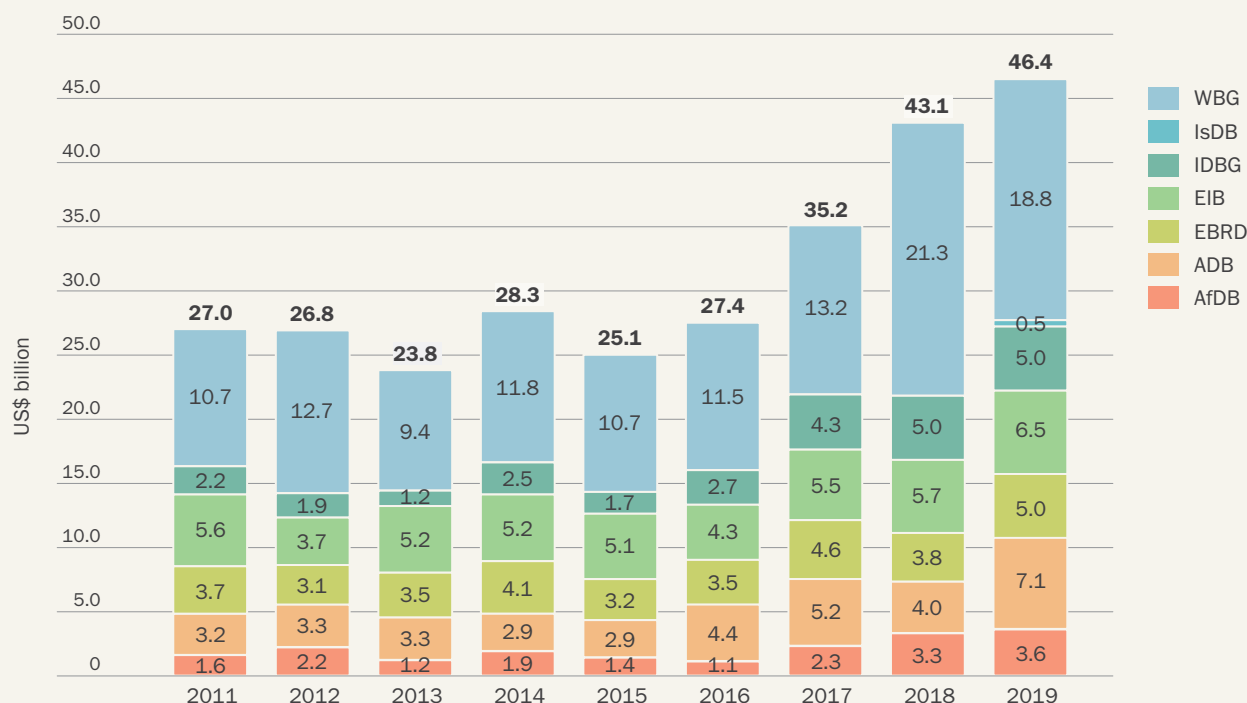
Notes:

1. Climate finance figures for the Czech Republic were reported under the EU-12 region in the 2015 *Joint Report on Multilateral Development Banks' Climate Finance*.

2. Climate finance figures for Greece were reported under the EU-12 region starting from the 2016 edition of the Joint Report.

To facilitate comparability with data reported in previous years, Figure A.F.1 presents climate finance commitments for the period 2011-18 as in past reports, plus the column for 2019 for the same set of economies. Note, however, that this figure is provided for historical comparison only. The 2019 edition of the report includes all economies where the MDBs operate, with a disaggregation by the income level of the borrowing or recipient country.

**Figure A.F.1. Climate finance commitments for 2011-19 (in US\$ billion)**



Notes:

1. Annex F details the economies reported for previous years.
2. In past editions of the *Joint Report on Multilateral Development Banks' Climate Finance*, for the years 2011-18, EIB climate finance figures were restricted to developing and emerging economies in transition where other MDBs were operating and did not include other economies where only the EIB was operating and supported climate action.
3. In the years 2011-14, the numbers for the WBG included only IFC and WB, and IFC included short-term finance (such as trade finance). Since 2015 IFC has not included short-term finance when reporting its climate finance figures. MIGA finance has been included since 2015.

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