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Dear Sir/Madam,

Since 2011, a group of Multilateral Development Banks (MDBs - the Asian Development Bank (ADB), the African Development Bank (AfDB), the European Bank for Reconstruction and Development (EBRD), the European Investment Bank (EIB), the Inter-American Development Bank (IDB) and the International Financial Corporation (IFC) and World Bank (WB) from the World Bank Group (WBG)) work towards better climate finance tracking, by having developed and adopted climate mitigation and adaptation finance tracking methodologies and annually reporting under the Joint Report on MDB Climate Finance.

The joint MDB approach for adaptation finance tracking uses a context- and location-specific, conservative and granular approach. The approach is process-based and drills down into the sub-project or project element level as appropriate. The reporting of adaptation finance is limited solely to those project activities that are designed to address climate risk, in an attempt to distinct projects contributing to climate change adaptation and a standard "good development" project.

Regarding mitigation finance tracking, it is based on the mitigation activity typology agreed among all MDBs, also following a granular approach as in adaptation finance. Mitigation activities include investment components related to renewable energy, energy efficiency and cleaner fuels, plus mitigation activities in transport, agriculture, forestry and land-use, waste and wastewater, plus non-energy GHG reductions and other cross sector activities.

The total climate finance provided by MDBs annually and the methodology adopted for climate finance tracking are described in more detail in our Joint Reports, most recently the Joint Report on MDB Climate Finance 2013¹ published in September 2014. The report has two main sections. The first section contains total MDB climate finance figures as well as the detailed data, broken down by adaptation and mitigation and by sector and geographic region. Section 2 explains the MDB joint approach definitions, geographical coverage, sectoral breakdown. It also provides guidance on the adaptation and mitigation finance tracking approaches and case studies to illustrate these. The group of MDBs intends to publish its annual 2014 Joint Report by June 2015.

The joint approach serves as a tool for MDBs to consistently measure climate change finance in a transparent and harmonized manner. The MDB working groups on climate finance tracking meet regularly to discuss projects/case studies and improvements to the methodology. This year, as in each, we are carrying out reviews of financing in challenging sectors.

MDBs also discuss commonalities and differences among climate finance tracking approaches with other non-MDB agencies and/or groups with the aim of better understanding, potential harmonization, and comparability of figures. Significant efforts have been made by the MDBs and the International Development Finance Club (IDFC), over the past year, to bring their mitigation tracking methodologies closer together. This year, both groups have intensified the work on the climate mitigation methodology and are finalizing discussions which may result in a common guidance for tracking climate mitigation. The groups also agreed to set a time-line for working on the climate adaptation tracking methodologies, where different approaches exist. In this context, discussion with other organizations such as UNFCCC, OECD, CPI and others will be highly useful.

Plans for 2015

Mitigation tracking

- 31st march 2015: MDBs and IDFC intend to announce Common Principles for Mitigation Finance tracking

¹ http://www.eib.org/attachments/documents/joint_report_on_mdb_climate_finance_2013.pdf

- MDBs Mitigation working group continues its work stream with a proposed Meeting May/June 2015 –the group plans to invite other stakeholder such as IDFC UNFCCC CPI OECD GCF and stakeholders to follow-up on technical issues of tracking in already identified mitigation areas such as: EE in new buildings, urban development, transport, CHP and other topics. These discussions should also cover Topics of common interest already identified with IDFC. The aim would be to improve the MDB/IDFC Common principles on Mitigation finance tracking and also MDBs' own mitigation hierarchy by July 2015 and to support both GCF and UNFCCC SCF climate finance discussions

Adaptation tracking

- Following the informal exchanges in Lima, MDBs aim to bring together again MDBs IDFC OECD CPI UNFCCC GCF and others to examine the different approaches to tracking adaptation and climate resilience finance, with a view to increased transparency, and understanding the purposes of the different reporting types and needs of users of the reporting. Ultimately aiming to reach consensus on which type of reporting is best suited to different purposes.
- MDBs Adaptation working group continues its work stream on assessing portfolio resilience in addition to Adaptation finance. Looking at different approaches, assessing appropriate measures and indicators - aiming to share with external stakeholder its finding by end of year, and to inform and support both GCF and UNFCCC SCF discussions on finance and finance reporting.

General Climate Finance

- MDBs contribute to OECD review of Rio Markers May 2015.
- MDBs support next steps from UNFCCC Biennial Assessment and work streams of SCF throughout 2015 as needed.
- MDBs publish their Joint Report 2014 before SDG conference in Addis Ababa July 2015.
- MDBs produce report on climate finance leverage of private finance - definitions and approaches for tracking
- MDBs support presidency of COP 21 in lead up to Paris as required.