

Joint MDB Climate Finance Tracking

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Outline



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Why is Climate Finance Tracking Important?



The MDB's co-operate in the area of climate finance tracking as to increase transparency, comparability and comprehensiveness of climate finance.

The EBRD considers Climate Finance tracking of importance as it:

- Enables the tracking of climate finance results against its Sustainable Energy Initiative target of €4.5 to €6.5 billion from its own funds, with a total project value of up to €25 billion for the period 2012 to 2014.
- The identification of climate finance projects enables the mainstreaming of the climate change agenda throughout the Bank's operations.
- Enables the ability to communicate climate finance results with project sponsors and stakeholders

Joint MDB Climate Finance Tracking Approaches



- In 2012 the MDBs agreed on the Joint MDB Climate Finance Tracking approaches, which is work in progress facilitating co-ordination between MDBs and other stakeholders
- Climate finance is defined as *i)* a set of eligible project activities for the mitigation finance and *ii)* a set of principles for adaptation finance
- A climate finance project or its components that meet the definition is counted from the moment the MDB finance for a project is board approved or signed.
- All types of financial instruments deployed (debt, equity, guarantees, technical assistance and grants) are included
- The MDBs include in their report climate finance based on own capital resources, and funds managed for third parties
- The external funding sources for the climate finance projects are separated from the MDBs' own resources

MDB Mitigation Finance, 2011 (USD M)



MDB	MDB resources		External resources	
	Investments and technical assistance	Policy-based instruments	Investments and technical assistance	Policy-based instruments
AfDB	859	-	185	-
ADB	2,196	-	224	-
EBRD	3,400	-	132	-
EIB	2,487	-	-	-
IDB	1,284	457	134	3
IFC	1,664	-	17	-
WB	4,592	1,588	412	-
TOTAL	16,482	2,045	1,104	3

- Total MDB mitigation finance in 2011 applying the approach retroactively was **USD 19.6 billion**.

MDB Adaptation Finance, 2011 (USD M)



MDB	MDB resources		External resources	
	Investments and technical assistance	Policy-based instruments	Investments and technical assistance	Policy-based instruments
AfDB	593	-	2	-
ADB	585	-	172	-
EBRD	181	-	16	-
EIB	225	-	65	-
IDB	13	275	1	3
WB	2,080	224	85	-
TOTAL	3,677	499	341	3

Total MDB adaptation finance in 2011 applying the approach retroactively was USD 4.5 billion.

- Given that the data are for a single year, they should not be used to make any judgments regarding the MDBs' commitment and engagement in delivering adaptation finance.

The typology for Climate mitigation project activities includes the following main categories:

1. Demand-side energy efficiency existing installations
2. Demand side energy efficiency new installations
3. Supply side energy efficiency
4. Renewable energy
5. Transport
6. Agriculture, forestry and land use
7. Waste and waste water
8. Non-energy GHG reductions
9. Cross-sector activities

Per main category a set of eligible project types and rules have been agreed.

More detail on <http://www.ebrd.com/pages/sector/energyefficiency.shtml>

The MDB approach for adaptation is based on the following principles

- 1. It is purpose, context and activity based. A project must fulfill three design process criteria for finance to be reported. It must:**
 - Include a statement of purpose or intent to address or improve climate resilience in order to differentiate between adaptation to current and future climate change and good development;
 - Set out a context of climate vulnerability (climate data, exposure and sensitivity), considering both the impacts from climate change, as well as climate variability related risks;
 - Link project activities to the context of climate vulnerability (e.g., socio-economic conditions and geographical location), reflecting only direct contributions to climate resilience.

2. It follows a conservative approach:

- To incentivize good adaptation projects to speed up transition to resilient communities and systems;
- Activities that do not explicitly meet all the criteria are not included in reporting.

3. Project activities should:

- Address current drivers of vulnerability, especially in poorest countries or communities when specifically designed in response to climate risks;
- Build resilience to current and future climate risks;
- Incorporate climate risks into investments, especially for infrastructure with a long lifespan;
- Incorporate management of climate risk into plans, institutions and policies.

More detailed information on:

<http://www.ebrd.com/pages/sector/energyefficiency.shtml>

Next steps



- The joint MDBs report on the climate finance data for 2012 to be published around COP 19.
- To provide over time a more detailed analysis of the climate finance results.
- Continue dialogue with other stakeholders involved in climate finance tracking.