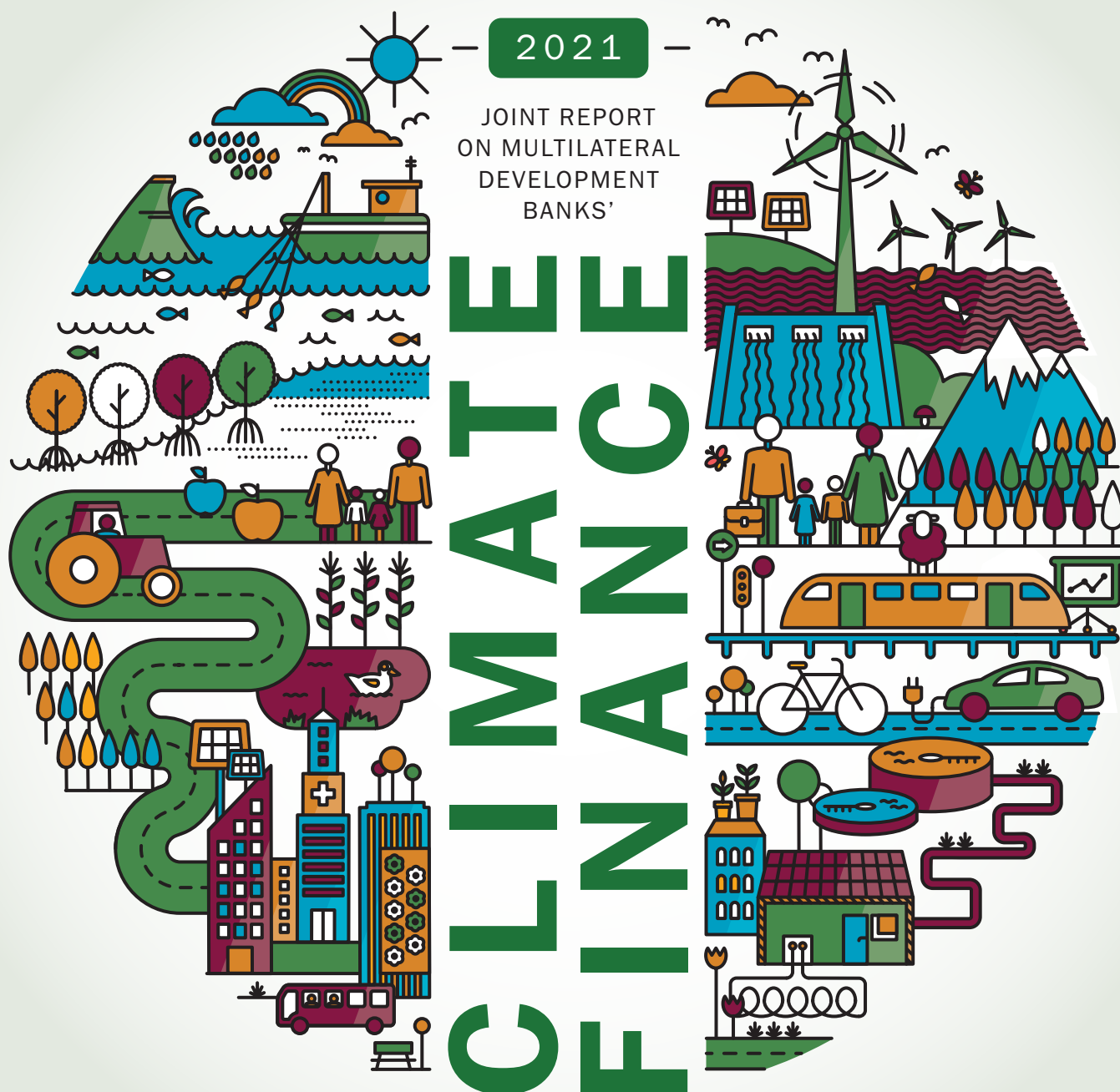




— 2021 —

JOINT REPORT ON MULTILATERAL
DEVELOPMENT BANKS'

CLIMATE FINANCE

OCTOBER 2022

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 Council of Europe Development Bank (CEB), 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), the New Development Bank (NDB) and the World Bank Group (WBG). The findings, interpretations and conclusions expressed in this work do not necessarily reflect the official views of the multilateral development banks' boards of executive directors or the governments they represent.



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ABBREVIATIONS AND ACRONYMS

ADB	Asian Development Bank
AfDB	African Development Bank
AIIB	Asian Infrastructure Investment Bank
CCF	Climate co-finance
CEB	Council of Europe Development Bank
CIF	Climate Investment Funds
CO ₂	Carbon dioxide
EBRD	European Bank for Reconstruction and Development
EIB	European Investment Bank
EU	European Union
€	Euro
FY	Fiscal year
GEF	Global Environment Facility
GCF	Green Climate Fund
GHG	Greenhouse gas
IDB	Inter-American Development Bank
IDBG	Inter-American Development Bank Group, composed of the IDB, IDB Lab and IDB Invest
IDB Invest	The private sector arm of the IDBG
IDB Lab	The innovation laboratory of the IDBG
IDFC	International Development Finance Club
IFC	International Finance Corporation
IsDB	Islamic Development Bank
MDBs	Multilateral development banks
MIGA	Multilateral Investment Guarantee Agency
NAMAs	Nationally Appropriate Mitigation Actions
NDCs	Nationally Determined Contributions
NDB	New Development Bank
UNFCCC	United Nations Framework Convention on Climate Change
\$	United States dollar
WB	World Bank, composed of the International Bank for Reconstruction and Development (IBRD), and the International Development Association (IDA)
WBG	World Bank Group, composed of the WB, IFC and MIGA



PREFACE

The *Joint Report on Multilateral Development Banks' Climate Finance* is an annual collaborative effort to publish multilateral development bank climate finance figures, together with a clear explanation of the methodologies for tracking this finance. This joint report, alongside the banks' publication of climate finance statistics in their respective corporate media, is intended to track progress in relation to their climate finance targets such as those announced at COP21 and the greater ambition pledged for the post-2020 period.

Since the first *Joint Report on Multilateral Development Banks' Climate Finance*, which covered climate finance for 2011, figures reported for climate finance have been based on a joint MDB climate finance tracking and reporting methodology. This methodology has been gradually updated as and when need arose, in particular in light of experience and global dynamics in this space. From the 2014 edition 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.

A detailed breakdown is provided throughout the report, differentiating between climate finance going to low- and middle-income economies and high-income economies. This edition of the report presents the multilateral development banks' climate finance commitments data in two separate chapters based on the economies where these banks operate; the first with data for low- and middle-income economies, and the second for high-income economies.

In 2015, the multilateral development banks 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 reporting on climate finance. In December 2019, the multilateral development banks¹ 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 multilateral development banks also conducted a review of the joint methodology for tracking adaptation finance over the 2021-2022 period. This review aims to take stock of recent developments in the field of adaptation finance, the MDBs' efforts to support climate adaptation and resilience through a wide range of sectors beyond traditional infrastructure, and the increasing diversity of financial conditions that are used to support adaptation and resilience. This review complements ongoing efforts by the multilateral development banks to enhance the robustness and transparency of climate finance tracking and reporting, and support climate action, in line with the objectives of the Paris Agreement. Building on the review, the Climate Change Adaptation Working Group has commenced an update of the tracking methodology for climate adaptation to reflect the evolving understanding of adaptation and the advancements in the fields of adaptation finance. The working group aims to complete the methodology update during 2022.

The Climate Change Mitigation Working Group finalised its review of the tracking methodology for climate mitigation finance and commenced tracking using the new methodology on 1 January 2021 for the AfDB, ADB, AIIB, EBRD, EIB, IDBG, IsDB and NDB and on 1 July 2021 for the WBG to coincide with the institutions' new fiscal years. The [new version](#) of the methodology published on 18 October 2021 includes 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.

1 The AfDB, ADB, AIIB, EBRD, EIB, IDBG and IsDB.

The multilateral development banks will continue to improve their tracking and reporting of climate finance as part² of their commitments to ensure consistent financial flows to the countries' long-term, low-carbon and climate-resilient development pathways, as established in Article 2.1(c) of the Paris Agreement.

The multilateral development banks announced their climate action targets for 2025 at the UN Secretary General's Climate Action Summit in New York in September 2019. This resulted in an expected collective total of \$50 billion for low-income and middle-income economies, and at least \$65 billion of climate finance globally, with an expected doubling in adaptation finance to \$18 billion, and private mobilisation of \$40 billion. In 2021, the MDBs already surpassed these collective expectations on climate finance — both for low- and middle-income economies and globally. They also notably increased adaptation finance to over \$19 billion. The table in Annex C.6 summarises post-2020 MDB climate commitments.

The banks presented updates on their work to align with the Paris Agreement at COP25 in December 2019 and COP26 in November 2021. This included the key principles and criteria of their approach, as well as some draft methodological guidance on how to operationalise it (the MDB Paris Alignment Framework).^{3,4} Financial flows presented in this report are based on methodologies that are separated and distinct from the MDB Paris Alignment Framework. The multilateral development banks will develop their own operational methodologies to implement the MDB “Paris Alignment Framework” and will set up processes to ensure that activities they report as climate finance are those that are consistent with the goals of the Paris Agreement.

This 2021 edition of the *Joint Report on Multilateral Development Banks' Climate Finance* was prepared by the European Investment Bank together with the following partners: the African Development Bank, the Asian Development Bank, the Asian Infrastructure Investment Bank, the Council of Europe Development Bank, the European Bank for Reconstruction and Development, the Inter-American Development Bank Group, the Islamic Development Bank, the New Development Bank and the World Bank Group.

October 2022

Download this report at:

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Download the infographic summary at:

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2 Accelerated contribution to the transition through climate finance” – Building Block 3 of MDBs' joint framework: <https://www.eib.org/en/press/all/2018-320-multilateral-development-banks-announce-joint-framework-for-aligning-their-activities-with-the-goals-of-the-paris-agreement>. Multilateral Development Banks announce joint framework for aligning their activities with the goals of the Paris Agreement (eib.org).

3 [Multinational development banks present their Paris Alignment approach \(ebrd.com\)](https://www.ebrd.com/en/press/all/2021-01-20-multinational-development-banks-present-their-paris-alignment-approach)

4 [Progress Report: Multilateral Development Banks Working Together for Paris Alignment \(eib.org\)](https://www.eib.org/en/press/all/2021-01-20-progress-report-multilateral-development-banks-working-together-for-paris-alignment)



EXECUTIVE SUMMARY

This 11th edition of the *Joint Report on Multilateral Development Banks' Climate Finance* is an overview of climate finance committed in 2021 by 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). This year's report also summarises information on climate finance tracking from the New Development Bank (NDB) and the Council of Europe Development Bank (CEB), presented separately from the joint figures.⁵ NDB and CEB climate finance commitments are not yet included in the total MDB climate finance reported in this year's edition.

As in previous years, the data and statistics presented in this year's report result from the uniform application of the methodologies developed jointly by the multilateral development banks 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 the multilateral development banks to their operations, and components thereof, directed to activities that mitigate climate change and/or 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 the multilateral development banks for climate change mitigation and adaptation activities. The banks 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. Starting with the 2019 report, for the purpose of greater transparency and consistency, the multilateral development banks agreed to start reporting on all economies where these banks operate, while maintaining the report's focus on low-and middle-income economies. This change allowed for a clear breakdown by country income level.

The MDB climate finance commitments are presented in two main groups: 1) low-income and middle-income economies, a grouping that includes low, lower-middle and upper-middle income economies; and 2) high-income economies. These data sets are presented in two separate chapters in this year's report. The multilateral development banks endeavoured to attribute climate finance in the category of global, multi-regional and regional projects to specific income groups. The economies are categorised by income grouping in accordance with the World Bank's classification dated June 2021 (see [Table B.1](#)). More detailed analysis, and data that cannot easily be split by income level such as climate finance for SIDS, are provided in an [Annex A](#) and [Annex B](#).

LOW- AND MIDDLE-INCOME ECONOMIES

In 2021, \$50.666 billion was for low-income and middle-income economies. \$33.055 billion, or 65%, of this total was for climate change mitigation finance and \$17.611 billion or 35% was for climate change adaptation finance.

In 2021, the multilateral development banks reported \$41.123 billion of their climate finance for public recipients and \$10.456 billion for private recipients in low-and middle-income economies.

The report also shows that MDB climate finance investments in low-and middle-income economies are supported by a total of \$43.603 billion in climate co-finance, with 66% in mitigation activities and 34% in adaptation activities. 70% of climate co-finance in low- and middle-income economies came from public sources and 30% from private sources.

⁵ See pages 10 and 11 for data on NDB and CEB climate finance commitments.

HIGH-INCOME ECONOMIES

In 2021, \$31.051 billion was for high-income economies. \$29.475 billion, or 95%, of this total was for climate change mitigation finance and \$1.576 billion, or 5%, was for climate change adaptation finance.

In 2021, the multilateral development banks reported \$19.185 billion of climate finance for public recipients and \$11.866 billion for private recipients in high-income economies.

The report also shows that MDB climate finance investments in high-income economies are supported by a total of \$56.701 billion of climate co-finance, with 99% in mitigation activities and 1% for adaptation activities. 50% of climate co-finance in high-income economies came from public sources and 50% from private sources.

CLIMATE FINANCE DETAIL

Figure 1a presents MDB climate finance commitments reported for 2019-2021 for low- and middle-income economies where the multilateral development banks operate, while Figure 1b shows MDB climate finance commitments reported for the same period for high-income economies where the banks operate.

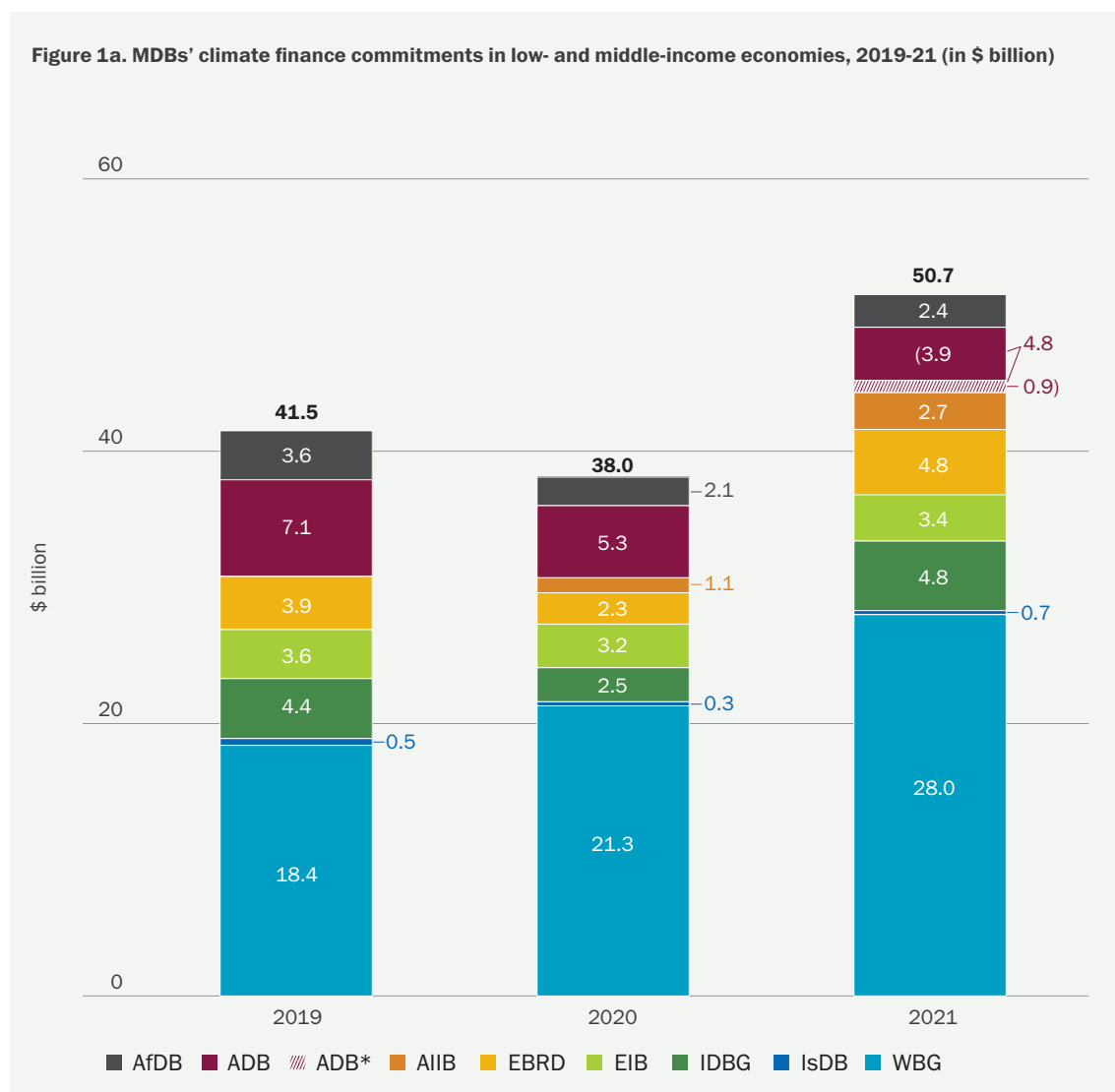
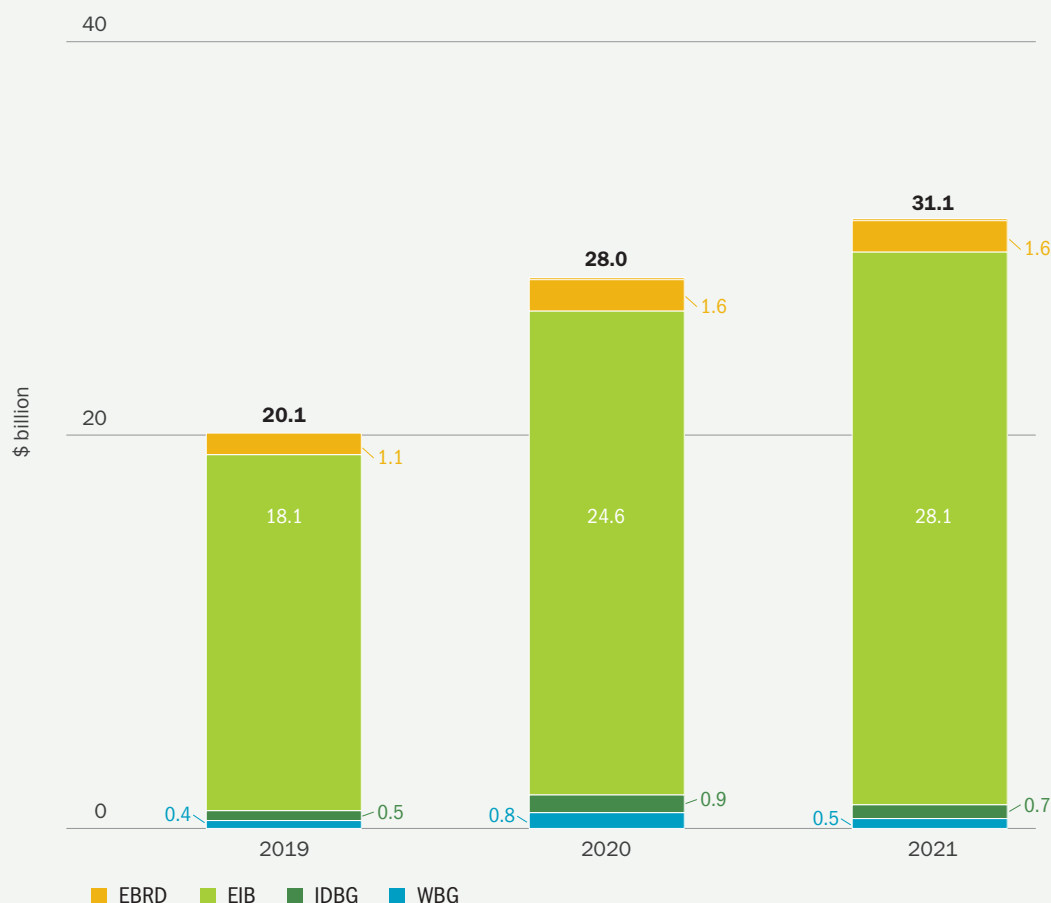


Figure 1b. MDB climate finance commitments in high-income economies, 2019-21 (in \$ billion)



Notes for Figures 1a. and 1b:

1. Starting in 2021, the reporting of ADB's climate finance will be based on commitments or signatures and not on approvals. This is in accordance with the decision made in 2017 to measure and report ADB's corporate performance based on commitments through 2030.

(*) For ADB, external resources under management (ERUM) includes ADB-administered financial resources from financing partners, including AIIB. ADB administers financing from AIIB for several projects, some of which have components that contribute to climate finance. For 2021, ADB reports climate adaptation finance of \$20 million and climate mitigation finance of \$893 million from ADB-administered financing from AIIB. To avoid double counting, these amounts are excluded from the total MDB amounts for 2021 as AIIB reports climate finance for the same projects as a share of their financing under own resources.

2. 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. From 2020 onward, for IDB Invest only, the figures refer to total commitments of long-term finance, in an effort to more accurately reflect actual investments as well as the mobilisation of private sector players. In 2021, IDBG climate finance consisted of: \$4.5 billion through IDB; \$1.1 billion through IDB Invest; and \$23 million through IDB Lab.

3. The IsDB reported climate finance 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).

4. EIB 2019-21 climate finance commitments include some EU economies in addition to those previously included by the EIB, EBRD and WBG. Please see [Annex B](#) for details of geographical coverage in past editions of the joint report.

5. WBG climate finance resources (including own-account and managed external resources) for IFC, MIGA and the World Bank were \$4.097 billion (including \$76 million of managed external resources), \$1.348 billion and \$23.035 billion (including \$1.829 billion of managed external resources), respectively, for the fiscal year 2021, which covers the period from 1 July 2020 to 30 June 2021. IFC's total commitments of own-account long-term finance in the fiscal year 2021 were \$12.474 billion and IFC reached a level of 32% on long-term finance own-account climate commitments. For MIGA, total commitments on its own account in the fiscal year 2021 were \$5.2 billion and climate finance reached 26%. WB total commitments on its own account were \$66.55 billion and its share of climate-related financing reached 32%.

6. The EBRD and EIB climate finance figures in this chart are based on the annual average European Central Bank rate. For 2021 the exchange rate used is €1 = \$1.1827.

7. Numbers in the tables and figures in this report may not add up to the totals shown, due to rounding.

The multilateral development banks apply two distinct methodologies — with fundamentally different approaches — to tracking climate change adaptation finance (or “adaptation finance”) and to 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 sub-components or elements or proportions of projects that directly contribute to or promote adaptation and/or mitigation.

The multilateral development banks estimate adaptation finance using the joint MDB methodology for tracking climate change adaptation finance, which involves a three-step approach. This methodology is based on a context- and location-specific, granular and conservative approach and captures the amounts associated with activities directly linked to vulnerability to address climate change. The banks try as far as possible to differentiate between their usual development finance and finance provided with an explicit intent to reduce vulnerability to climate change. In July 2015, the multilateral development banks and the IDFC agreed an initial set of Common Principles for Climate Adaptation Finance Tracking.⁶ The organisations continue to harmonise their approaches to tracking adaptation finance. As mentioned above, the multilateral development banks have commenced an update of the tracking methodology for climate adaptation to be completed during 2022. Climate change adaptation finance in 2021 totalled \$19.187 billion, of which 92% was directed at low- and middle-income economies.

The multilateral development banks’ methodologies for tracking climate mitigation finance align with the Common Principles for Climate Change Mitigation Finance Tracking⁷ that the MDBs and the IDFC jointly agreed and first published in March 2015. At COP24 in 2018 they announced a plan to work jointly to review and strengthen the Common Principles for Climate Mitigation Finance Tracking. 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 that reduce greenhouse gas emissions and are compatible with low-emission development. In 2020, the banks finalised their review of the methodology for tracking mitigation climate finance, and commenced tracking using the new methodology on 1 January 2021 for the AfDB, ADB, AIIB, EBRD, EIB, IDBG, IsDB and NDB and on 1 July 2021 for the WBG, to coincide with each institution’s new fiscal year. The new version of the methodology includes 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 2021 totalled \$62.530 billion, of which 53% was directed at low- and middle-income economies.

In addition to reporting on mitigation and adaptation finance, some multilateral development banks report on volumes of climate finance that have dual, simultaneous benefits: reducing greenhouse gas emissions and promoting adaptation to climate change. In 2021, the AIIB, EBRD and IDBG reported a total of \$762 million for dual-benefit projects. See Annex C.4 for further climate finance statistics and examples of such projects. Given the relatively small 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 multilateral development banks.

Climate co-finance including private finance mobilisation:

Climate co-finance committed during 2021 in low- and middle-income economies was \$43.603 billion, with 66% going to mitigation investments and 34% to adaptation investments. 70% of this climate co-finance was from public sources and 30% was mobilised from private sources.

6 The Common Principles for Climate Change Adaptation Finance Tracking are set out in Annex C.2: https://www.afdb.org/fileadmin/uploads/afdb/Documents/Generic-Documents/Common_Principles_for_Climate_Change_Adaptation_Finance_Tracking_-_Version_1__02_July_2015.pdf

7 The Common Principles for Climate Mitigation Finance Tracking are set out in Annex C.3: https://www.eib.org/attachments/documents/mdb_idfc_mitigation_common_principles_en.pdf

For high-income economies the climate co-finance committed during 2021 was \$56.071 billion, with 99% going to mitigation investments and 1% to adaptation investments. 50% of this climate co-finance was from public sources and 50% was mobilised from private sources.

Annex A provides additional information on MDB total climate finance aggregated across all their countries of operation.

The New Development Bank and Council of Europe Development Bank's climate finance information:

The New Development Bank (NDB) applied the joint MDB methodologies for tracking climate mitigation and adaptation finance to projects funded from its own account in 2021, including sovereign and non-sovereign operations.

In 2021, NDB committed a total of \$509 million in climate finance, all of which was dedicated to climate mitigation activities in middle-income countries. Climate finance accounted for about 26% of NDB's total approved financing excluding the COVID-19 emergency programme loans. On a separate note, NDB approved about \$3.1 billion in emergency assistance in 2021 to facilitate countries' efforts to respond to and recover from the pandemic.

NDB aims to report on the details of its climate finance (for example, by region, sector and instrument) in future editions of the joint report, as it extends the application of the joint MDB methodologies.

The Council of Europe Development Bank (CEB) is in the process of extending and adapting its internal processes in order to fully implement the joint MDB methodology for climate finance tracking, including the required level of granularity. In this report, the 2021 numbers for climate mitigation and adaptation finance disclosed by CEB are based on the MDB methodology but may be incomplete and therefore should be considered as conservative. Furthermore, only projects financed from CEB's own account are being tracked, including sovereign-backed financing and non-sovereign-backed financing. No data for climate co-finance are available.

The CEB committed a total of \$621 million in climate finance, representing 13% of the total volume of financing approved in 2021 (15% excluding the emergency COVID-19 loans approved in 2021). Mitigation finance accounted for 89% of total climate finance, representing \$552.3 million, while \$68.6 million (11%) was allocated for climate change adaptation.

The CEB intends to report on the details of its climate finance commitments (for example, by region, sector and instrument) in future editions of the joint report, as it extends its application of the joint MDB methodologies after their review in 2021.

OVERVIEW OF MDB METHODOLOGIES FOR TRACKING CLIMATE FINANCE

The tracking of MDB climate finance is based on the harmonised principles and jointly agreed methodologies for tracking climate adaptation and mitigation finance detailed in [Annex C.2](#) and [Annex C.3](#), respectively, of this report. In this publication, the term “MDB climate finance” refers to the amounts committed by the multilateral development banks to financing climate change mitigation and adaptation activities in the projects they undertake. See Annex B for details of the 2021 report’s geographic coverage, and that of past editions.

MDB climate finance includes commitments from the multilateral development banks’ 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.
- 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 sub-components 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 presented in [Annex C.2](#) of this report.

1.2 FINANCE FOR THE MITIGATION OF CLIMATE CHANGE

Climate change mitigation reduces, avoids, limits or sequesters greenhouse gas emissions to mitigate climate change. However, not all activities that reduce greenhouse gas emissions 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.

Within the MDB/IDFC Common Principles for Climate Mitigation Finance Tracking⁸ methodology, an activity can be classified as climate change mitigation where the activity, by avoiding or reducing greenhouse gas emissions or increasing their sequestration, contributes substantially to the stabilisation of greenhouse gas concentrations in the atmosphere at a level that prevents

8 [mdb_idfc_mitigation_common_principles_en.pdf](#) (eib.org)

dangerous anthropogenic interference with the climate system consistent with the long-term temperature goal of the Paris Agreement.

The common principles recognise that a substantial contribution to climate change mitigation can involve the following three categories of climate change mitigation activities:

1. Negative- or very-low-emission activities, which result in negative, zero or very low greenhouse gas emissions and are fully consistent with the long-term temperature goal of the Paris Agreement, for example carbon sequestration in land use or some forms of renewable energy.
2. Transitional activities, which are still part of greenhouse gas-emissive systems, but are important for and contribute to the transition towards a climate-neutral economy, such as energy efficiency improvement in manufacturing that directly or indirectly uses fossil fuels.
3. Enabling activities, which are instrumental in enabling other activities to make a substantial contribution to climate change mitigation, such as manufacture of very-low emission technologies.

There are fundamental differences between the tracking methodologies for climate change adaptation activities and those for mitigation activities. For mitigation activities, a 1 tonne reduction in CO₂ 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 1 summarises the key points in this regard.

Table 1. 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 greenhouse gas emissions, or promotes efforts to achieve these goals.
Basis for tracking	Adaptation finance tracking is incremental (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 investment in an area vulnerable to increased risk of drought.	Mitigation finance tracking is either project- or component-based. <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% of the project investment is considered to be mitigation finance, where applicable criteria are met. <i>Component-based:</i> Within a project, if only a component of that project is a mitigation activity, such as installation of energy efficient equipment that is part of a larger capital expenditure investment, then the respective fraction of the project is considered to be mitigation finance.

CLIMATE CHANGE ACTIVITY		
Item	Adaptation	Mitigation
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 substantially contribute to climate change mitigation, demonstrated using applicable metrics (such as emission or energy intensity) subject to the requirements 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, the impact of all mitigation projects can be assessed on the basis of their direct greenhouse gas emissions reductions (such as implementation of energy efficient equipment in a building) or indirect emissions reductions (such as manufacture of electric vehicles that enables reduction of emissions through substitution of internal combustion engine vehicles in the market).
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 list of eligible activities with associated screening criteria that enable assessment for qualification for climate mitigation finance. Overarching criteria also apply. See Annex C.3 for further details.
Climate finance tracking	Following the three-step assessment process, a share of the 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.	Financing of the eligible project activities is classified as climate change mitigation finance where associated criteria are met.

[Annex C.2](#) presents a full description of the adaptation methodology, while [Annex C.3](#) contains an excerpt of the mitigation methodology (with the full description being available within the MDB/IDFC Common Principles for Climate Change Mitigation Tracking). Both annexes will contain examples of the methodologies' application to MDB projects in an array of sectors.

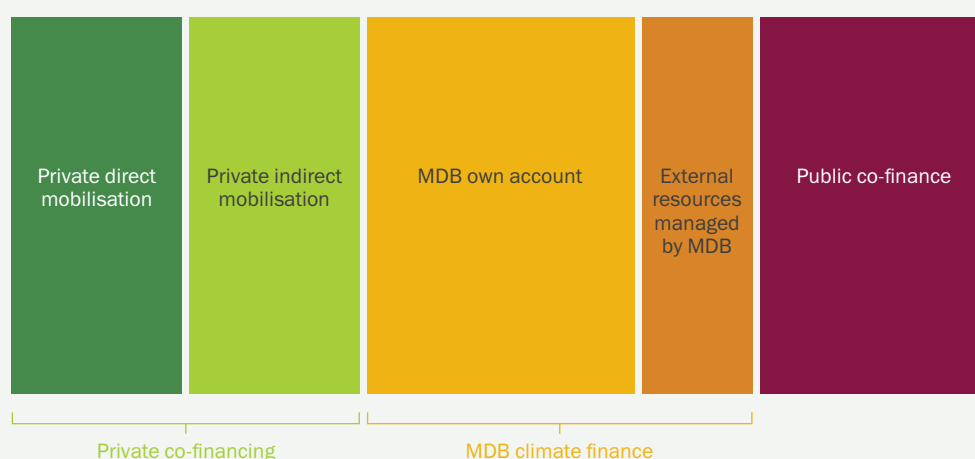
1.3 METHODOLOGY FOR CLIMATE CO-FINANCE

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

This approach presents sources of climate co-finance in the following categories: (i) other multilateral development banks; (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% of their shares held privately), split into private direct mobilisation and private indirect mobilisation. This level of granularity enables multilateral development banks to present an increasingly nuanced picture of co-finance flows used for climate change interventions.

In April 2017, the multilateral development banks published a reference guide (*From Billions to Trillions: Transforming Development Finance*)⁹ 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 banks' joint commitment to mobilising increased investment from the private sector and institutional investors. Total financing of climate activity includes climate co-finance (the amount of financial resources that external entities contribute). The multilateral development banks 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.¹⁰ The *2021 Joint Report on MDBs' Climate Finance* follows the agreed terminology¹¹ and the following chapters show two different elements of private finance mobilisation: private direct mobilisation and private indirect mobilisation. Added together, these two forms of mobilisation represent the private share of climate co-finance.

Figure 2. Total activity financing, by type of finance



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

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

11 See [Annex C.1](#) for definitions of “private direct mobilisation”, “private indirect mobilisation” and “public direct mobilisation”.

MDB CLIMATE FINANCE IN LOW- AND MIDDLE-INCOME ECONOMIES, 2021

2.1 MDB CLIMATE FINANCE IN LOW- AND MIDDLE-INCOME ECONOMIES

In 2021, the multilateral development banks committed \$50.666 billion to low-income and middle-income economies, thus surpassing the annual expectations of \$50 billion set in the [joint MDB High Level Statement of 2019](#). Of the \$50.666 billion of climate finance committed to low-income and middle-income economies, \$47.24 billion was from the MDBs' own account and \$3.426 billion from external resources that were channelled through the banks. Mitigation finance committed to low- and middle-income economies totalled \$33.055 billion, or 65%, while adaptation finance totalled \$17.611 billion, or 35%.

Sources of MDB climate finance are split between the multilateral development banks' own accounts and the external resources channelled through and managed by them. 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 multilateral development banks are presented separately from their own accounts.

Table 2. MDB climate finance in low- and middle-income economies, 2021 (in \$ million)

	AfDB	ADB	AIIB	EBRD	EIB	IDBG	IsDB	WBG	Total
Own account	2020	3552	2746	4500	3257	4372	684	26110	47240
MDB-managed external resources	409	1212*	-	276	115	448	-	1879	3426*
MDB climate finance	2429	4764*	2746	4777	3371	4819	684	27989	50666
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 multilateral development banks' own accounts and the MDB-managed external resources.									
3. "Total MDB operations" refers to the sum of the multilateral development banks' own accounts and MDB-managed external resources.									
4. For IsDB, the 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).									
5. (*) Considering the explanation provided in Figures 1a, 1b and 2 about ADB external resources, climate finance from AIIB financing for three projects, amounting to \$913 million, reported under ERUM is excluded from the MDB total amounts to avoid double counting. Subtracting this amount from ADB's total climate finance for low- and middle-income economies yields \$3.851 billion.									
(**) AIIB financing for ADB projects amounting to \$1.421 billion was subtracted from total MDB operations to avoid double counting.									

Table 3. MDB climate finance by scope in low- and middle-income economies, 2021 (in \$ million)

MDB	Adaptation finance	Mitigation finance	MDB climate finance
AfDB	1549	880	2429
ADB	1326*	3438*	4764*
AIIB	651	2096	2746
EBRD	336	4441	4777
EIB	381	2990	3371
IDBG	1688	3131	4819
IsDB	252	432	684
WBG	11448	16541	27989
Total	17611	33055	50666

Notes:

1. In certain cases, multilateral development banks finance activities that have simultaneous benefits for mitigation and adaptation. The 2021 figure of \$762 million of climate finance with dual benefits is presented under the sub-heading of mitigation or adaptation finance (based on the most relevant elements of the project) to simplify reporting (See [Annex C.4](#)). The AIIB reported \$68 million, the EBRD reported \$27 million and the IDBG reported \$668 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 C.4](#) for further details.
2. (*) Considering the explanation provided in Figures 1a, 1b and 2 about ADB external resources, climate adaptation finance (\$20 million) and climate mitigation (\$893 million) finance from AIIB financing for three projects reported under ERUM is excluded from the MDB total amounts to avoid double counting. Subtracting these amounts from ADB's climate adaptation finance and climate mitigation finance for low- and middle-income economies yields \$1.306 billion and \$2.545 billion, respectively.

2.1.1 MDB CLIMATE FINANCE BY TYPE OF RECIPIENT OR BORROWER IN LOW- AND MIDDLE-INCOME ECONOMIES

The multilateral development banks report on the nature of first recipients or borrowers¹² of their climate finance (those to which finance will flow directly from the MDBs), differentiating between public and private recipients or borrowers. Total commitment varies significantly between the banks' own accounts and MDB-managed external resources, as Table 4 illustrates. Table 5 shows the split by type of recipient or borrower for the banks' own accounts and for MDB-managed external resources.

Table 4. MDB climate finance by source of funds and by type of recipient or borrower in low- and middle-income economies, 2021 (in \$ million)

Type of recipient or borrower	MDB own account	MDB-managed external resources
Public recipient/borrower	37 561	2 649*
Private recipient/borrower	9 679	777
Total	47 240	3 426
(*) Considering the explanation provided in Figures 1a, 1b and 2 about ADB external resources, climate finance from AIIB financing for three projects reported under ERUM, amounting to \$913 million, is excluded from the MDB total amounts for public recipient/borrower to avoid double counting.		

Table 5. MDB climate finance by type of recipient or borrower in low- and middle-income economies, 2021 (in \$ million)

MDB	Private	Public
AfDB	510	1 919
ADB	459*	4 305*
AIIB	374	2 373
EBRD	2 807	1 970
EIB	582	2 789
IDBG	833	3 986
IsDB	-	684
WBG	4 891	23 098
Total	10 456	40 210
(*) Considering the explanation provided in Figures 1a, 1b and 2 about ADB external resources, climate finance from AIIB financing for the three projects that ADB reported under ERUM, amounting to \$913 million, is excluded from the MDB total amount for public recipient/borrower to avoid double counting. Subtracting this amount from ADB's climate finance for public recipient/borrower in low- and middle-income economies yields \$3.392 billion.		

12 See [Annex C.1](#) for the definitions of public and private recipients or borrowers.

2.1.2 MDB CLIMATE FINANCE BY TYPE OF INSTRUMENT IN LOW- AND MIDDLE-INCOME ECONOMIES

For the eighth consecutive year, the multilateral development banks reported climate finance by the types of financial instrument (see [Annex C.5](#) for definitions). They reported that 71% of climate finance for low- and middle-income economies was committed through investment loans, followed by grants and policy-based financing. Illustrative examples of various types of instrument are presented in tables in [Annex C.5](#).

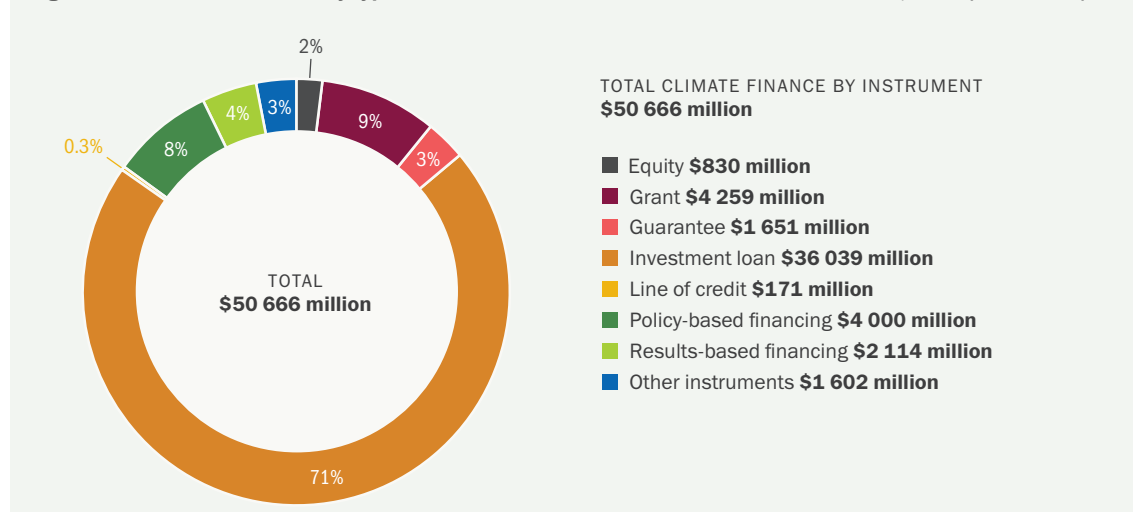
Table 6. MDB climate finance by type of instrument in low- and middle-income economies, 2021 (in \$ million)

Instrument type	Climate finance
Equity	830
Grant	4 259
Guarantee	1 651
Investment loan	36 039*
Line of credit	171
Policy-based financing	4 000
Results-based financing	2 114
Other instruments	1 602
Total	50 666

Notes:

1. [Annex C.5](#) defines the various types of instrument.
2. Other instruments include advisory services and bonds. Some multilateral development banks report eligible bonds under the category of investment loans.
3. (*) Considering the explanation provided in Figures 1a, 1b and 2 about ADB external resources under management, climate finance from AIIB financing for three projects reported under ERUM, amounting to \$913 million, is excluded from the investment loan amount to avoid double counting.

Figure 3. MDB climate finance by type of instrument in low- and middle-income economies, 2021 (in \$ million)



2.1.3 MDB CLIMATE FINANCE BY REGION IN LOW- AND MIDDLE-INCOME ECONOMIES

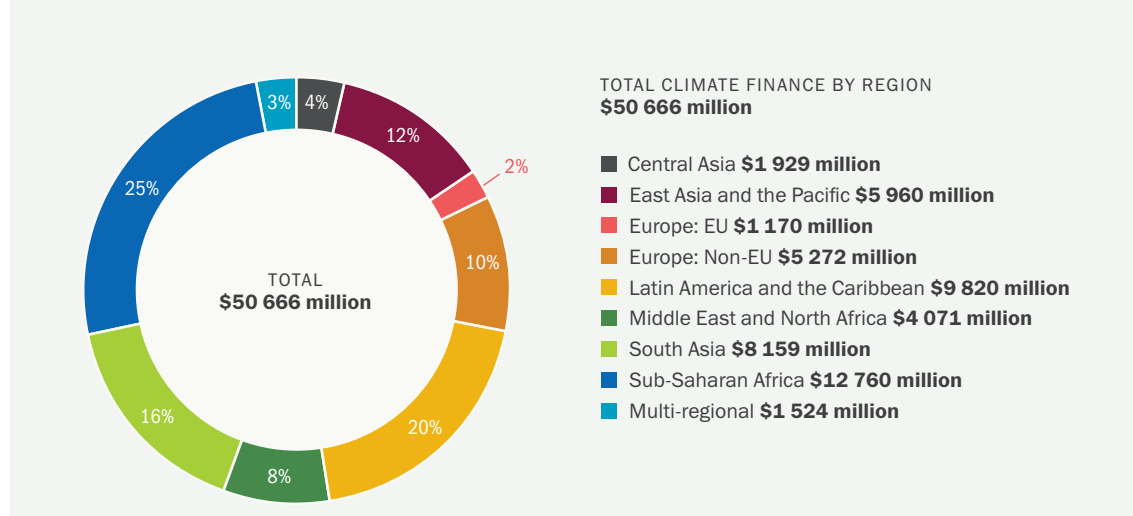
Multilateral development banks' climate finance commitments are grouped by region below.¹³

Table 7. MDB climate finance by region in low- and middle-income economies, 2021 (in \$ million)

Region	Climate finance
Central Asia	1 929*
East Asia and the Pacific	5 960
Europe: EU	1 170
Europe: Non-EU	5 272
Latin America and the Caribbean	9 820
Middle East and North Africa	4 071
South Asia	8 159*
Sub-Saharan Africa	12 760
Multi-regional	1 524
Total	50 666

(*) Considering the explanation provided in Figures 1a, 1b and 2 about ADB external resources, climate finance from AIIB financing for three projects reported under ERUM, amounting to \$108 million and \$805 million, is excluded from the Central Asia and South Asia total amounts, respectively, to avoid double counting.

Figure 4. MDB climate finance by region in low- and middle-income economies, 2021 (in \$ million)



2.2 MDB ADAPTATION FINANCE IN LOW- AND MIDDLE-INCOME ECONOMIES, 2021

In 2021, a total of \$19.187 billion was committed to climate change adaptation finance, with \$17.611 billion, or 92%, committed to low- and middle- income economies, thus surpassing the expected collective delivery of increasing adaptation finance to \$18 billion, set in the [joint MDB High Level Statement of 2019](#). The data reported corresponds to the incremental costs of project components, sub-components, 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 it.

¹³ See [Table B.1](#) for regional groupings.

Table 8 presents the 2021 adaptation figures by bank for low- and middle-income economies, with a breakdown of climate adaptation finance committed by the multilateral development banks from their own accounts and from MDB-managed external resources in low- and middle-income economies.

Table 8. MDB adaptation finance by MDB according to source of funds in low- and middle-income economies, 2021 (in \$ million)

	AfDB	ADB	AIIB	EBRD	EIB	IDBG	IsDB	WBG	Total
MDB own account	1 325	1 278	651	302	328	1 655	252	10 626	16 417
MDB-managed external resources	224	48*	-	34	54	33	-	822	1 194*
Total	1 549	1 326*	651	336	381	1 688	252	11 448	17 611*

(*) Considering the explanation provided in Figures 1a, 1b and 2 about ADB external resources, climate adaptation finance from AIIB financing for three projects, amounting to \$20 million, reported under ERUM is excluded from the MDB total adaptation amount to avoid double counting.

Table 9 shows a breakdown by type of recipient or borrower.

Table 9. MDB adaptation finance by MDB and by type of recipient or borrower in low- and middle-income economies, 2021 (in \$ million)

MDB	Private	Public
AfDB	275	1 274
ADB	70	1 256*
AIIB	1	650
EBRD	54	282
EIB	45	336
IDBG	56	1 632
IsDB	-	252
WBG	37	11 411
Total	538	17 073*

(*) Considering the explanation provided in Figures 1a, 1b and 2 about ADB external resources, climate adaptation finance from AIIB financing for three projects, amounting to \$20 million, reported under ERUM is excluded from the MDB total adaptation amount to avoid double counting. Subtracting this amount from ADB's climate adaptation finance for public recipient borrower for low- and middle-income economies yields \$1.237 billion.

Table 10 breaks down MDB adaptation finance by the type of instrument. The multilateral development banks reported that 63% of adaptation finance for low- and middle-income economies was committed through investment loans, followed by grants and policy-based financing.

Table 10. MDB adaptation finance by MDB and by type of instrument in low- and middle-income economies, 2021 (in \$ million)

Instrument type	Adaptation finance
Equity	22
Grant	2 631
Guarantee	145
Investment loan	11 055*
Line of credit	40
Policy-based financing	1 490
Results-based financing	1 179
Other instruments	1 050
Total	17 611*

(*) Considering the explanation provided in Figures 1a, 1b and 2 about ADB external resources, climate adaptation finance from AIIB financing for three projects reported under ERUM, amounting to \$20 million, is excluded from the investment loan amount to avoid double counting.

Table 11 shows total adaptation finance by region. The largest proportions of adaptation finance in low- and middle-income economies were in the following regions: Sub-Saharan Africa, South Asia and Latin America and the Caribbean.

Table 11. MDB adaptation finance by region in low- and middle-income economies, 2021 (in \$ million)

Region	Adaptation finance
Central Asia	485*
East Asia and the Pacific	2 308
Europe: EU	98
Europe: Non-EU	542
Latin America and the Caribbean	2 984
Middle East and North Africa	1 100
South Asia	3 034*
Sub-Saharan Africa	6 847
Multi-regional	214
Total	17 611

(*) Considering the explanation provided in Figures 1a, 1b and 2 about ADB external resources, climate adaptation finance from AIIB financing for three projects reported under ERUM, amounting to \$3 million and \$17 million, is excluded from the Central Asia and South Asia climate adaptation amounts, respectively, to avoid double counting.

Figure 5. MDB adaptation finance by region in low- and middle-income economies, 2021 (in \$ million)

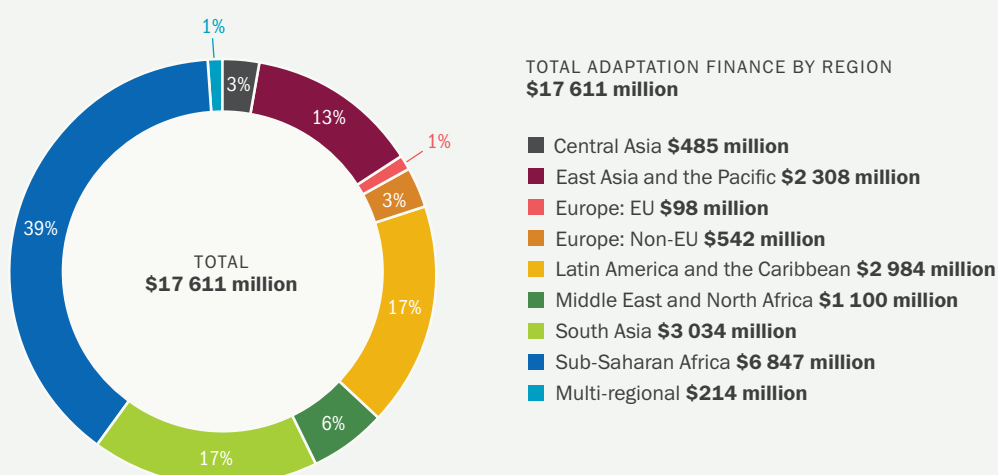


Table 12 reports MDB adaptation finance by sector, with 26% in energy, transport and other built environment and infrastructure, followed by cross-cutting operations with 17%, and 15% in water and wastewater systems.

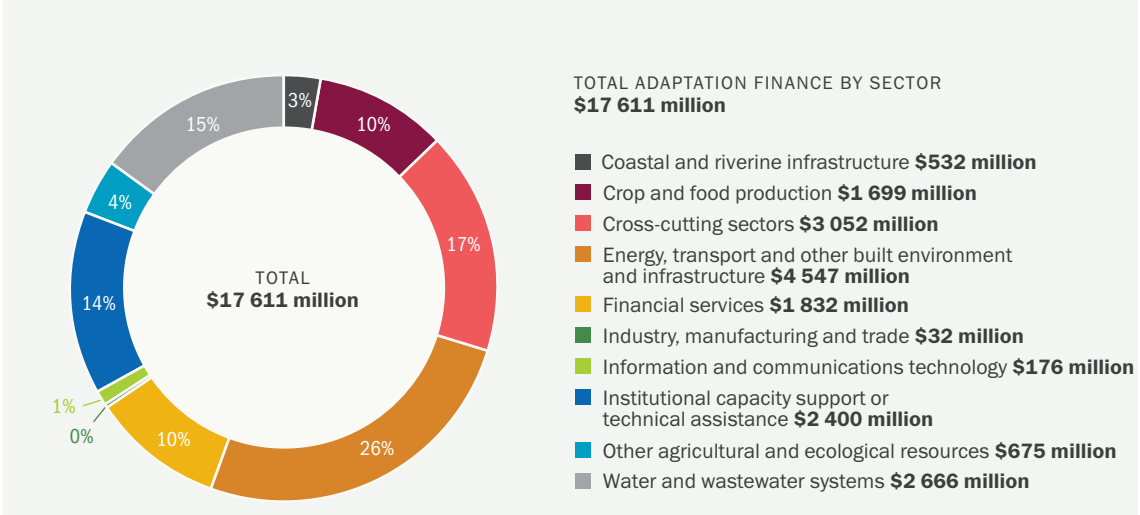
Table 12. MDB adaptation finance by sector in low- and middle-income economies, 2021 (in \$ million)

Sector group	Adaptation finance
Coastal and riverine infrastructure	532
Crop and food production	1 699
Cross-cutting sectors	3 052
Energy, transport and other built environment and infrastructure	4 547*
Financial services	1 832
Industry, manufacturing and trade	32
Information and communications technology	176
Institutional capacity support or technical assistance	2 400*

Sector group	Adaptation finance
Other agricultural and ecological resources	675*
Water and wastewater systems	2 666*
Total	17 611

(*) Considering the explanation provided in Figures 1a, 1b and 2 about ADB external resources, climate adaptation finance from AIIB financing for three projects reported under ERUM, amounting to \$20 million, is excluded from relevant sectors to avoid double counting.

Figure 6. MDB adaptation finance by sector in low- and middle-income economies, 2021 (in \$ million)



Adaptation finance by region, for low- and middle-income economies, with a further breakdown by sector, is presented in Table 13.

Table 13. MDB adaptation finance by sector and region in low- and middle-income economies, 2021 (in \$ 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	Total
Coastal and riverine infrastructure	-	33	-	-	79	-	164	179	76	532
Crop and food production	42	51	-	38	60	257	270	975	7	1 699
Cross-cutting sectors	139	568	3	36	511	247	477	1 065	5	3 052
Energy, transport and other built environment and infrastructure	210*	611	74	332	399	94	695*	2 132	1	4 547
Financial services	1	270	-	19	193	229	399	691	32	1 832
Industry, manufacturing and trade	0	-	-	2	-	13	-	13	4	32
Information and communications technology	7	-	-	4	14	8	18	126	-	176
Institutional capacity support or technical assistance	12	299	-	7	1 279	85	373*	314	32	2 400

	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	Total
Other agricultural and ecological resources	34	37	-	40	226	6	53*	227	52	675
Water and wastewater systems	41	439	20	64	223	162	586*	1 126	4	2 666
Total	485	2 308	98	542	2 984	1 100	3 034	6 847	214	17 611

(*) Considering the explanation provided in Figures 1a, 1b and 2 about ADB external resources, climate adaptation finance from AIIB financing for three projects reported under ERUM, amounting to \$3 million and \$17 million, is excluded from the Central Asia and South Asia climate adaptation amounts, respectively, to avoid double counting.

2.3 MDB MITIGATION FINANCE IN LOW- AND MIDDLE-INCOME ECONOMIES, 2021

In 2021, the multilateral development banks reported a total of \$62.530 billion in financial commitments for the mitigation of climate change, with \$33.055 billion, or 53%, committed to low-income and middle-income economies. Data reported corresponds to the financing of mitigation projects or of the components, sub-components, or elements, or proportions of projects that provide mitigation benefits (rather than reporting the entire project cost).

Table 14 provides a breakdown of climate mitigation finance committed by the multilateral development banks during 2021 from MDB own-account and external resources in low- and middle-income economies.

Table 14. MDB mitigation finance by MDB and source of funds in low- and middle-income economies, 2021 (in \$ million)

	AfDB	ADB	AIIB	EBRD	EIB	IDBG	IsDB	WBG	Total
MDB own account	695	2 274	2 096	4 198	2 929	2 716	432	15 483	30 823
MDB-managed external resources	185	1 164*	-	243	61	415	-	1 057	2 232*
Total	880	3 438*	2 096	4 441	2 990	3 131	432	16 541	33 055*

(*) Considering the explanation provided in Figures 1a, 1b and 2 about ADB external resources, climate mitigation finance from AIIB financing for three projects, amounting to \$893 million, reported under ERUM is excluded from the MDB total mitigation amount to avoid double counting.

Table 15 shows a breakdown by type of recipient or borrower.

Table 15. MDB mitigation finance economies by MDB and by type of recipient or borrower in low- and middle-income, 2021 (in \$ million)

MDB	Private	Public
AfDB	235	645
ADB	389	3 049*
AIIB	373	1 723
EBRD	2 753	1 687
EIB	537	2 453

MDB	Private	Public
IDBG	777	2 354
IsDB	-	432
WBG	4 854	11 687
Total	9 918	23 137*

(*) Considering the explanation provided in Figures 1a, 1b and 2 about ADB external resources, climate mitigation finance from AIIB financing for three projects, amounting to \$893 million, reported under ERUM is excluded from the MDB total mitigation amount to avoid double counting. Subtracting this amount from ADB's climate adaptation finance for public recipient borrowers for low- and middle-income economies yields \$2.155 billion.

Table 16 breaks down MDB mitigation finance by type of instrument. The multilateral development banks reported that 76% of total mitigation finance for low -and middle- income economies was committed through investment loans, followed by policy-based financing.

Table 16. MDB mitigation finance by type of instrument in low- and middle-income economies, 2021 (in \$ million)

Instrument type	Mitigation finance
Equity	807
Grant	1 628
Guarantee	1 506
Investment loan	24 985*
Line of credit	131
Policy-based financing	2 510
Results-based financing	936
Other instruments	552
Total	33 055*

(*) Considering the explanation provided in Figures 1a, 1b and 2 about ADB external resources, climate mitigation finance from AIIB financing for three projects reported under ERUM, amounting to \$893 million, is excluded from the investment loan amount to avoid double counting.

Figure 7. MDB mitigation finance by type of instrument in low- and middle-income economies, 2021 (in \$ million)

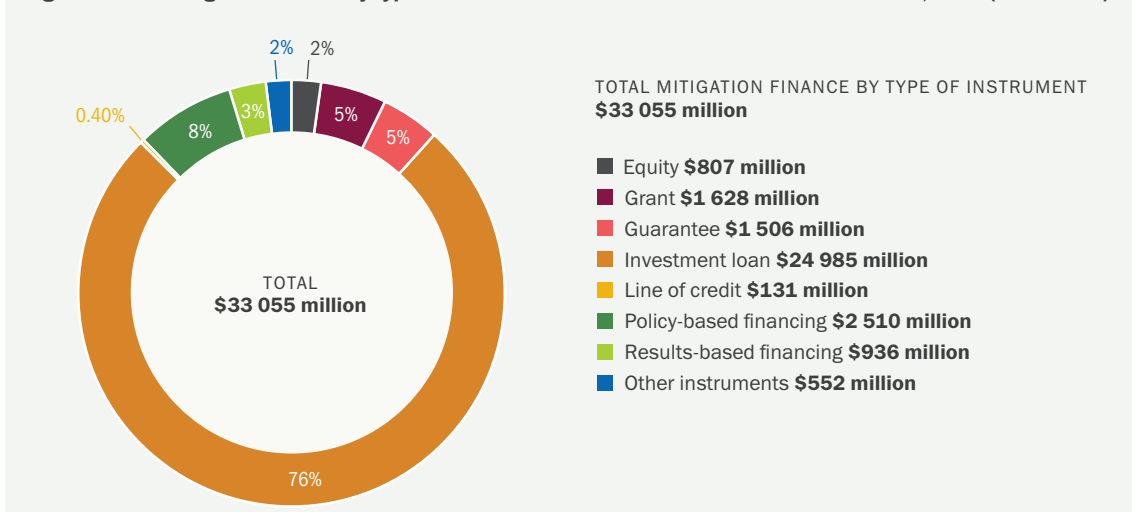


Table 17 shows total mitigation finance by region. The largest proportions of mitigation finance in low- and middle-income economies were in the following regions: Latin America and the Caribbean, Sub-Saharan Africa, and South Asia.

Table 17. MDB mitigation finance by region in low- and middle-income economies, 2021 (in \$ million)

Region	Mitigation finance
Central Asia	1 444*
East Asia and the Pacific	3 652
Europe: EU	1 073
Europe: Non-EU	4 730
Latin America and the Caribbean	6 837
Middle East and North Africa	2 970
South Asia	5 125*
Sub-Saharan Africa	5 914
Multi-regional	1 310
Total	33 055*

(*) Considering the explanation provided in Figures 1a, 1b and 2 about ADB external resources, climate mitigation finance from AIIB financing for three projects reported under ERUM, amounting to \$105 million and \$788 million, is excluded from the Central Asia and South Asia climate mitigation amounts, respectively, to avoid double counting.

Figure 8. MDB mitigation finance by region in low- and middle-income economies, 2021 (in \$ million)

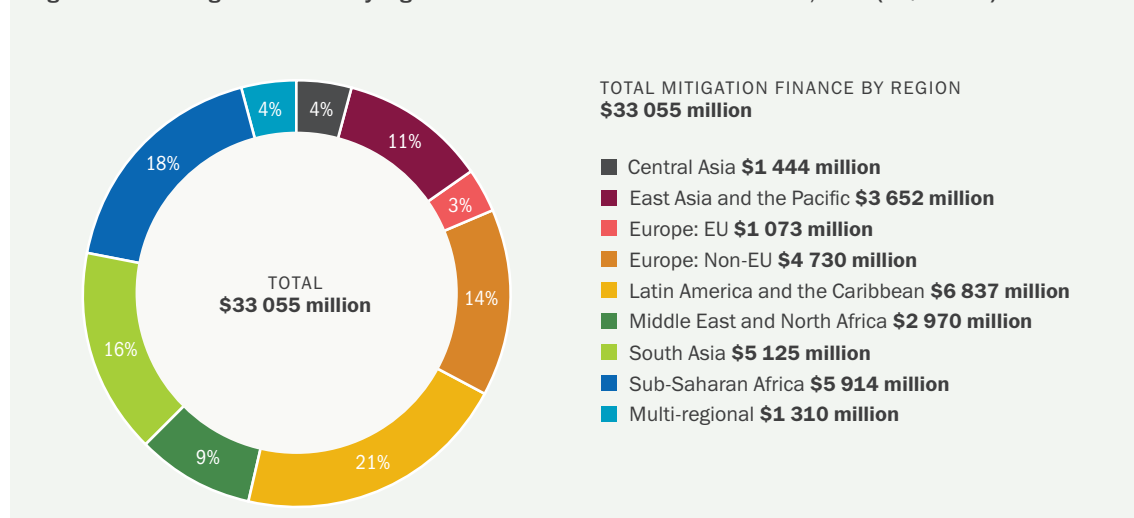


Table 18 reports the multilateral development banks' mitigation finance in low- and middle-income economies by sector with 29% in energy, followed by 21% in transport.

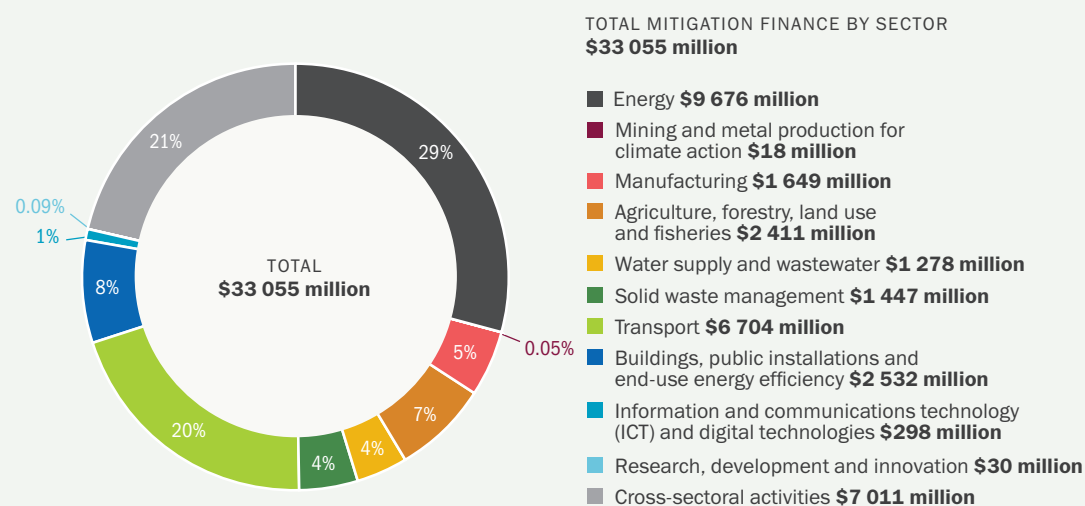
Table 18. MDB mitigation finance by sector in low- and middle-income economies, 2021 (in \$ million)

Region	Mitigation finance
Energy	9 676*
Mining and metal production for climate action	18
Manufacturing	1 649
Agriculture, forestry, land use and fisheries	2 411
Water supply and wastewater	1 278*
Solid waste management	1 447*
Transport	6 704*
Buildings, public installations and end-use energy efficiency	2 532
Information and communications technology (ICT) and digital technologies	298

Research, development and innovation	30
Cross-sectoral activities	7 011
Total	33 055

(*) Considering the explanation provided in Figures 1a, 1b and 2 about ADB external resources, climate mitigation finance from AIIB financing for three projects reported under ERUM, amounting to \$893 million, is excluded from relevant sectors to avoid double counting.

Figure 9. MDB mitigation finance in low- and middle-income economies by sector, 2021 (in \$ million)



Mitigation finance by region, with further breakdown by sectors, is presented in Table 19.

Table 19. MDB mitigation finance by sector and by region in low- and middle-income economies, 2021 (in \$ 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	Total
Energy	370	1 476	347	1 677	1 044	485	1 601*	2 386	291	9 676
Mining and metal production for climate action	-	-	18	-	-	-	-	-	-	18
Manufacturing	52	46	8	824	68	282	88	147	134	1 649
Agriculture, forestry, land use and fisheries	100	405	0	86	755	58	146	704	156	2 411
Water supply and wastewater	115	126	-	31	482	27	401*	80	16	1 278
Solid waste management	19	408	-	189	120	78	381*	112	140	1 447
Transport	398*	426	88	1 413	617	1 726	1 454*	388	192	6 704
Buildings, public installations and end-use energy efficiency	83	299	496	389	581	100	227	198	159	2 532

	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	Total
Information and communications technology (ICT) and digital technologies	-	-	-	6	225	-	-	2	66	298
Research, development and innovation	3	1	-	-	11	1	2	-	13	30
Cross-sectoral activities	304	466	116	114	2933	213	825	1898	143	7011
Total	1444	3652	1073	4730	6837	2970	5125	5914	1310	33055
(*) Considering the explanation provided in Figures 1a, 1b and 2 about ADB external resources, climate mitigation finance from AIIB financing for three projects reported under ERUM, amounting to \$105 million and \$788 million, is excluded from the Central Asia and South Asia climate mitigation amounts, respectively, to avoid double counting.										

2.4 CLIMATE CO-FINANCE IN LOW- AND MIDDLE-INCOME ECONOMIES, 2021

The multilateral development banks' climate co-finance is based on their harmonised definitions, which can be consulted in Section 1.3.

Table 20 shows 2021 climate co-finance flows as reported by each institution, segmented by the source of co-financing. These 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 banks jointly finance a project, which results in some overlap between the gross co-finance figures reported by the different organisations. Table 21 shows climate co-finance flows by adaptation and mitigation for low- and middle-income economies. In order to avoid double counting, the last column of Tables 21 and 22 nets out potentially double-counted co-financing by considering only the proportion of co-financing for every project that features co-financing from another multilateral development bank.

In the reference guide, the multilateral development banks 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;¹⁴ 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 the banks' own account and private co-finance, while the best effort is made to minimise double counting.

14 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 21 reflects the 2021 climate co-finance flows, including the direct and indirect mobilisation attributed to guarantees. The guarantee exposure of each multilateral development bank has been shown as “own account” in Tables 2, 22, 42 and 64.

Table 20. Climate co-finance flows by MDB and by thematic focus in low- and middle-income economies, 2021 (in \$ million)

	AfDB	ADB	AIIB	EBRD	EIB	IDBG	IsDB	WBG	Total climate co-finance	Correction for multiple MDB financing
Mitigation finance	1 935	2 785	704	8 752	6 133	2 131	5 127	8 566	36 133	28 844
Adaptation finance	4 034	2 388	3 773	312	797	229	1 756	5 063	18 351	14 759
Total	5 969	5 173	4 477	9 063	6 929	2 360	6 883	13 629	54 484	43 603

Table 21. Climate co-finance flows by MDB and by source in low- and middle-income economies, 2021 (in \$ million)

	AfDB	ADB	AIIB	EBRD	EIB	IDBG	IsDB	WBG	Total climate co-finance	Correction for multiple MDB financing
Public direct mobilisation	-	-	-	-	329	435	-	4 656	5 420	5 420
Public co-finance										
Other MDBs	1 913	83	2 043	2 068	1 203	-	4 067	1 158	12 536	12 536
IDFC members	561	556	73	580	905	780	83	72	3 610	2 753
Other international public	234	55	3	114	717	-	2 733	943	4 799	1 485
Other domestic public	2 474	3 523	2 358	969	2 409	205	-	85	12 022	8 407
Total private mobilisation										
Private direct mobilisation	-	98	-	449	55	591	-	3 421	4 614	4 614
Private indirect mobilisation	787	859	-	4 883	1 311	349	-	3 294	11 484	8 389
Total	5 969	5 173	4 477	9 063	6 929	2 360	6 883	13 629	54 484	43 603

MDB CLIMATE FINANCE IN HIGH-INCOME ECONOMIES, 2021

3.1 MDB CLIMATE FINANCE IN HIGH-INCOME ECONOMIES

In 2021, the multilateral development banks committed \$31.051 billion to high-income economies. Mitigation finance committed to high-income economies totalled \$29.475 billion, while adaptation finance totalled \$1.576 billion.

Table 22 shows MDB climate finance for high-income economies. Of the \$31.051 billion of climate finance committed to high-income economies, \$30.862 billion was from the multilateral development banks' own accounts and \$189 million from external resources that were channelled through them.

Table 22. MDB climate finance in high-income economies, 2021 (in \$ million)

	AfDB	ADB	AIIB	EBRD	EIB	IDBG	IsDB	WBG	Total
Own account	-	1	88	1 594	28 055	659	0	465	30 862
MDB-managed external resources	-	1	-	5	79	79	-	26	189
MDB climate finance	-	2	88	1 599	28 134	738	0	490	31 051
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 multilateral development banks' own accounts and the MDB-managed external resources.									
3. "Total MDB operations" refers to the sum of the multilateral development banks' own accounts and MDB-managed external resources.									
4. For IsDB, the 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).									

Table 23 shows the multilateral development banks' climate finance for high-income economies for adaptation and mitigation.

Table 23. MDB climate finance by scope in high-income economies, 2021 (in \$ million)

MDB	Adaptation finance	Mitigation finance	MDB climate finance
AfDB	-	-	-
ADB	2	0	2
AIIB	-	88	88
EBRD	-	1 599	1 599
EIB	1 191	26 943	28 134
IDBG	260	478	738
IsDB	0	-	0
WBG	123	367	490
Total	1 576	29 475	31 051

3.1.1 MDB CLIMATE FINANCE BY TYPE OF RECIPIENT OR BORROWER IN HIGH-INCOME ECONOMIES

The multilateral development banks report on the nature of first recipients or borrowers¹⁵ of their climate finance (those to which finance will flow directly from the MDBs), differentiating between public and private recipients or borrowers. Total commitment varies significantly between the banks' own accounts and MDB-managed external resources, as Table 25 illustrates. Table 24 shows the split by type of recipient or borrower for the banks' own accounts and for MDB-managed external resources.

Table 24. MDB climate finance by source of funds and by type of recipient or borrower in high-income economies, 2021 (in \$ million)

Type of recipient or borrower	MDB own account	MDB-managed external resources
Public recipient/borrower	19 118	67
Private recipient/borrower	11 744	122
Total	30 862	189

Table 25. MDB climate finance by type of recipient or borrower of recipient or borrower in high-income economies, 2021 (in \$ million)

MDB	Private	Public
AfDB	-	-
ADB	-	2
AIIB	88	-
EBRD	1 473	125
EIB	9 702	18 431
IDBG	251	487
IsDB	-	0
WBG	351	139
Total	11 866	19 185

(*) Considering the explanation provided in Figures 1a, 1b and 2 about ADB external resources, and excluding the three AIIB projects reported under ERUM to avoid double counting, ADB's climate finance for low- and middle-income economies from public resources is \$3.392 billion. This means that ADB's total climate finance from public resources is \$3.394 billion considering all the economies.

¹⁵ See [Annex C.1](#) for the definitions of public and private recipients or borrowers.

3.1.2 MDB CLIMATE FINANCE BY TYPE OF INSTRUMENT IN HIGH-INCOME ECONOMIES

The multilateral development banks reported that 90% of high-income economies' climate finance was committed through investment loans, followed by lines of credit, which account for 4% of the total. Illustrative examples of various types of instrument are presented in tables in [Annex C.5](#).

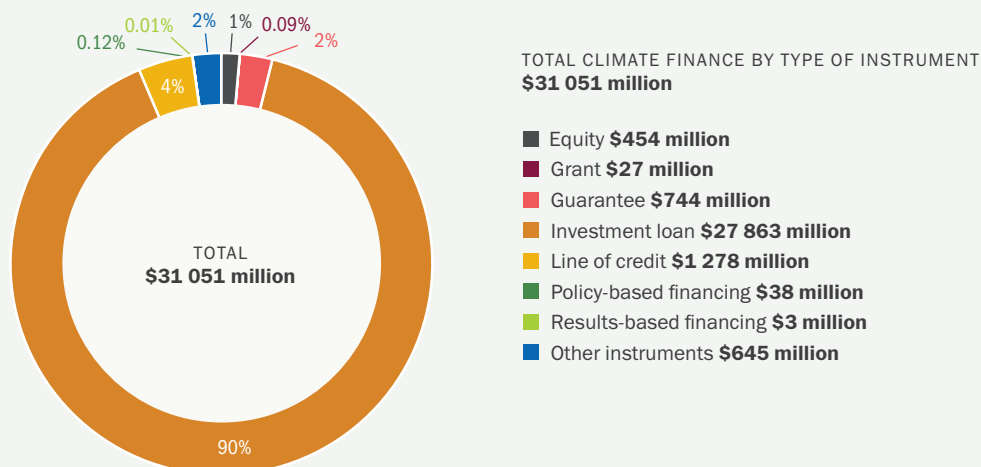
Table 26. MDB climate finance by type of instrument in high-income economies, 2021 (in \$ million)

Instrument type	Climate finance
Equity	454
Grant	27
Guarantee	744
Investment loan	27 863
Line of credit	1 278
Policy-based financing	38
Results-based financing	3
Other instruments	645
Total	31 051

Notes:

1. [Annex C.5](#) defines the various types of instrument.
2. Other instruments include advisory services and bonds. Some multilateral development banks report eligible bonds under the category of investment loans.

Figure 10. MDB climate finance by type of instrument in high-income economies, 2021 (in \$ million)



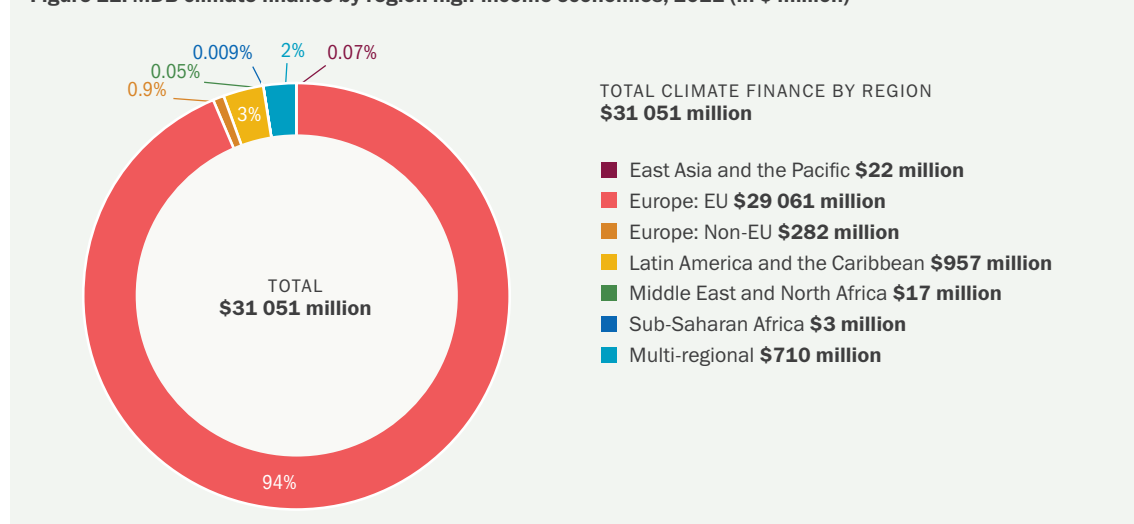
3.1.3 MDB CLIMATE FINANCE BY REGION IN HIGH-INCOME ECONOMIES

Table 27 shows total climate finance by region. The largest proportions of climate finance were in the East Asia and the Pacific region.

Table 27. MDB climate finance by region, in high-income economies 2021 (in \$ million)

Region	Climate finance
Central Asia	-
East Asia and the Pacific	22
Europe: EU	29 061
Europe: Non-EU	282
Latin America and the Caribbean	957
Middle East and North Africa	17
South Asia	-
Sub-Saharan Africa	3
Multi-regional	710
Total	31 051

Figure 11. MDB climate finance by region high-income economies, 2021 (in \$ million)



3.2 MDB ADAPTATION FINANCE IN HIGH-INCOME ECONOMIES, 2021

Of the \$19.187 billion committed to adaptation finance in 2021, \$1.576 billion, or 8%, was committed to high-income economies.

Table 28 presents the 2021 adaptation figures from the multilateral development banks for high-income economies, with a breakdown of climate adaptation finance committed by them from their own accounts and from MDB-managed external resources.

Table 28. MDB adaptation finance by MDB according to source of funds in high-income economies, 2021 (in \$ million)

	AfDB	ADB	AIIB	EBRD	EIB	IDBG	IsDB	WBG	Total
MDB own account	-	1	-	-	1 191	259	-	97	1 548
MDB-managed external resources	-	1	-	-	-	1	-	26	28
Total	-	2	-	-	1 191	257	-	123	1 576

Table 29 shows a breakdown by type of recipient or borrower.

Table 29. MDB adaptation finance by MDB and by type of recipient or borrower in high-income economies, 2021 (in \$ million)

MDB	Private	Public
AfDB	-	-
ADB	-	2
AIIB	-	-
EBRD	-	-
EIB	127	1064
IDBG	3	257
IsDB	-	0
WBG	-	123
Total	130	1446

(*) Considering the explanation provided in Figures 1a, 1b and 2 about ADB external resources, and excluding the three AIIB projects reported under ERUM to avoid double counting, ADB's adaptation finance for low- and middle-income economies from public resources is \$1.236 billion. This means that ADB's total climate finance from public resources is \$1.238 billion considering all the economies.

Table 30 breaks down MDB adaptation finance by the type of instrument. The multilateral development banks reported that 94% of adaptation finance in high-income economies was committed through investment loans.

Table 30. MDB adaptation finance by MDB and by type of instrument in high-income economies, 2021 (in \$ million)

Instrument type	Adaptation finance
Equity	16
Grant	17
Guarantee	-
Investment loan	1 477
Line of credit	29
Policy-based financing	30
Results-based financing	3
Other instruments	4
Total	1 576

Figure 12. MDB adaptation finance by type of instrument in high-income economies, 2021 (in \$ million)

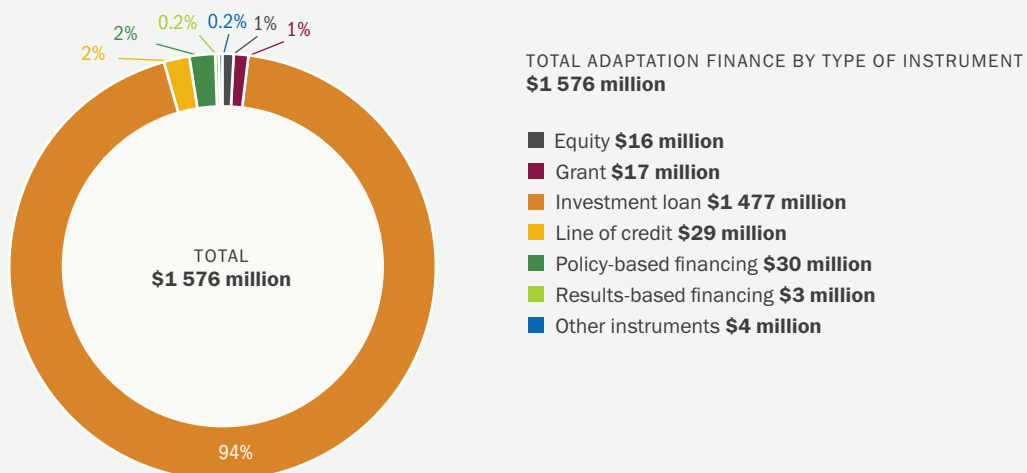


Table 31 shows total adaptation finance in high-income economies by region. The largest proportions of adaptation finance were in Europe: EU and Latin America and the Caribbean.

Table 31. MDB adaptation finance by region in high-income economies, 2021 (in \$ million)

Region	Adaptation finance
Central Asia	-
East Asia and the Pacific	2
Europe: EU	1 201
Europe: Non-EU	-
Latin America and the Caribbean	273
Middle East and North Africa	-
South Asia	-
Sub-Saharan Africa	3
Multi-regional	98
Total	1 576

Figure 13. MDB adaptation finance in by region high-income economies, 2021 (in \$ million)

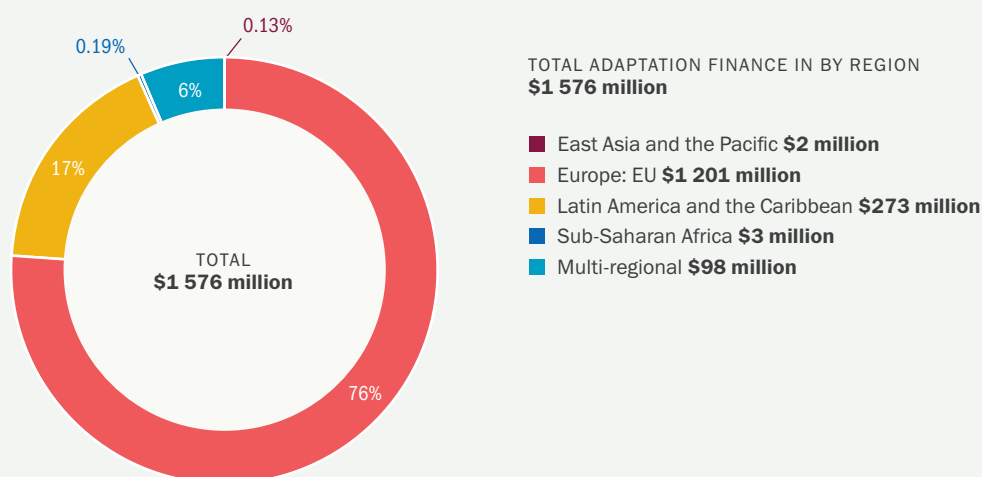
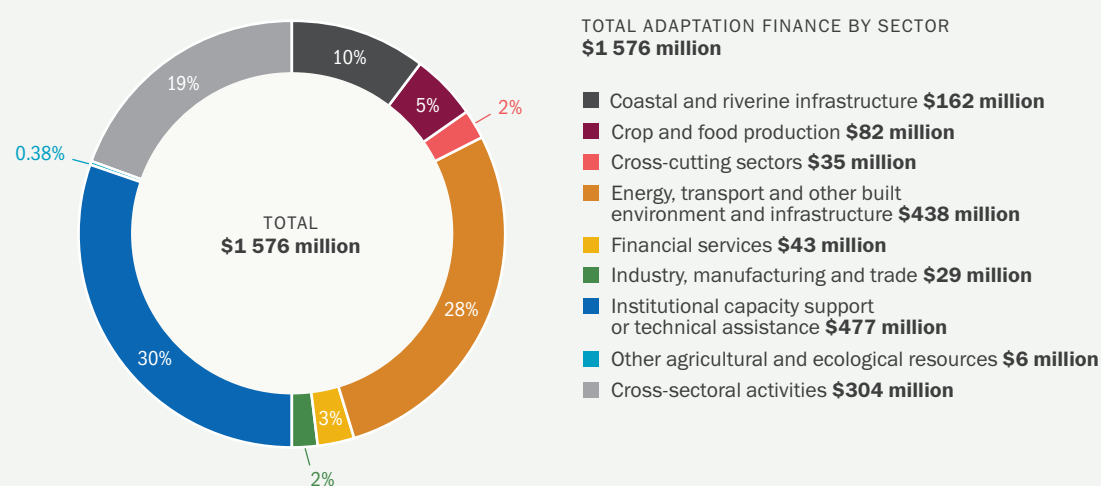


Table 32 reports MDB adaptation finance for high-income economies by sector, with 30% in institutional capacity support or technical assistance, followed by 28% in energy, transport and other built environment and infrastructure and 19% in water and wastewater systems.

Table 32. MDB adaptation finance by sector in high-income economies, 2021 (in \$ million)

Sector group	Adaptation finance
Coastal and riverine infrastructure	162
Crop and food production	82
Cross-cutting sectors	35
Energy, transport and other built environment and infrastructure	438
Financial services	43
Industry, manufacturing and trade	29
Information and communications technology	-
Institutional capacity support or technical assistance	477
Other agricultural and ecological resources	6
Water and wastewater systems	304
Total	1 576

Figure 14. MDB adaptation finance by sector in high-income economies, 2021 (in \$ million)



Adaptation finance by region, for high-income economies, with a further breakdown by sector, is presented in Table 33.

Table 33. MDB adaptation finance by sector and by region in high-income economies, 2021 (in \$ 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	Total
Coastal and riverine infrastructure	-	-	-	-	86	-	-	-	77	162
Crop and food production	-	1	78	-	3	-	-	-	0	82
Cross-cutting sectors	-	1	-	-	31	-	-	3	1	35
Energy, transport and other built environment and infrastructure	-	-	393	-	29	-	-	-	16	438
Financial services	-	-	37	-	5	-	-	-	1	42
Industry, manufacturing and trade	-	-	27	-	-	-	-	-	2	29
Information and communications technology	-	-	-	-	-	-	-	-	-	-
Institutional capacity support or technical assistance	-	-	372	-	104	-	-	-	1	477

	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	Total
Other agricultural and ecological resources	-	-	6	-	-	-	-	-	-	6
Water and wastewater systems	-	-	288	-	16	-	-	-	0	304
Total	-	2	1 201	-	273	-	-	3	98	1 576

3.3 MDB MITIGATION FINANCE IN HIGH-INCOME ECONOMIES, 2021

In 2021, the multilateral development banks reported a total of \$63.530 billion in financial commitments for the mitigation of climate change, with \$29.475 billion, or 46%, committed to high-income economies.

Table 34 provides a breakdown of climate change mitigation finance committed by the multilateral development banks from MDB own-account and external resources in high-income economies.

Table 34. MDB mitigation finance by MDB, according to source of funds in high-income economies, 2021 (in \$ million)

	AfDB	ADB	AIIB	EBRD	EIB	IDBG	IsDB	WBG	Total
MDB own account	-	-	88	1 594	26 864	400	-	367	29 314
MDB-managed external resources	-	-	-	5	79	78	-	-	161
Total	-	-	88	1 599	26 943	478	-	367	29 475

Table 35 shows a breakdown by type of recipient or borrower.

Table 35. MDB mitigation finance by MDB and by type of recipient or borrower in high-income economies, 2021 (in \$ million)

MDB	Private	Public
AfDB	-	-
ADB	-	0
AIIB	88	-
EBRD	1 473	125
EIB	9 575	17 367
IDBG	248	230
IsDB	-	-
WBG	351	16
Total	11 736	17 739

(*) Considering the explanation provided in Figures 1a, 1b and 2 about ADB external resources, and excluding the three AIIB projects reported under ERUM to avoid double counting, ADB's climate finance for low- and middle-income economies (and all the economies) from public resources is \$2.156 billion.

Table 36 breaks down MDB mitigation finance by type of instrument. The multilateral development banks reported that 90% of total mitigation finance was committed through investment loans in high-income economies.

Table 36. MDB mitigation finance by MDB and by type of instrument in high-income economies, 2021 (in \$ million)

Instrument type	Mitigation finance
Equity	438
Grant	10
Guarantee	744
Investment loan	26 386
Line of credit	1 249
Policy-based financing	8
Results-based financing	0
Other instruments	641
Total	29 475

Figure 15. MDB mitigation finance by type of instrument in high-income economies, 2021 (in \$ million)

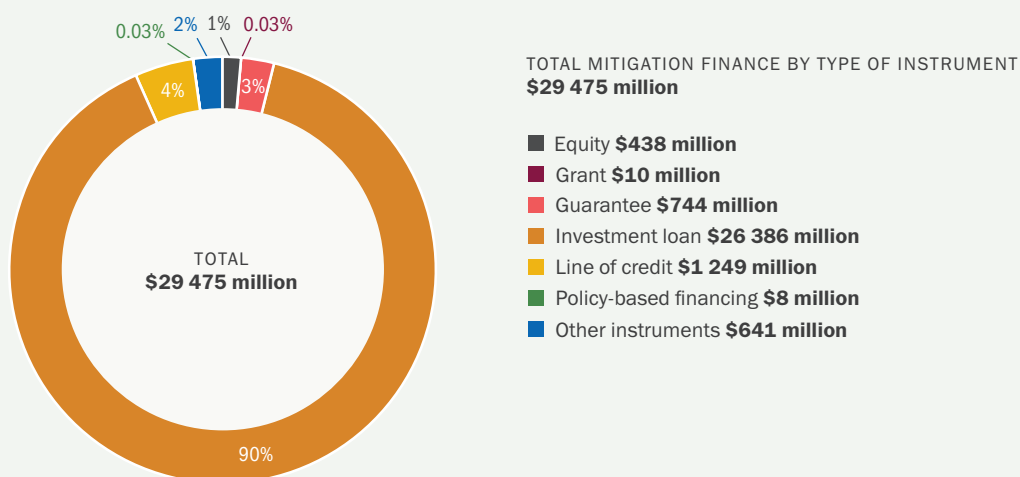


Table 37 shows total mitigation finance by region. The largest proportions of mitigation finance for high-income economies were for Europe: EU.

Table 37. MDB mitigation finance by MDB and by region in high-income economies, 2021 (in \$ million)

Region	Mitigation finance
Central Asia	-
East Asia and the Pacific	20
Europe: EU	27 860
Europe: Non-EU	282
Latin America and the Caribbean	684
Middle East and North Africa	17
South Asia	-
Sub-Saharan Africa	-
Multi-regional	613
Total	29 475

Figure 16. MDB mitigation finance by region in high-income economies, 2021 (in \$ million)

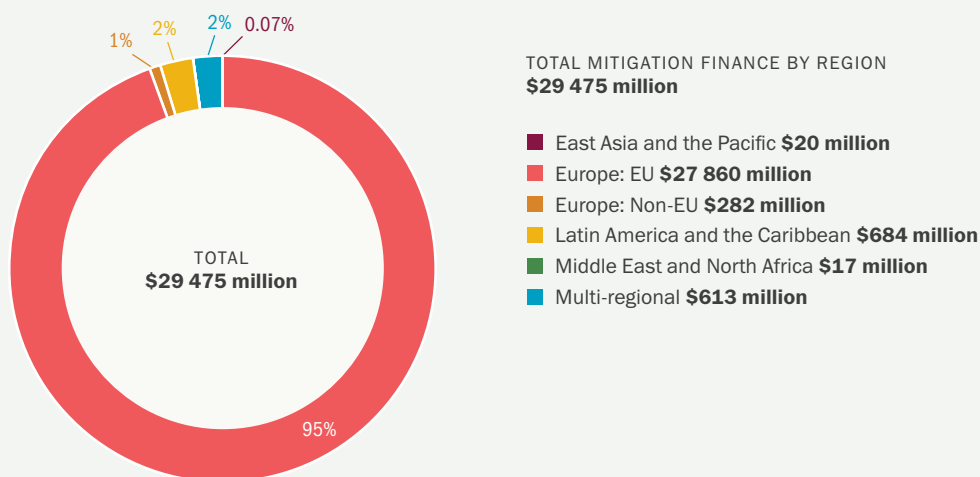
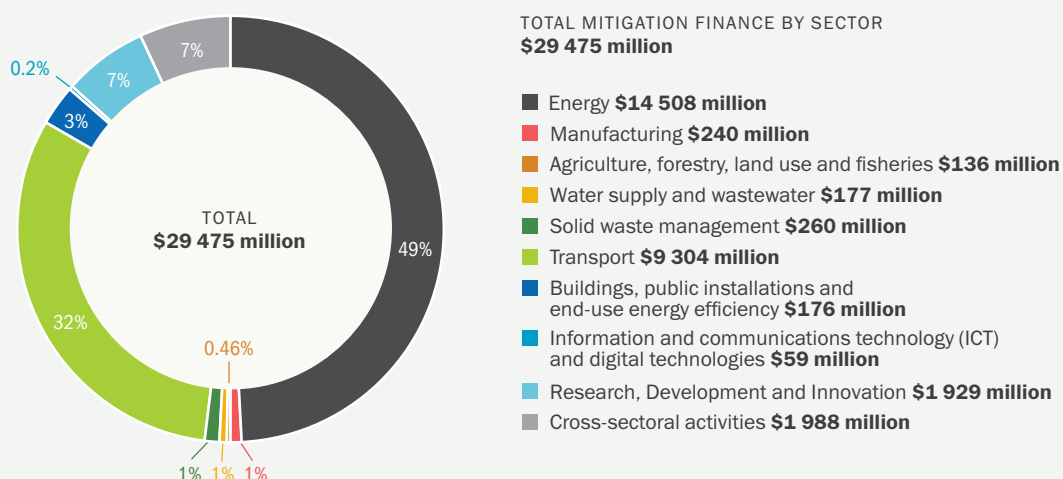


Table 38 reports MDB mitigation finance by sector in high-income economies, with 50% in energy, followed by 32% in transport.

Table 38. MDB mitigation finance by sector in high-income economies, 2021 (in \$ million)

Region	Mitigation finance
Energy	14 508
Mining and metal production for climate action	-
Manufacturing	240
Agriculture, forestry, land use and fisheries	136
Water supply and wastewater	177
Solid waste management	260
Transport	9 304
Buildings, public installations and end-use energy efficiency	874
Information and communications technology (ICT) and digital technologies	59
Research, development and innovation	1 929
Cross-sectoral activities	1 988
Total	29 475

Figure 17. MDB mitigation finance by sector in high-income economies, 2021 (in \$ million)



Mitigation finance by region for high-income economies, with a further breakdown by sector, is presented in Table 39.

Table 39. MDB mitigation finance by sector and by region in high-income economies, 2021 (in \$ 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	Total
Energy	-	20	13 695	215	418	-	-	-	159	14 508
Mining and metal production for climate action	-	-	-	-	-	-	-	-	-	-
Manufacturing	-	-	157	-	7	-	-	-	76	240
Agriculture, forestry, land use and fisheries	-	-	108	-	3	8	-	-	17	136
Water supply and wastewater	-	-	177	-	-	-	-	-	0	177
Solid waste management	-	-	235	-	10	-	-	-	15	260
Transport	-	-	9 203	-	0	-	-	-	101	9 304
Buildings, public installations and end-use energy efficiency	-	-	671	-	34	-	-	-	169	874
Information and communications technology (ICT) and digital technologies	-	-	-	-	-	-	-	-	59	59
Research, development and innovation	-	-	1 849	66	-	9	-	-	5	1 929
Cross-sectoral activities	-	0	1 764	-	213	-	-	-	12	1 988
Total	-	20	27 860	282	684	17	-	-	613	29 475

3.4 CLIMATE CO-FINANCE IN HIGH-INCOME ECONOMIES, 2021

The multilateral development banks' climate co-finance is based on their harmonised definitions, which can be consulted in Section 1.3.

Table 40 shows climate co-finance flows by adaptation and mitigation for high-income countries. In order to avoid double counting, the last column of Tables 40 and 41 nets out potentially double-counted co-financing by considering only the proportion of co-financing for every project that features co-financing from another multilateral development bank. These figures are also listed in Table 45 in [Annex A.1](#), alongside each bank's own climate finance flows.

Table 40. Climate co-finance flows by MDB and by thematic focus in high-income economies, 2021 (in \$ million)

	AfDB	ADB	AIIB	EBRD	EIB	IDBG	IsDB	WBG	Total climate co-finance	Correction for multiple MDB financing
Mitigation finance	-	-	14	8 741	46 653	422	-	1 059	56 889	56 036
Adaptation finance	-	0	-	-	619	5	-	41	665	665
Total	-	0	14	8 741	47 272	427	-	1 100	57 554	56 701

Table 41. Climate co-finance flows by MDB and by source in high-income economies, 2021 (in \$ million)

	AfDB	ADB	AIIB	EBRD	EIB	IDBG	IsDB	WBG	Total climate co-finance	Correction for multiple MDB financing
Public direct mobilisation	-	-	-	-	75	0	-	41	116	116
Public co-finance										
Other MDBs	-	-	-	71	-	-	-	16	87	87
IDFC members	-	-	-	-	29	-	-	-	29	29
Other international public	-	-	-	-	12 411	-	-	203	12 613	12 411
Other domestic public	-	0	14	-	15 798	17	-	-	15 828	15 828
Total private mobilisation										
Private direct mobilisation	-	-	-	6	944	389	-	241	1 580	1 580
Private indirect mobilisation	-	-	-	8 665	18 015	21	-	600	27 299	26 649
Total	-	0	14	8 741	47 272	427	-	1 100	57 554	56 701

ANNEX A

FURTHER DETAILED ANALYSIS OF MDB CLIMATE FINANCE DATA

The MDB 2021 climate finance commitments are presented in this year's report in two separate chapters: Chapter II) low-income and middle-income economies, a grouping that includes low, lower-middle and upper-middle income economies, and Chapter III) high-income economies. More detailed analysis, data that cannot easily be split by income level such as Climate Finance for SIDS, and global aggregated MDB data are provided in this annex. Data in this annex provide for data comparability of this year's report with previous years' reports.

Figure 18 outlines MDB climate finance commitments by income group, showing low- and middle-income economies separately from high income economies. For data on climate finance in all countries of operation including for earlier reporting periods back to 2015, refer to Annex B.

Figure 18. MDB climate finance by income levels of borrowing or recipient economies, 2019-21 (in \$ billion)

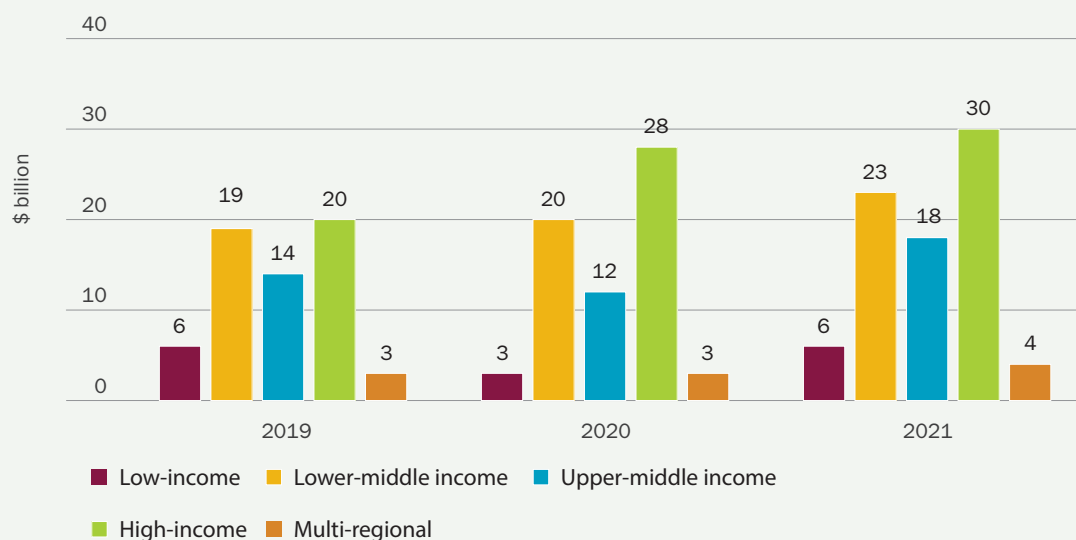


Figure 19. Total MDB climate finance commitments in all economies where the multilateral development banks operate, 2021 (in \$ million)

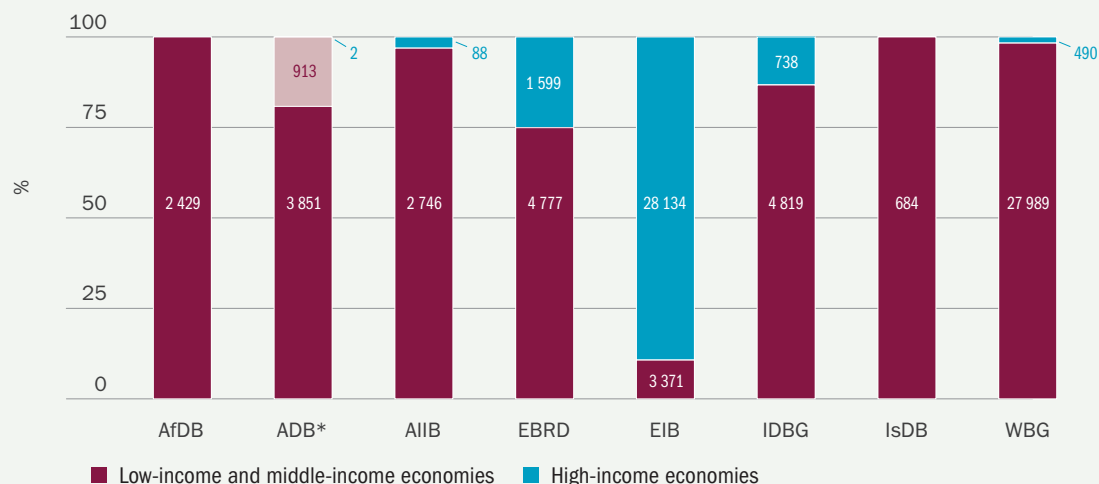


Table 42 presents data on MDB climate finance and climate co-finance by type of recipient or borrower¹⁶.

Table 42. Total MDB climate finance and net climate co-finance by economy income group and by type of recipient or borrower, 2021 (in \$ million)

MDB CLIMATE FINANCE		
	For low- and middle-income economies	For high-income economies
Mitigation	33 055	29 475
Adaptation	17 611	1 576
Public	40 210	19 185
Private	10 456	11 866
CLIMATE CO-FINANCE		
	For low- and middle-income economies	For high-income economies
Mitigation	28 844	56 036
Adaptation	14 759	665
Public	30 600	28 471
Private	13 003	28 230

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% of the stakes or shares of the recipient or borrower are publicly owned.

Table 43 shows MDB climate finance for all economies where they operate.

Table 43. MDB climate finance, 2021 (in \$ million)

	AFDB	ADB	AIIB	EBRD	EIB	IDBG	ISDB	WBG	TOTAL MDBs
For low- and middle-income economies									
Own account	2 020	3 552	2 746	4 500	3 256	4 372	684	26 110	47 240
MDB-managed external resources	409	1 212	-	276	115	448	-	1 879	3 426
For high-income economies									
Own account	-	1	88	1 594	28 055	659	0	465	30 862
MDB-managed external resources	-	1	-	5	79	79	-	26	189
<i>Climate finance from MDB own account, as a percentage of MDB operations from MDB own account</i>	44%	18%	29%	49%	49%	24%	31%	32%	36%

16 See [Annex C.1](#) for the definitions of public and private recipients or borrowers.

	AfDB	ADB	AIIB	EBRD	EIB	IDBG	ISDB	WBG	TOTAL MDBs
<i>MDB climate finance as a percentage of total MDB operations</i>	41%	21%	29%	50%	41%	25%	31%	32%	34%
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. For IsDB, the 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 (ICIE)									
5. (*) Considering the explanation provided in Figures 1a, 1b and 2 about ADB external resources, climate finance from AIIB financing for three projects, amounting to \$913 million, reported under ERUM is excluded from the MDB total amounts to avoid double counting. Subtracting this amount from ADB's total climate finance yields \$3.853 billion.									
(**) AIIB financing for ADB projects amounting to \$1.421 billion was subtracted from total MDB operations to avoid double counting.									

ANNEX A.1 TOTAL MDB CLIMATE FINANCE

This annex presents aggregate information on climate finance in low-and middle-income economies and high-income economies.

Table 44 shows MDB adaptation and mitigation finance for all economies where they operate.

Table 44. Total MDB climate finance, 2021 (in \$ million)

FOR LOW- AND MIDDLE-INCOME ECONOMIES			
MDB	Adaptation finance	Mitigation finance	MDB climate finance
AfDB	1 549	880	2 429
ADB	1 326	3 438	4 764
AIIB	651	2 096	2 746
EBRD	336	4 441	4 777
EIB	381	2 990	3 371
IDBG	1 688	3 131	4 819
IsDB	252	432	684
WBG	11 448	16 541	27 989
Total	17 611	33 055	50 666*
FOR HIGH-INCOME ECONOMIES			
MDB	Adaptation finance	Mitigation finance	MDB climate finance
AfDB	-	-	-
ADB	2	0	2
AIIB	-	88	88
EBRD	-	1 599	1 599
EIB	1 191	26 943	28 134
IDBG	260	478	738
IsDB	0	-	0
WBG	123	367	490
Total	1 576	29 475	31 051

The multilateral development banks report on the nature of first recipients or borrowers¹⁷ of their climate finance (those to which finance will flow directly from the MDBs), differentiating between public and private recipients or borrowers. Total commitment varies significantly between the banks' own accounts and MDB-managed external resources, as Table 45 illustrates. Table 46 shows the split by type of recipient or borrower for the banks' own accounts and for MDB-managed external resources.

Table 45. Total MDB climate finance by source of funds and by type of recipient or borrower, 2021 (in \$ million)

FOR LOW- AND MIDDLE-INCOME ECONOMIES		
Type of recipient or borrower	MDB own account	MDB-managed external resources
Public recipient or borrower	37 561	2 649*
Private recipient or borrower	9 679	777
Total	47 240	3 426
FOR HIGH-INCOME ECONOMIES		
Type of recipient or borrower	MDB own account	MDB-managed external resources
Public recipient or borrower	19 118	67
Private recipient or borrower	11 744	122
Total	30 862	189

(*) Considering the explanation provided in Figures 1a, 1b and 2 about ADB external resources, climate finance from AIIB financing for three projects, amounting to \$913 million, reported under ERUM is excluded from the MDB amount for public recipient or borrower to avoid double counting.

Table 46. Total MDB climate finance by type of recipient or borrower, 2021 (in \$ million)

MDB	FOR LOW- AND MIDDLE-INCOME ECONOMIES		FOR HIGH-INCOME ECONOMIES	
	Private	Public	Private	Public
AfDB	510	1 919	-	-
ADB	459	4 305	-	2
AIIB	374	2 373	88	-
EBRD	2 807	1 970	1 473	125
EIB	582	2 789	9 702	18 431
IDBG	833	3 986	251	487
IsDB	-	684	-	0
WBG	4 891	23 098	351	139
Total	10 456	40 210	11 866	19 185

(*) Considering the explanation provided in Figures 1a, 1b and 2 about ADB external resources, climate finance from AIIB financing for three projects, amounting to \$913 million, reported under ERUM is excluded from the MDB amount for public recipient or borrower to avoid double counting.

Illustrative examples of various type of instrument are presented in tables in [Annex C.5](#).

Table 47. Total MDB climate finance by type of instrument, 2021 (in \$ million)

Instrument type	For low- and middle-income economies	For high-income economies
Equity	830	454
Grant	4 259	27
Guarantee	1 651	744
Investment loan	36 039*	27 863

17 See Annex C.1 for the definitions of public and private recipients or borrowers

Line of credit	171	1 278
Policy-based financing	4 000	38
Results-based financing	2 114	3
Other instruments	1 602	645
Total	50 666	31 051
Notes:		
1. Annex C.5 defines the various types of instrument.		
2. Other instruments include advisory services and bonds. Some multilateral development banks report eligible bonds under the category of investment loans.		
(*) Considering the explanation provided in Figures 1a, 1b and 2 about ADB external resources, climate finance from AIIB financing for three projects, amounting to \$913 million, reported under ERUM is excluded from the MDB amount for investment loan or borrower to avoid double counting.		

Table 48 shows MDB climate finance commitments by region.¹⁸

Table 48. Total MDB climate finance by region, 2021 (in \$ million)

Region	For low- and middle-income economies	For high-income economies
Central Asia	1 929 *	-
East Asia and the Pacific	5 960	22
Europe: EU	1 170	29 061
Europe: Non-EU	5 272	282
Latin America and the Caribbean	9 820	957
Middle East and North Africa	4 071	17
South Asia	8 159 *	-
Sub-Saharan Africa	12 760	3
Multi-regional	1 524	710
Total	50 666	31 051
(*) Considering the explanation provided in Figures 1a, 1b and 2 about ADB external resources, climate finance from AIIB financing for three projects reported under ERUM, amounting to \$108 million and \$805 million, is excluded from the Central Asia and South Asia total amounts, respectively, to avoid double counting.		

MDB climate finance allocated to small island states and to least developed economies is presented in Table 49.

Least developed economies are defined according to the UNFCCC criteria¹⁹ and presented based on the UNFCCC list.²⁰ Small island states are defined according to the Alliance of Small Island States (AOSIS) list.²¹ Economies considered to be least developed economies and/or small island states are listed in [Annex B](#).

Table 49. MDB climate finance for least developed economies and small island states, 2021 (in \$ million)

	Mitigation finance	Adaptation finance	Total
Least developed economies that are not small island states	3 721	5 227	8 948
Small island states that are not least developed economies	571	511	
Least developed economies and small island economies	95	124	218
Note:			
Some small island states are classified as high-income economies. However, income levels are not a relevant metric in this context, as they are highly vulnerable to climate change and require vast support for resilience measures.			

18 See [Table B.1](#) for regional groupings.

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

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

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

ANNEX A.2 TOTAL MDB ADAPTATION FINANCE

Of the \$81.717 billion invested in climate finance in 2021, a total of \$19.187 billion was committed to climate change adaptation finance.

Table 50 presents the 2021 adaptation figures for the multilateral development banks for all the economies, with a breakdown of climate change adaptation finance committed by the banks from their own accounts and from MDB-managed external resources by income economies.

Table 50. Total MDB adaptation finance in all the economies by MDB according to source of funds, 2021 (in US million)

MDB	FOR LOW- 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	1 325	224	-	-	1 325	224
ADB	1 278	48	1	1	1 279	49
AIIB	651	-	-	-	651	-
EBRD	302	34	-	-	302	34
EIB	328	54	1 191	-	1 519	54
IDBG	1 655	33	259	1	1 914	34
IsDB	252	-	0	-	252	-
WBG	10 626	822	97	26	10 724	847
Total	16 417	1 193.7*	1 548	28	17 966	1 221*

(*) Considering the explanation provided in Figures 1a, 1b and 2 about ADB external resources, climate adaptation finance from AIIB financing for three projects amounting to \$20 million reported under ERUM is excluded from the MDB total adaptation amount to avoid double counting.

Table 51. Total MDB adaptation finance by MDB and by type of recipient or borrower, 2021 (in \$ million)

MDB	Private	Public
AfDB	275	1 274
ADB	70	1 258*
AIIB	1	650
EBRD	54	282
EIB	173	1 400
IDBG	59	1 889
IsDB	-	252
WBG	37	11 534
Total	669	18 519

(*) Considering the explanation provided in Figures 1a, 1b and 2 about ADB external resources, climate adaptation finance from AIIB financing for three projects amounting to \$20 million reported under ERUM is excluded from the MDB total adaptation amount to avoid double counting.

Table 52 breaks down total MDB adaptation finance by the type of instrument. The multilateral development banks reported that 65% of adaptation finance for all economies was committed through investment loans, followed by grants and policy-based lending.

Table 52. Total MDB adaptation finance by type of instrument, 2021 (in \$ million)

Instrument type	Total
Equity	38
Grant	2 648
Guarantee	145
Investment loan	12 531*
Line of credit	69
Policy-based financing	1 520
Results-based financing	1 182
Other instruments	1 054
Total	19 187

(*) Considering the explanation provided in Figures 1a, 1b and 2 about ADB external resources, climate adaptation finance from AIIB financing for three projects reported under ERUM, amounting to \$20 million, is excluded from the investment loan amount to avoid double counting.

Table 53 shows total adaptation finance for all the economies by region. The largest proportions of adaptation finance were reported in the following regions: Sub-Saharan Africa, Latin America and the Caribbean, and South Asia.

Table 53. Total MDB adaptation finance by region, 2021 (in \$ million)

Region	Total
Central Asia	485*
East Asia and the Pacific	2 310
Europe: EU	1 299
Europe: Non-EU	542
Latin America and the Caribbean	3 256
Middle East and North Africa	1 100
South Asia	3 034*
Sub-Saharan Africa	6 849
Multi-regional	312
Total	19 187

Table 54 reports total MDB adaptation finance by sector, with 26% in energy, transport and other built environment and infrastructure, followed by 16% in cross-cutting operations, and 15% in water and wastewater systems.

Table 54. Total MDB adaptation finance by sector, 2021 (in \$ million)

Sector group	Total
Coastal and riverine infrastructure	694
Crop and food production	1 781
Cross-cutting sectors	3 087
Energy, transport and other built environment and infrastructure	4 985*
Financial services	1 875
Industry, manufacturing and trade	61
Information and communications technology	176
Institutional capacity support or technical assistance	2 877*
Other agricultural and ecological resources	681*
Water and wastewater systems	2 970*
Total	19 187

(*) Considering the explanation provided in Figures 1a, 1b and 2 about ADB external resources, climate adaptation finance from AIIB financing for three projects reported under ERUM, amounting to \$20 million, is excluded from relevant sectors to avoid double counting.

Adaptation finance by region, for all the economies, with a further breakdown by sector, is presented in Table 55.

Table 55. Total MDB adaptation finance by sector and by region, 2021 (in \$ 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	Total
Coastal and riverine infrastructure	-	33	-	-	165	-	164	179	153	694
Crop and food production	42	52	78	38	63	257	270	975	7	1 781
Cross-cutting sectors	139	569	3	36	542	247	477	1 068	6	3 087
Energy, transport and other built environment and infrastructure	210*	611	467	332	428	94	695*	2 132	17	4 985
Financial services	1	270	37	19	198	229	399	691	33	1 875
Industry, manufacturing and trade	0	-	27	2	-	13	-	13	6	61
Information and communications technology	7	-	-	4	14	8	18	126	-	176
Institutional capacity support or technical assistance	12	299	372	7	1 382	85	373*	314	33	2 877
Other agricultural and ecological resources	34	37	6	40	226	6	53*	227	52	681
Water and wastewater systems	41	439	308	64	239	162	586*	1 126	4	2 970
	485	2 310	1 299	542	3 256	1 100	3 034	6 849	312	19 187

(*) Considering the explanation provided in Figures 1a, 1b and 2 about ADB external resources, climate adaptation finance from AIIB financing for three projects reported under ERUM, amounting to \$3 million and \$17 million, is excluded from the Central Asia and South Asia climate adaptation amounts, respectively, to avoid double counting.

ANNEX A.3 TOTAL MDB MITIGATION FINANCE

In 2021, the multilateral development banks reported \$62.53 billion of climate change mitigation finance committed to all the economies.

Table 56 provides a breakdown of climate change mitigation finance committed by the multilateral development banks from their own-account and external resources for all economies where they operate.

Table 56. Total MDB mitigation finance by MDB, according to source of funds, 2021 (in \$ million)

MDB	FOR LOW- 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	695	185	-	-	695	185
ADB	2 274	1 164	0	-	2 274	1 164
AIIB	2 096	-	88	-	2 184	-
EBRD	4 198	243	1 594	5	5 792	247
EIB	2 929	61	26 864	79	29 793	140
IDBG	2 716	415	400	78	3 117	493
IsDB	432	-	-	-	432	-
WBG	15 483	1 057	367	-	15 851	1 057
Total	30 823	2 232*	29 314	161	60 137	2 393*

(*) Considering the explanation provided in Figures 1a, 1b and 2 about ADB external resources, climate mitigation finance from AIIB financing for three projects amounting to \$893 million reported under ERUM is excluded from the MDB total mitigation amount to avoid double counting.

Table 57 shows a breakdown by type of recipient or borrower.

Table 57. Total MDB mitigation finance by MDB and by type of recipient or borrower, 2021 (in \$ million)

MDB	Private	Public
AfDB	235	645
ADB	389	3 049*
AIIB	461	1 723
EBRD	4 226	1 813
EIB	10 112	19 821
IDBG	1 025	2 584
IsDB	-	432
WBG	5 205	11 703
Total	21 654	40 876

(*) Considering the explanation provided in Figures 1a, 1b and 2 about ADB external resources, climate mitigation finance from AIIB financing for three projects amounting to \$893 million reported under ERUM is excluded from the MDB total mitigation amount to avoid double counting.

Table 58 breaks down MDB mitigation finance by type of instrument. The multilateral development banks reported that 82% of total mitigation finance was committed through investment loans, followed by guarantees and policy-based lending.

Table 58. Total MDB mitigation finance by type of instrument, 2021 (in \$ million)

Instrument type	Total
Equity	1 245
Grant	1 638
Guarantee	2 250
Investment loan	51 371*
Line of credit	1 380
Policy-based financing	2 517

Instrument type	Total
Results-based financing	936
Other instruments	1 193
Total	62 530
(*) Considering the explanation provided in Figures 1a, 1b and 2 about ADB external resources, climate mitigation finance from AIIB financing for three projects reported under ERUM, amounting to \$893 million, is excluded from the investment loan amount to avoid double counting.	

Table 59 shows total mitigation finance by region. The largest proportions of mitigation finance were in the following regions: Europe: EU, Latin America and the Caribbean, Sub-Saharan Africa, and South Asia.

Table 59. Total MDB mitigation finance by region, 2021 (in \$ million)

Region	Total
Central Asia	1 444*
East Asia and the Pacific	3 673
Europe: EU	28 932
Europe: Non-EU	5 011
Latin America and the Caribbean	7 521
Middle East and North Africa	2 987
South Asia	5 125*
Sub-Saharan Africa	5 914
Multi-regional	1 922
Total	62 530
(*) Considering the explanation provided in Figures 1a, 1b and 2 about ADB external resources, climate mitigation finance from AIIB financing for three projects reported under ERUM, amounting to \$105 million and \$788 million, is excluded from the Central Asia and South Asia climate mitigation amounts, respectively, to avoid double counting.	

Table 60 reports MDB mitigation finance for all the economies by sector, with 39% going to the energy sector, followed by transport with 26%.

Table 60. Total MDB mitigation finance by sector, 2021 (in \$ million)

Region	Total
Energy	24 184*
Mining and metal production for climate action	18
Manufacturing	1 889
Agriculture, forestry, land use and fisheries	2 547
Water supply and wastewater	1 455*
Solid waste management	1 708*
Transport	16 007*
Buildings, public installations and end-use energy efficiency	3 406
Information and communications technology (ICT) and digital technologies	357
Research, development and innovation	1 960
Cross-sectoral activities	8 999
Total	62 530
(*) Considering the explanation provided in Figures 1a, 1b and 2 about ADB external resources, climate mitigation finance from AIIB financing for three projects reported under ERUM, amounting to \$893 million, is excluded from relevant sectors to avoid double counting.	

Mitigation finance by region for all the economies, with further breakdown by sector, is presented

in Table 61.

Table 61. Total MDB mitigation finance by sector and by region, 2021 (in \$ 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	Total
Energy	370	1 496	14 042	1 892	1 462	485	1 601*	2 386	450	24 184
Mining and metal production for climate action	-	-	18	-	-	-	-	-	-	18
Manufacturing	52	46	165	824	75	282	88	147	211	1 889
Agriculture, forestry, land use and fisheries	100	405	109	86	758	66	146	704	172	2 547
Water supply and wastewater	115	126	177	31	482	27	401*	80	16	1 455
Solid waste management	19	408	235	189	130	78	381*	112	155	1 708
Transport	398*	426	9 291	1 413	618	1 726	1 454*	388	293	16 007
Buildings, public installations and end-use energy efficiency	83	299	1 166	389	615	100	227	198	328	3 406
Information and communications technology (ICT) and digital technologies	-	-	-	6	225	-	-	2	125	357
Research, development and innovation	3	1	1 849	66	11	10	2	-	18	1 960
Cross-sectoral activities	304	466	1 879	114	3 146	213	825	1 898	154	8 999
Total	1 444	3 673	28 932	5 011	7 521	2 987	5 125	5 914	1 922	62 530

(*) Considering the explanation provided in Figures 1a, 1b and 2 about ADB external resources, climate mitigation finance from AIIB financing for three projects reported under ERUM, amounting to \$105 million and \$788 million, is excluded from the Central Asia and South Asia climate mitigation amounts, respectively, to avoid double counting.

ANNEX A.4 CLIMATE CO-FINANCE AND CLIMATE FINANCE RATIOS

The multilateral development banks' climate co-finance is based on their harmonised definitions, which can be consulted in Section 1.3.

Table 62 shows climate co-finance flows by adaptation and mitigation for all the economies where multilateral development banks operate. In order to avoid double counting, the last column of Tables 62 and 63 nets out potentially double-counted co-financing by considering only the proportion of co-financing for every project that features co-financing from another multilateral development bank.

Table 63 shows 2021 climate co-finance flows as reported by each institution, segmented by the source of co-financing. These 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 multilateral development banks jointly finance a project, which results in some overlap between the gross co-finance figures reported by the different banks. This table reflects the 2021 climate co-finance flows, including the direct and indirect mobilisation attributed to guarantees. The guarantee exposure of each multilateral development bank has been shown as “own account” in Tables 2, 23, 43 and 64.

Table 64 shows climate co-finance for low- and middle-income economies, high-income economies and totals, for each multilateral development bank. It also presents climate finance ratios for each MDB, calculated with total climate co-finance numbers from Table 62.

Table 62. Total climate co-finance flows by MDB and by thematic focus, 2021 (in \$ million)

FOR LOW- AND MIDDLE-INCOME ECONOMIES										
	AfDB	ADB	AIIB	EBRD	EIB	IDBG	IsDB	WBG	Total climate co-finance	Correction for multiple MDB financing
Mitigation finance	1 935	2 785	704	8 752	6 133	2 131	5 127	8 566	36 133	28 844
Adaptation finance	4 034	2 388	3 773	312	797	229	1 756	5 063	18 351	14 759
Total	5 969	5 173	4 477	9 063	6 929	2 360	6 883	13 629	54 484	43 603
FOR HIGH-INCOME ECONOMIES										
	AfDB	ADB	AIIB	EBRD	EIB	IDBG	IsDB	WBG	Total climate co-finance	Correction for multiple MDB financing
Mitigation finance	-	-	14	8 741	46 653	422	-	1 059	56 889	56 036
Adaptation finance	-	0	-	-	619	5	-	41	665	665
Total	-	0	14	8 741	47 272	427	-	1 100	57 554	56 701
TOTAL CLIMATE CO-FINANCE										
	AfDB	ADB	AIIB	EBRD	EIB	IDBG	IsDB	WBG	Total climate co-finance	Correction for multiple MDB financing
Mitigation finance	1 935	2 785	718	17 493	52 786	2 553	5 127	9 625	93 022	84 880
Adaptation finance	4 034	2 388	3 773	312	1 415	234	1 756	5 104	19 016	15 423
Total	5 969	5 173	4 491	17 805	54 201	2 787	6 883	14 729	112 038	100 303

Table 63. Total climate co-finance flows by MDB and by source, 2021 (in \$ million)

	AfDB	ADB	AIIB	EBRD	EIB	IDBG	IsDB	WBG	Total climate co-finance	Correction for multiple MDB financing
	For low- and middle-income economies	For low- and middle-income economies	For low- and middle-income economies	For low- and middle-income economies	For low- and middle-income economies	For low- and middle-income economies	For low- and middle-income economies	For low- and middle-income economies		
Public direct mobilisation	-	-	-	-	329	435	-	4,656	5 536	5 536
Public co-finance	-	-	-	-	-	-	-	-	-	-
Other MDBs	1 913	83	2 043	2 068	1 203	-	4 067	1 158	12 623	12 623
IDFC members	561	556	73	580	905	780	83	72	3 639	2 782
Other international public	234	55	3	114	717	-	2 733	943	17 412	13 896
Other domestic public	2 474	3 523	2 358	969	2 409	205	-	85	27 851	24 235
Total private mobilisation	-	-	-	-	-	-	-	-	-	-
Private direct mobilisation	-	98	-	449	55	591	-	3 421	6 195	6 195
Private in direct mobilisation	787	859	-	4 883	1 311	349	-	3 294	38 783	35 038
Total	5 969	5 173	4 491	17 805	54 201	2 787	6 883	14 729	112 038	100 303

- Note:
1. Co-financing figures are current as of 13 May 2022. 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".

Table 64. Total MDB climate co-finance and climate finance ratios, 2021

	AFDB	ADB	AIIB	EBRD	EIB	IDBG	IsDB	WBG	Total								
Climate co-finance	For low- and middle-income economies	For low- and middle-income economies	For low- and middle-income economies	For low- and middle-income economies	For low- and middle-income economies	For low- and middle-income economies	For low- and middle-income economies	For low- and middle-income economies									
Climate finance by MDB	2 429	-	4 764*	2	2 746	88	4 777	1 599	3 371	28 134	4 819	738	684	0	27 989	490	81 717*
Climate co-finance	5 969	-	5 173	-	4 477	14	9 063	8 741	6 929	47 272	2 360	427	6 883	-	13 629	1 100	112 021
Correction for multiple MDB financing	(2 114)	-	(39)	-	(1 328)	-	(1 079)	(65)	(562)	-	-	-	(2 602)	-	(3 158)	(788)	(11 718)
MDB climate activity finance	6 283	-	9 898	2	5 895	102	12 761	10 275	9 739	75 405	7 180	1 165	4 965	0	38 460	802	182 020*
Total MDB climate activity finance	6 283	9 900	5 997	23 037	85 145	8 345	4 965	39 262	182 020								
Climate finance ratios	AFDB	ADB	AIIB	EBRD	EIB	IDBG	IsDB	WBG	Total								
Climate finance from MDB own account, as a percentage of MDB operations from MDB own account	44%	18%	29%	49%	49%	24%	31%	32%	36%								
MDB climate finance as a percentage of total MDB operations	41%	21%	29%	50%	41%	25%	31%	32%	34%								
Note:																	
1. The AIIB's 2021 climate finance share was calculated including projects financed through the Bank's COVID-19 Crisis Recovery Facility (CRF). This share would be 48% if CRF projects were excluded. The nature of AIIB CRF projects means that they have few or no climate finance components.																	
2. "Total MDB climate activity finance" refers to the sum of "Total MDB climate finance" and "Climate co-finance".																	
3. (*) Considering the explanation provided in Figures 1a, 1b and 2 about ADB external resources, ADB administers financing from AIIB for several projects, some of which have components that contribute to climate finance. For 2021, ADB reports climate adaptation finance of \$20 million and climate mitigation finance of \$893 million from ADB-administered financing from AIIB. To avoid double counting, these amounts are excluded from the 2021 total MDB amounts as AIIB reports climate finance for the same projects as a share of their financing under own resources.																	

Note:

1. The AIIB's 2021 climate finance share was calculated including projects financed through the Bank's COVID-19 Crisis Recovery Facility (CRF). This share would be 48% if CRF projects were excluded. The nature of AIIB CRF projects means that they have few or no climate finance components.
2. "Total MDB climate activity finance" refers to the sum of "Total MDB climate finance" and "Climate co-finance".
3. (*) Considering the explanation provided in Figures 1a, 1b and 2 about ADB external resources, ADB administers financing from AIIB for several projects, some of which have components that contribute to climate finance. For 2021, ADB reports climate adaptation finance of \$20 million and climate mitigation finance of \$893 million from ADB-administered financing from AIIB. To avoid double counting, these amounts are excluded from the 2021 total MDB amounts as AIIB reports climate finance for the same projects as a share of their financing under own resources.

GEOGRAPHICAL COVERAGE OF THE REPORT

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.

Tables B.1 and B.2. present 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 2021. Least developed economies are defined according to the UNFCCC list²² 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. In those cases, they are identified as “both”.

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

Table B.1. Climate finance in low- and middle-income economies for 2015, 2016, 2017, 2018, 2019, 2020 and 2021 (in \$ million)

Economy	Region	Income	Least Developed Economy/ Small Island State	Total climate finance in reporting year, in \$ million						
				2015	2016	2017	2018	2019	2020	2021
Afghanistan	South Asia	Low income	Least Developed Economy	-	173	147	144	281	65	485
Albania	Non-EU	Upper middle income		110	174	15	111	114	34	66
Algeria	Middle East and North Africa	Lower middle income		1	-	-	-	-	-	-
Angola	Sub-Saharan Africa	Lower middle income	Least Developed Economy	-	15	72	43	155	470	260
Argentina	Latin America and the Caribbean	Upper middle income		314	508	2 276	1 434	917	121	1 204
Armenia	Non-EU	Upper middle income		108	45	132	45	107	79	210
Azerbaijan	Non-EU	Upper middle income		16	171	250	20	8	11	45
Bangladesh	South Asia	Lower middle income	Least Developed Economy	899	1 315	200	1 296	2 144	1 127	732
Belarus	Non-EU	Upper middle income		43	49	7	241	278	146	30

22 http://unfccc.int/cooperation_and_support/ldc/items/3097.php

Economy	Region	Income	Least Developed Economy/ Small Island State	Total climate finance in reporting year, in \$ million						
				2015	2016	2017	2018	2019	2020	2021
Belize	Latin America and the Caribbean	Lower middle income	Small Island State	51	4	20	2	13	1	11
Benin	Sub-Saharan Africa	Lower middle income	Least Developed Economy	21	3	44	126	297	123	232
Bhutan	South Asia	Lower middle income	Least Developed Economy	2	17	7	4	2	20	24
Bolivia	Latin America and the Caribbean	Lower middle income		405	373	321	363	124	77	1
Bosnia and Herzegovina	Non-EU	Upper middle income		27	95	101	110	180	78	133
Botswana	Sub-Saharan Africa	Upper middle income		-	-	143	-	19	-	170
Brazil	Latin America and the Caribbean	Upper middle income		548	914	766	1 473	1 700	1 436	2 006
Bulgaria	EU	Upper middle income		58	156	112	137	5	41	130
Burkina Faso	Sub-Saharan Africa	Low income	Least Developed Economy	9	7	166	130	194	134	311
Burundi	Sub-Saharan Africa	Low income	Least Developed Economy	25	22	28	27	3	108	47
Cambodia	East Asia and the Pacific	Lower middle income	Least Developed Economy	46	85	86	117	139	121	171
Cameroon	Sub-Saharan Africa	Lower middle income		2	17	329	186	761	57	423
Cape Verde	Sub-Saharan Africa	Lower middle income	Small Island State	1	-	15	-	11	5	18
Central African Republic	Sub-Saharan Africa	Low income	Least Developed Economy	7	-	10	23	99	8	106
Chad	Sub-Saharan Africa	Low income	Least Developed Economy	6	-	-	41	58	101	40
China	East Asia and the Pacific	Upper middle income		1 091	2 349	2 305	2 019	2 424	2 363	1 867

Economy	Region	Income	Least Developed Economy/ Small Island State	Total climate finance in reporting year, in \$ million						
				2015	2016	2017	2018	2019	2020	2021
Colombia	Latin America and the Caribbean	Upper middle income		182	904	747	719	980	657	1 595
Comoros	Sub-Saharan Africa	Lower middle income	Both	5	-	4	-	23	93	3
Congo	Sub-Saharan Africa	Lower middle income		-	25	2	58	58	1	111
Costa Rica	Latin America and the Caribbean	Upper middle income		200	-	5	4	162	379	214
Côte d'Ivoire	Sub-Saharan Africa	Lower middle income		5	73	296	346	535	453	406
Democratic Republic of the Congo	Sub-Saharan Africa	Low income	Least Developed Economy	10	153	128	6	98	305	835
Djibouti	Sub-Saharan Africa	Lower middle income	Least Developed Economy	-	2	-	41	21	103	14
Dominica	Latin America and the Caribbean	Upper middle income	Small Island State	-	-	-	39	70	19	3
Dominican Republic	Latin America and the Caribbean	Upper middle income	Small Island State	1	137	3	509	258	1	294
Ecuador	Latin America and the Caribbean	Upper middle income		582	325	27	792	616	446	317
Egypt	Middle East and North Africa	Lower middle income		511	693	1 585	1 597	1 611	1 508	2 232
El Salvador	Latin America and the Caribbean	Lower middle income		-	-	29	52	128	217	525
Equatorial Guinea	Sub-Saharan Africa	Upper middle income	Least Developed Economy	-	-	-	-	63	-	-
Eritrea	Sub-Saharan Africa	Low income	Least Developed Economy	-	-	7	-	34	-	-
Eswatini	Sub-Saharan Africa	Lower middle income		3	31	-	58	8	27	1

Economy	Region	Income	Least Developed Economy/ Small Island State	Total climate finance in reporting year, in \$ million						
				2015	2016	2017	2018	2019	2020	2021
Ethiopia	Sub-Saharan Africa	Low income	Least Developed Economy	79	206	192	1 154	1 214	191	1 154
Fiji	East Asia and the Pacific	Upper middle income	Small Island State	53	31	15	-	2	18	62
Gabon	Sub-Saharan Africa	Upper middle income		-	43	24	95	67	28	77
Gambia	Sub-Saharan Africa	Low income	Least Developed Economy	-	5	9	53	21	29	16
Georgia	Non-EU	Upper middle income		109	187	88	110	415	304	314
Ghana	Sub-Saharan Africa	Lower middle income		32	72	81	63	353	89	148
Grenada	Latin America and the Caribbean	Upper middle income	Small Island State	-	-	1	12	-	37	4
Guatemala	Latin America and the Caribbean	Upper middle income		-	3	22	31	334	33	735
Guinea	Sub-Saharan Africa	Low income	Least Developed Economy	-	7	17	64	90	29	250
Guinea-Bissau	Sub-Saharan Africa	Low income	Both	10	-	3	12	8	12	11
Guyana	Latin America and the Caribbean	Upper middle income	Small Island State	1	7	2	15	15	-	31
Haiti	Latin America and the Caribbean	Lower middle income	Both	41	4	143	234	107	100	153
Honduras	Latin America and the Caribbean	Lower middle income		253	44	46	99	184	250	477
India	South Asia	Lower middle income		1 948	3 017	2 678	3 703	3 671	3 549	3 735
Indonesia	East Asia and the Pacific	Lower middle income		674	578	873	773	959	1 172	1 637
Iran	Middle East and North Africa	Lower middle income		-	-	-	-	0	-	-

Economy	Region	Income	Least Developed Economy/ Small Island State	Total climate finance in reporting year, in \$ million						
				2015	2016	2017	2018	2019	2020	2021
Iraq	Middle East and North Africa	Upper middle income		8	610	321	446	103	14	149
Jamaica	Latin America and the Caribbean	Upper middle income	Small Island State	21	57	52	290	3	52	43
Jordan	Middle East and North Africa	Upper middle income		238	412	517	272	457	262	298
Kazakhstan	Central Asia	Upper middle income		438	521	389	260	364	96	564
Kenya	Sub-Saharan Africa	Lower middle income		260	159	581	1 161	378	451	583
Kiribati	East Asia and the Pacific	Lower middle income	Both	-	11	-	2	32	49	1
Kosovo	Non-EU	Upper middle income		74	56	31	48	96	57	96
Kyrgyz Republic	Central Asia	Lower middle income		73	179	55	118	189	101	109
Lao People's Democratic Republic	East Asia and the Pacific	Lower middle income	Least Developed Economy	106	13	40	109	72	59	91
Lebanon	Middle East and North Africa	Upper middle income		303	27	82	581	241	2	54
Lesotho	Sub-Saharan Africa	Lower middle income	Least Developed Economy	-	11	5	15	108	9	22
Liberia	Sub-Saharan Africa	Low income	Least Developed Economy	3	68	26	4	70	41	81
Madagascar	Sub-Saharan Africa	Low income	Least Developed Economy	-	37	131	89	280	195	454
Malawi	Sub-Saharan Africa	Low income	Least Developed Economy	58	1	210	218	210	301	27
Malaysia	East Asia and the Pacific	Upper middle income		-	-	-	-	0	-	-
Maldives	South Asia	Upper middle income	Small Island State	5	35	19	2	2	148	83
Mali	Sub-Saharan Africa	Low income	Least Developed Economy	-	9	104	94	144	102	9

Economy	Region	Income	Least Developed Economy/ Small Island State	Total climate finance in reporting year, in \$ million						
				2015	2016	2017	2018	2019	2020	2021
Marshall Islands	East Asia and the Pacific	Upper middle income	Small Island State	2	1	21	32	12	17	2
Mauritania	Sub-Saharan Africa	Lower middle income	Least Developed Economy	-	6	-	11	39	56	31
Mauritius	Sub-Saharan Africa	Upper middle income	Small Island State	9	-	-	1	-	81	-
Mexico	Latin America and the Caribbean	Upper middle income		330	277	1 211	1 193	1 006	575	1 277
Micronesia	East Asia and the Pacific	Lower middle income	Small Island State	-	-	-	-	46	23	40
Moldova	Non-EU	Upper middle income		45	106	110	7	68	186	189
Mongolia	East Asia and the Pacific	Lower middle income		13	44	150	356	162	255	57
Montenegro	Non-EU	Upper middle income		62	1	68	25	7	13	12
Morocco	Middle East and North Africa	Lower middle income		914	729	668	1 057	927	842	916
Mozambique	Sub-Saharan Africa	Low income	Least Developed Economy	111	51	55	224	408	312	397
Myanmar	East Asia and the Pacific	Lower middle income	Least Developed Economy	81	107	212	178	90	574	14
Namibia	Sub-Saharan Africa	Upper middle income		-	-	58	46	5	82	20
Nepal	South Asia	Lower middle income	Least Developed Economy	567	111	204	435	252	1 022	280
New Caledonia	East Asia and the Pacific	High income	Small Island State	-	-	-	-	1	0	0
Nicaragua	Latin America and the Caribbean	Lower middle income		207	49	235	56	56	20	98
Niger	Sub-Saharan Africa	Low income	Least Developed Economy	12	163	47	29	273	164	219
Nigeria	Sub-Saharan Africa	Lower middle income		1	102	34	1 155	170	1 050	1 343

Economy	Region	Income	Least Developed Economy/ Small Island State	Total climate finance in reporting year, in \$ million						
				2015	2016	2017	2018	2019	2020	2021
North Macedonia	Non-EU	Upper middle income		27	14	8	18	99	72	149
Pakistan	South Asia	Lower middle income		1 161	673	1 018	1 305	1 294	944	2 704
Panama	Latin America and the Caribbean	Upper middle income		112	25	350	171	67	140	128
Papua New Guinea	East Asia and the Pacific	Lower middle income	Small Island State	36	6	127	8	25	22	84
Paraguay	Latin America and the Caribbean	Upper middle income		4	4	51	294	116	542	33
Peru	Latin America and the Caribbean	Upper middle income		85	309	306	201	203	287	571
Philippines	East Asia and the Pacific	Lower middle income		657	638	167	505	1 693	878	990
Romania	EU	Upper middle income		249	196	887	768	316	455	1 041
Russian Federation	Non-EU	Upper middle income		55	-	-	-	-	-	95
Rwanda	Sub-Saharan Africa	Low income	Least Developed Economy	63	57	203	217	121	355	293
Samoa	East Asia and the Pacific	Lower middle income	Small Island State	22	-	4	5	66	9	5
São Tomé and Príncipe	Sub-Saharan Africa	Lower middle income	Both	4	6	11	-	32	31	2
Senegal	Sub-Saharan Africa	Lower middle income	Least Developed Economy	41	16	679	272	168	265	441
Serbia	Non-EU	Upper middle income		100	143	290	621	284	332	418
Sierra Leone	Sub-Saharan Africa	Low income	Least Developed Economy	-	10	2	51	51	55	112
Solomon Islands	East Asia and the Pacific	Lower middle income	Both	-	10	36	10	101	17	6
Somalia	Sub-Saharan Africa	Low income	Least Developed Economy	-	8	-	1	27	228	147

Economy	Region	Income	Least Developed Economy/ Small Island State	Total climate finance in reporting year, in \$ million						
				2015	2016	2017	2018	2019	2020	2021
South Africa	Sub-Saharan Africa	Upper middle income		55	59	103	544	178	557	520
South Sudan	Sub-Saharan Africa	Low income	Least Developed Economy	-	1	39	-	28	15	70
Sri Lanka	South Asia	Lower middle income		84	212	574	72	604	192	87
St, Lucia	Latin America and the Caribbean	Upper middle income	Small Island State	-	-	2	35	1	15	6
St, Vincent and the Grenadines	Latin America and the Caribbean	Upper middle income	Small Island State	-	-	9	-	11	10	13
Sudan	Sub-Saharan Africa	Low income	Least Developed Economy	5	-	13	41	58	13	572
Suriname	Latin America and the Caribbean	Upper middle income	Small Island State	1	8	26	32	95	19	-
Syrian Arab Republic	Middle East and North Africa	Low income		-	-	-	-	1		-
Tajikistan	Central Asia	Lower middle income		149	34	232	192	116	214	150
Tanzania	Sub-Saharan Africa	Lower middle income	Least Developed Economy	243	138	549	198	44	376	455
Thailand	East Asia and the Pacific	Upper middle income		176	91	130	533	97	76	316
Timor-Leste	East Asia and the Pacific	Lower middle income	Both	-	5	9	2	-	46	40
Togo	Sub-Saharan Africa	Low income	Least Developed Economy	-	-	6	42	32	43	40
Tonga	East Asia and the Pacific	Upper middle income	Small Island State	15	8	1	14	83	28	27
Tunisia	Middle East and North Africa	Lower middle income		19	96	387	265	427	90	192
Türkiye	Non-EU	Upper middle income		2 582	2 135	1 790	1 450	1 449	1 383	2 386

Economy	Region	Income	Least Developed Economy/ Small Island State	Total climate finance in reporting year, in \$ million						
				2015	2016	2017	2018	2019	2020	2021
Turkmenistan	Central Asia	Upper middle income		1	1	6	5	-	4	2
Tuvalu	East Asia and the Pacific	Upper middle income	Both	7	3	1	10	26	13	3
Uganda	Sub-Saharan Africa	Low income	Least Developed Economy	124	15	166	621	283	394	330
Ukraine	Non-EU	Lower middle income		940	865	833	519	1 115	1 192	1 128
Uzbekistan	Central Asia	Lower middle income		61	55	270	1 162	823	1 005	1 029
Vanuatu	East Asia and the Pacific	Lower middle income	Small Island State	23	51	17	-	-	84	5
Vietnam	East Asia and the Pacific	Lower middle income		385	1 211	862	210	445	510	523
West Bank and Gaza	Middle East and North Africa	Lower middle income		5	1	2	15	22	77	28
Yemen	Middle East and North Africa	Low income	Least Developed Economy	-	-	-	78	131	23	169
Zambia	Sub-Saharan Africa	Lower middle income	Least Developed Economy	68	20	140	113	81	45	20
Zimbabwe	Sub-Saharan Africa	Lower middle income		12	18	24	-	4	36	8

Table B.2. Climate finance in high-income economies for 2015, 2016, 2017, 2018, 2019, 2020 and 2021 (in \$ million)

Economy	Region	Income	Least Developed Economy/ Small Island State	Total climate finance in reporting year, in \$ million						
				2015	2016	2017	2018	2019	2020	2021
Austria	EU	High income		1 101*	1 188*	852*	344*	397	870	453
Bahamas	Latin America and the Caribbean	High income	Small Island State	1	1	44	100	4	218	143
Bahrain	Middle East and North Africa	High income	Small Island State	-	-	-	-	-	-	32

Economy	Region	Income	Least Developed Economy/ Small Island State	Total climate finance in reporting year, in \$ million						
				2015	2016	2017	2018	2019	2020	2021
Barbados	Latin America and the Caribbean	High income	Small Island State	1	5	-	-	53	158	117
Belgium	EU	High income		427*	1 351*	689*	697*	587*	432*	1 344
Chile	Latin America and the Caribbean	High income		119	153	208	7	22	459	506
Cook Islands	East Asia and the Pacific	High income	Small Island State	-	4	12	-	5	5	-
Croatia	EU	High income		174	16	68	311	36	134	281
Cyprus	EU	High income		22	27	46	34	45	91	9
Czech Republic	EU	High income		91	11*	144*	59*	620	498	733
Denmark	EU	High income		115*	2*	151*	175*	335	275	564
Estonia	EU	High income		47	89	5	8	10	182	89
Finland	EU	High income		420*	1 357*	639*	942*	284	258	575
France	EU	High income		4 185*	3 124*	4 461*	2 673*	3 669	4 895	6 971
Germany	EU	High income		1 669*	2 390*	1 768*	1 868*	1 711	3 160	2 181
Greece	EU	High income		216*	91	673	225	732	1 353	1 193
Hungary	EU	High income		497	155	31	155	155	70	592
Iceland	EU	High income		-	189*	-	-	-	-	-
Ireland	EU	High income		188*	219*	148*	221*	144	449	262
Israel	Middle East and North Africa	High income		160	-	-	-	-	-	17
Italy	EU	High income		2 593*	2 437*	2 492*	1 964*	1 985	3 473	3 546
Latvia	EU	High income		247	2	86	-	102	2	68
Lithuania	EU	High income		183	215	95	157	30	559	131
Luxembourg	EU	High income		60*	3*	-	-	223	0	7
Malta	Middle East and North Africa	High income		-	-	-	-	1	0	-

Economy	Region	Income	Least Developed Economy/ Small Island State	Total climate finance in reporting year, in \$ million						
				2015	2016	2017	2018	2019	2020	2021
Nauru	East Asia and the Pacific	High income		-	-	3	62	22	-	-
Netherlands	EU	High income		630*	465*	367*	913*	816	795	1 433
New Caledonia	East Asia and the Pacific	High income		-	-	-	-	1	0	-
Norway	Non-EU	High income		-	6*	347*	74*	72	-	282
Oman	Middle East and North Africa	High income		-	-	-	-	264	-	-
Palau	East Asia and the Pacific	High income	Small Island State	-	-	-	2	-	8	1
Poland	EU	High income		1 189	1 806	1 562	1 286	2 095	2 790	3 190
Portugal	EU	High income		-	-	-	-	303	296	248
Seychelles	Sub-Saharan Africa	High income	Small Island State	25	-	-	2	0	5	9
Singapore	East Asia and the Pacific	High income	Small Island State	-	-	-	-	-	-	20
Sint Maarten (Dutch part)	Latin America and the Caribbean	High income	Small Island State	-	-	-	-	118	55	25
Slovak Republic	EU	High income		302	87	53	281	143	36	74
Slovenia	EU	High income		154	18	47	1	93	6	46
Spain	EU	High income		1 973*	560*	1 876*	1 526*	2 561	3 259	4 498
Sweden	EU	High income		557*	417*	1 431*	1 038*	1 383	1 681	572
Switzerland	Europe & Central Asia	High income		-	6	-	-	2	-	-
Trinidad and Tobago	Latin America and the Caribbean	High income	Small Island State	1	1	-	-	-	21	1
United Arab Emirates	Middle East and North Africa	High income		-	-	-	-	2	2	2
United Kingdom	EU	High income		4 010*	3 272*	376*	255	179	-	-
Uruguay	Latin America and the Caribbean	High income		139	100	113	143	342	306	164

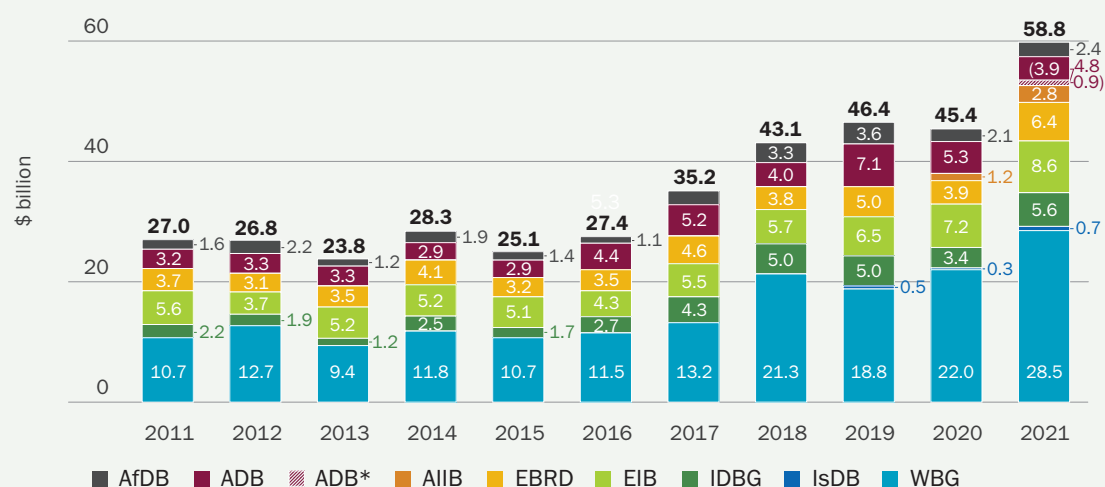
Table B.3. Climate finance in regional, global and multi-regional projects for 2015, 2016, 2017, 2018, 2019, 2020 and 2021 (in \$ million)

Economy	Region	Income	Least Developed Economy/ Small Island State	Total climate finance in reporting year, in \$ million						
				2015	2016	2017	2018	2019	2020	2021
Regional	Regional	Regional		1 427	409	1 436	2 143	2 668	2 425	4 106
Global	Global	Global		169	77	-	-	103	145	188
Multi-regional	Multi-regional	Multi-regional		147	52	193	339	20	343	75

Note: Climate finance figures for the Czech Republic were reported under the EU-12 region in the 2015 Joint Report on MDBs' Climate Finance figures for Greece were reported under the EU-12 region starting from the 2016 edition of the report.

To facilitate comparability with data reported in previous years, Figure B.1 presents climate finance commitments for the period 2011-18 as in past reports, plus the column for 2019-21 for the same set of economies. Note, however, that this figure is provided for historical comparison only. The 2021 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 B.1. Climate finance commitments for 2011-21 (in \$ billion)



Notes:

1. Annex B 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.
4. (*) For ADB, external resources under Management (ERUM) includes finance administered for other clients, including AIIB. ADB administers several AIIB projects, some of which have climate finance. For 2021, ADB's climate adaptation finance of \$19 million and climate mitigation finance of \$893 million from ADB-administered AIIB projects are reported under ERUM. As AIIB reports climate finance as a share of their financing for these projects under their own resources, the 2021 MDB totals have excluded these figures from ADB to avoid double counting.

ANNEX C

METHODOLOGIES AND DEFINITIONS

ANNEX C.1 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 are 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 by taking only those components and/or sub-components or elements or proportions of projects with activities that contribute directly to or promote climate change adaptation and/or mitigation.

Investments and technical assistance: Refers 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 (OECD) 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% 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 2021. 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: These include 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 \$0.5 million while a “—” means that no amount was reported. As all financial figures are rounded to the nearest \$ million, calculations contained in a table may vary slightly and may not always add up to 100% or to the total shown.

ANNEX C.2 JOINT METHODOLOGY FOR TRACKING CLIMATE CHANGE ADAPTATION FINANCE

In 2021, the MDBs commenced a review of the joint MDB methodology for tracking adaptation finance. This review aims to take stock of recent developments in the field of adaptation finance, MDBs' efforts to support climate adaptation and resilience through a wide range of sectors beyond traditional infrastructure sectors, and the increasing diversity of financial modalities that are used to support adaptation and resilience. This review, expected to be completed in 2022, will complement ongoing efforts by MDBs to enhance the robustness and transparency of climate finance tracking and support climate action, in line with the objectives of the Paris Agreement.

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 tracking climate change adaptation finance.

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.
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*²³ 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.

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*, recommends the MDB methodology's three-step approach to tracking climate adaptation finance as a "best practice". The OECD's efforts have resulted in improved guidance for tracking bilateral official development assistance (ODA) targeting climate change adaptation.

In 2021, the MDBs commenced a review of the joint MDB methodology for tracking adaptation finance. This review aims to take stock of recent developments in the field of adaptation finance, MDBs' efforts to support climate adaptation and resilience through a wide range of sectors beyond

23 www.ebrd.com/2016-joint-report-on-mdbs-climate-finance.pdf

traditional infrastructure sectors, and the increasing diversity of financial modalities that are used to support adaptation and resilience. This review will complement ongoing efforts by MDBs to enhance the robustness and transparency of climate finance tracking and support climate action, in line with the objectives of the Paris Agreement.

Table A.B.1. Case study #1 of tracking adaptation finance in projects

Project focus	Water and wastewater management
Sector	Water and other urban infrastructure and services — Urban policy, institutional and capacity development
Brief description of project	The programmatic policy-based loan (PBL) aims to improve access to basic urban services by accelerating a series of policy actions and reforms that will mainstream performance-linked funding for urban service delivery. The programme reforms will establish and operationalise (i) national and subnational policies, guidelines, and programmes for accelerated achievement of universal water supply and improved sanitation service delivery with associated urban reforms; (ii) policies and programmes for providing affordable housing to urban migrant and industrial workers, working women, and the poor; and (iii) policies and guidelines for performance-based fiscal transfers. Subprogram 1 will establish essential policies and guidelines at the national level. Subprogram 2 will prepare and commence the specific reform actions and programme proposals at provincial state and city levels following the set policies and guidelines under subprogram 1, which will be enforced through performance-based grants.
Climate vulnerability context	Urban sector in the country is vulnerable to negative impacts of climate change with insufficient infrastructure base and its sensitivity to change in precipitation and temperature. A climate change risk assessment was undertaken during programme preparation and identified how basic urban services are sensitive to a changing climate. The monsoon precipitation over the country has declined over the last few decades and there has been a shift towards more frequent dry spells. Basic urban service such as water supply is sensitive to these changes as availability of water sources is affected by rainfalls while higher temperature could increase water demand. The frequency of daily precipitation extremes has increased and is projected to further increase with global warming, which will lead to more frequent and extreme floods and landslides damaging wide range of urban infrastructure including water supply, wastewater management system and housing.
Statement of purpose or intent to reduce climate vulnerability	The programme, though PBL modality, will accelerate implementation of policy actions that are crucial for structural urban reforms. The programme aims to provide basic infrastructure services and a decent quality of life to people by building a clean and sustainable environment to tackle the adverse impact of climate change. Several policy actions under the programme are aligned with the government's strategy to address climate change and contributes to climate adaptation through enhancing efficient use of water, conservation of water resources, and drought and flood risk management.
Project activities linked to reducing climate vulnerability	Under subprogram 1, the national government approved a national urban water mission, under which several policy actions incentivised local governments for reforms through provision of grants that directly and indirectly contribute to building climate resilience such as: - Reducing non-revenue water and reuse of treated wastewater to meet at least 20% of water demand will reduce water extraction and contribute to conservation of water resources including groundwater contributing to increased climate resilience - Rejuvenating urban water bodies to augment fresh water supply, with the objectives of developing green spaces to augment water conservation and amenity value, reducing flood impacts, and maintaining a positive groundwater balance which would help in strengthening climate resilience - Bringing in public-private partnerships in water sector to encourage private investments supporting adaptation elements - Instituting a policy to promote sustainable building practices such as rainwater harvesting, and adopting innovative and replicable technologies for green and climate-resilient construction meeting diverse geo-climatic conditions - Making fiscal transfers from national government to local governments partly conditional upon achieving targets under national water mission - Rolling out of operational guidelines essential to realise above objectives - Capacity building for local governments in design of climate change and disaster resilient infrastructure.

Project focus	Water and wastewater management
Type of financial instrument	Programmatic Approach and Policy-Based Loan, and Technical Assistance Grant
Estimation of adaptation finance	Subprogram 1 is \$350 million financed by MDB. Climate adaptation finance is \$75.69 million or 22% of the subprogram 1 cost.

Table A.B.2. Case study #2 of tracking adaptation finance in projects

Project focus	Institutional Strengthening of the National Development Bank
Sector	Finance, Competitiveness & Innovation
Brief description of project	This project aims to support the recovery of private sector exporters from the economic impacts of the COVID-19 pandemic; enhance access to finance for firms in underserved segments and lagging regions; and strengthen the institutional capacity of the country's National Development Bank.
Climate vulnerability context	The country is highly vulnerable to the impacts of climate change with climate projections indicating hotter and drier conditions in the next few decades and an increased frequency and intensity of extreme weather events including droughts, heat waves, and wildfires. In addition to physical climate risks, the country is also vulnerable to transitional climate risks linked to changes in regulations, and investor and consumer behaviour.
Statement of purpose or intent to reduce climate vulnerability	Support for institutional capacity reforms will help integrate sustainability and climate resilience considerations in the National Development Bank's business operations.
Project activities linked to reducing climate vulnerability	Capacity-building support will enable the National Development Bank to implement institutional reforms and strengthen its resilience to climate change by (i) integrating climate risks and vulnerabilities in procedures related to export financing; and (ii) developing integrated environmental and social sustainability and climate resilience principles, policies, and procedures that would systematically cover all business operations and decision making for all risk levels.
Type of financial instrument	Investment Loan
Estimation of adaptation finance	The total financing for this project was \$242 million and financed by the MDB. Adaptation finance was estimated at \$35 million (around 15% of the MDB's project financing) to account for the proportion of the project's investments directly addressing climate change adaptation.

Table A.B.3. Case study #3 of tracking adaptation finance in projects

Project focus	Post-disaster reconstruction and recovery, flood risk management
Sector	Water resources and flood risk management, urban infrastructure, transport
Brief description of project	In response to the urgent need of the government for post flood recovery, an emergency loan to the government to support the recovery efforts was proposed. The scope of the proposed emergency project is in line with the government's Master Plan for post-disaster reconstruction and recovery. The project aims to (1) support the post-disaster rehabilitation and recovery in three worst affected municipalities, and (2) strengthen the capacity of the three municipalities in integrated flood risk management and flood emergency response. As an emergency project, a framework approach is adopted for overall project design while a list of project activities consistent with the framework is proposed by the government based on the agreed sub-project selection criteria. The total project cost is \$1.399 billion, with MDB providing \$1 billion.

Project focus	Post-disaster reconstruction and recovery, flood risk management
Climate vulnerability context	The province being targeted by the project spans four large river basins. With its unique geographical and hydrometeorological characteristics, it is one of the provinces most vulnerable to flood and drought risks in the client country. With climate change, heavy rainfall events have become more frequent and intense. Of the 66 years from 1950 to 2015, flooding occurred in 32 years, with a less than three-year recurrence interval, and in each of these years the flooded area in the province was greater than 667 000 hectares. In 2021, heavy rainstorms struck the province, with the hourly maximum rainfall of 201.9 mm breaking historic records of precipitation in the land territory of the client country. The flood led to significant losses and damage: lives of more than 300 people lost; over 1 million hectares of cultivated lands flooded; houses of 30 000 families collapsed; nearly 1.5 million people displaced or evacuated; and severe damages to infrastructure and other public assets including urban and rural roads, bridges, water utilities, drainage systems, dykes, and dams. The direct economic losses were initially estimated at around \$17.5 billion.
Statement of purpose or intent to reduce climate vulnerability	Fully recognising that damaging flood events are to become more frequent and more intense under a changing climate, the client country and the MDB concluded that it is imperative to build in climate resilience in proposed investments and disaster risk reduction activities, and so too in this emergency project. Therefore, this project will be implemented in stages to achieve two goals: 1) to meet the urgent need for rehabilitation and reconstruction of the essential infrastructure required for quickly restoring social and economic activities; 2) to achieve the medium- and long-term sustainability and climate resilience of sub-projects.
Project activities linked to reducing climate vulnerability	Mainstreaming climate adaptation in the project design is one of the key design objectives. The project interventions will include not only “build back” activities but also “build better” measures with the objective to increase climate resilience and provide for long-term sustainability. The MDB will support the implementing entities to take climate adaptation measures into feasibility studies, technical designs and constructions. Specific adaptation measures will include application of higher flood protection standards, nature-based solutions and combination of grey and green infrastructure, climate-resilient construction materials, as well as smart river management system, integrated flood risk management system and enhanced capacity for emergency response.
Type of financial instrument	(Emergency) Investment loan
Estimation of adaptation finance	The project consists of three sub-projects in three cities, with the following components with MDB finance: 1. Integrated river management (\$317.6 million); 2. Smart water and emergency response system (\$13.1 million); 3. Emergency response capacity enhancement (\$14.2 million); 4. River and river canal rehabilitation (\$162.4 million); 5. Urban drainage system and roads improvement (\$34.9 million); 6. Urban roads and canal rehabilitation (\$103.9 million); 7. Rural roads and bridge rehabilitation (\$251.7 million); 8. Rehabilitation of national and provincial highways (\$66 million); 9. Public transport infrastructure rehabilitation and repurchase of EV buses (\$28.5 million) 10. (Institutional) capacity improvement and consultancy services (\$7.7 million). No adaptation finance is reported under Component 9) which primarily contributes to mitigation objective or component 10) which covers a broad range of issues. A combination of proportional and incremental costing approaches was applied to estimate adaptation finance under the other eight components of this project. For Components 1) and 2), 50% of the total allocated cost was considered as adaptation finance as they aim to enhance flood resilience as well as other environmental and development objectives; Components 3) and 4) are designed to improve flood emergency response and therefore 100% of the allocated cost is reported as adaptation finance; Based on literature, an incremental cost of 40% was used to estimate the adaptation finance under component 5) while an incremental cost of 10% was used to estimate the adaptation finance under Components 6), 7) and 8). The total adaptation finance under the project is therefore \$391 million, representing about 39% of the total MDB finance for the project.

Table A.B.4. Case study #4 of tracking adaptation finance in projects

Project focus	Flood Impact Mitigation Project in Coastal Cities
Sector	Coastal and riverine infrastructure
Brief description of project	- Flood mitigation project in coastal urban area with a focus on addressing recurrent flooding and surge in the city and its suburbs. It addresses flood and coastal surge risks through the development of adapted engineering infrastructure solutions across the shorelines and through critical urban infrastructure to be built under the project. In addition, the project aims to develop social interventions and safety net including low-cost coastal housing, access to potable water and short-term MSMEs grant for the vulnerable and flood exposed individuals in the community. - Strategically, the project falls under the implementation of the country's National Climate Change Adaptation Program of Action (NAPA) as it supports reduction of flood related risks and strengthens urban resilience to climate change.
Climate vulnerability context	- Climate risk assessment shows that project location is highly vulnerable to natural disasters including excessive flooding and frequent surge from the ocean. Natural disasters have increased in intensity in recent years and climate change is expected to further increase the frequency of extreme weather patterns and natural hazards in the country thereby exposing urban dwellers especially the urban poor to increasing environmental stress and poverty. - In the past three decades, floods have displaced and affected over 600 000 people per year. This has caused significant damage to public infrastructure, equipment, human health, livelihoods and assets, and private property along with economic losses especially of the most vulnerable population women and children. It is estimated that by 2030, more than a million inhabitants of the project location could be displaced and impacted by coastal erosion and flooding.
Statement of purpose or intent to reduce climate vulnerability	The project objective is to attenuate the impact of recurrent floods through adapted engineering infrastructure solutions and integrated urban development approach. It focuses on physical restructuring of flood-prone zones, development of coastal lowlands, provision of essential social services, and construction of resilient storm water drainage infrastructure in coastal urban communities in beneficiary country.
Project activities linked to reducing climate vulnerability	- Adapted Engineering Infrastructure Civil Works Component: This component has sub-components including (i) drainage of main area through masonry and slabbed main sewers consisting of built-in drainage mat, built-in metal drip edge, and built-in termination bar; (ii) masonry drainage channels for all secondary roads developed for evacuation in flood emergencies; (iii) construction of all weathered dykes and multi-layered secondary roads (coated with bitumen). The flood drainage network specification of 25% above BAU was developed and a layered network of 10 cm (CBR>60) with a 15 cm (CBR >30) foundation layer was proposed. - Social Infrastructure and Displacement Support Component: This component has sub-components including (i) replacement of contaminated water with potable water and sewerage system for entire community; (ii) building of durable and flood resistant electrification network and (iii) affordable low-cost resilient housing for flood displaced victims. For the water network, flexible all-weather PVC with dimension ranging from 160, 250, 315, 400 and 500 mm were proposed.
Type of financial instrument	Investment Loan
Estimation of adaptation finance	The total project cost is \$57.9 million. The proportional approach was applied. For the adapted engineering infrastructure civil works component, the adaptation finance of 100% of this component (amounting to \$13.75 million) was recorded due to the direct link of these sub-components to mitigating flood and sea surge risks. For the social infrastructure and displacement support component, the adaptation finance of 5% of this component (amounting to \$1.776 billion) was recorded due to the humanitarian nature of most of the sub-components financed and less related to climate adaptation. Total climate adaptation finance: \$15.5 million Share of climate finance: 26.8%

ANNEX C.3 JOINT METHODOLOGY FOR TRACKING CLIMATE MITIGATION FINANCE

In order for MDB finance to qualify as climate mitigation finance, the MDBs apply the Common Principles for Climate Mitigation Finance Tracking²⁴ to validate their investment as mitigation finance. These common principles have been designed for use in ex-ante assessments and focus on the type of activity financed, and not on its purpose or the origin of the financial resources. The list of eligible activities is presented by sector. Policy actions, technical assistance and programmes in support of the eligible activities are also eligible, provided that the link to eligible activities is clear or sufficiently demonstrated²⁵. The results of the assessments are applied for reporting of the climate change mitigation finance in the Joint Report on the Multilateral Development Banks' Climate Finance.

The common principles recognise that a substantial contribution to climate change mitigation can involve the following three categories of climate change mitigation activities:

- i. Negative- or very-low-emission activities, which result in negative, zero or very low GHG emissions and are fully consistent with the long-term temperature goal of the Paris Agreement, such as carbon sequestration in land use or some forms of renewable energy.
- ii. Transitional activities, which are still part of systems emitting material greenhouse gases (GHGs) but are important for and contribute to the transition towards a climate-neutral economy, such as energy efficiency improvement in manufacturing that directly or indirectly uses fossil fuels.
- iii. Enabling activities, which are instrumental in enabling other activities to make a substantial contribution to climate change mitigation, such as manufacture of very-low- emission technologies.

On the 18 October 2021 the MDBs and IDFC published a new version of the common principles. This new version of the common principles, including the list of eligible activities, was developed over a period of two years, taking particularly the following two aspects into account:

- i. Consideration of new mitigation activities that are required in order to achieve the structural changes in the economy pointed out by the IPCC as necessary to achieve the goals of the Paris Agreement.
- ii. Identification of activities that, despite reducing GHG emissions in the short term, risk a long-term lock-in of emissive technologies, thereby undermining the long-term temperature goal of the Paris Agreement. Such activities cannot be considered as climate mitigation finance.

The MDBs agreed to operationalise the new version of the common principles starting in 2021 over a period of two years, during which time the list of eligible activities will be used as an exhaustive list. At the end of the two-year period, the MDBs and the IDFC will adjust the list, if required, based on their respective experience. The aim at the end of this two-year operationalisation period is to have a common list of eligible activities, considered an exhaustive list by both the MDBs and the IDFC.

A major review of the methodology is planned within five years of the publication of the new version of the common principles, whilst minor amendments may be made on a more regular basis. These reviews will account for technology developments that may enable deeper decarbonisation of economic activities. Thus, the current list includes some activities that may not be eligible in the future as the transition to an economy with net-zero GHG emissions progresses.

Please see full list of the common principles and list of eligible activities

https://www.eib.org/attachments/documents/mdb_idfc_mitigation_common_principles_en.pdf

²⁴ https://www.eib.org/attachments/documents/mdb_idfc_mitigation_common_principles_en.pdf

²⁵ Each eligible activity is understood to include policy actions, technical assistance and programmes carried out in its support, which are not listed separately. Only policy actions, technical assistance and programmes that cannot be directly linked to eligible activities described elsewhere are listed separately.

Table C.3.1. Case study #1 of tracking mitigation finance in projects

Project focus	Energy and resource efficiency investments
Sector	Electrical Equipment, Appliance & Component Manufacturing
Brief description of project	The proceeds of the loan will be used by the company to support the investment programme in its manufacturing facilities in the target country during 2021-2024 period. The loan consists of two facilities a) The Green Facility and ii) The investment facility. The Green Facility will finance the company's climate investments under its Green Financing Framework ("GFF") across its production facilities in the country. Investment Facility will finance (i) modernisation investments in Refrigerator Plant, (ii) new production line in Refrigerator Plant, which will be built using the state-of-the-art technology taking into the best practices and developed novel production technologies by the company, (iii) modernisation, health and safety, and various other investments in Cooking Appliances Plant. The allocation of the proceeds under the Green Facility will be reported by the company annually, with ex-post external verification of climate use of proceeds in line with LMA GLP. The use of proceeds under the investment facility will be controlled at the project implementation stage via annual monitoring reports and site visits if necessary.
Classification (as per COMMON PRINCIPLES FOR CLIMATE MITIGATION FINANCE TRACKING Version 3 — 18 October 2021):	Manufacturing — Support for low-carbon Development 9. Projects that support production of components, equipment or infrastructure dedicated exclusively to utilisation in the renewable energy, energy efficiency improvement, or other low-carbon technologies. (1) Sector (according to tables 2-12 of CPs) (2) Category (3) Eligible activity
Type of financial instrument	Investment loan
Calculation of mitigation finance, including basis (for example, eligible components)	The Bank committed €150 million, of which 48% is conservatively estimated as Mitigation finance. €72 million of mitigation finance was expected to deliver significant climate change mitigation benefits as resulting in a reduction of greenhouse gas emissions at the level of company's operations and product end-use level. The Bank's financing will help the company achieve its 2030 climate targets formulated in line with the Science-Based Targets Initiative ("SBTi"). Investments that were considered as mitigation activities are (1) Renewable Energy Systems, (2) investments resulting from Scope 1-2 emission reductions in line with the company's SBTi target of 30% by 2030 (from a 2018 base year), (3) investments resulting from Scope 3 emission reductions — from the use of sold products — in line with SBTi target of 15% over the same timeframe, (4) building insulation, (5) energy management.
Type of mitigation finance (own resources, co-finance)	MDB own account

Table C.3.2. Case study #2 of tracking mitigation finance in projects

Project focus	RDI in renewable energy and low-carbon technologies
Sector	Research, development and innovation
Brief description of project	The project covers research, development and innovation (RDI) in renewable energy and low-carbon technologies.
Classification (as per COMMON PRINCIPLES FOR CLIMATE MITIGATION FINANCE TRACKING Version 3 — 18 October 2021): (1) Sector (according to tables 2-12 of CPs) (2) Category (3) Eligible activity	Research, development and innovation — Research on, or development of, renewable energy, energy efficiency improvement, low-carbon technologies, or other technologies instrumental to achieving full decarbonisation.
Type of financial instrument	Investment loan
Calculation of mitigation finance, including basis (for example, eligible components)	The project covers RDI in renewable technologies, including onshore and offshore wind farms and solar, targeting: • The improved performance and efficiency of renewable energy production assets, enhancing the competitiveness and thus the deployment of these technologies; • The extension of economic life and up-time of existing renewable energy assets, which contributes directly to a larger share of renewable energy in the overall energy mix; • The implementation of new technologies at the demonstration level, hence accelerating the faster adoption of renewable energies; • The development of more cost efficient and autonomous concentrated solar panel (CSP) technology to be used during construction works in remote locations; • The deployment of remote operation automation, digital twins and smart sensing to increase efficiency and performance of renewable energies installations operation and maintenance; • The deployment of augmented and virtual reality solutions during engineering, construction, operation and maintenance of renewable energies assets to maximise zero based field operations; • The deployment of renewable material/feedstock traceability, such as biomass blockchain traceability. Moreover, the RDI programme aims at exploiting the development of CO₂ capture technology and recovery system for the production of carbonates as raw material for construction. The project is therefore fully considered climate mitigation finance.
Type of mitigation finance (own resources, co-finance)	MDB own account

Table C.3.3. Case study #3 of tracking mitigation finance in projects

Project focus	Integration of PV, batteries for energy storage and an electrolyser for the production of green hydrogen
Sector	Energy and manufacturing
Brief description of project	Installation and operation of a medium-scale photovoltaic plant (nominal capacity 100 MWp), including a battery storage system, directly connected to a large-scale electrolyser for hydrogen production (20 MW), using partially the renewable (PV) energy capacity installed nearby. The hydrogen will be supplied to the fertiliser industry, situated nearby the PV plant, replacing hydrogen produced from natural gas.
Classification (as per COMMON PRINCIPLES FOR CLIMATE MITIGATION FINANCE TRACKING Version 3 — 18 October 2021): (1) Sector (according to tables 2-12 of CPs) (2) Category (3) Eligible activity	• Energy — Renewable energy generation — 1. Generation of renewable energy with low lifecycle GHG emissions to supply electricity, heating, mechanical energy or cooling. • Energy — Energy storage and network stability — 9. Energy storage or measures to improve network stability that increase consumption of very-low-carbon energy. • Manufacturing — Low-carbon fuels — 10. Production or use of low-carbon hydrogen.
Type of financial instrument	Investment loan
Calculation of mitigation finance, including basis (for example, eligible components)	The project covers the production of renewable electricity, through PV panels, its storage (excess) in batteries and the production of green hydrogen (using renewable electricity self-produced and low-carbon electricity from the grid). The project is therefore fully considered climate mitigation finance.
Type of mitigation finance (own resources, co-finance)	MDB own account

Table C.3.4. Case study #4 of tracking mitigation finance in projects

Project focus	Rural development
Sector	Natural Resources and Rural Development
Brief description of project	AAA County is rural and was one of the remaining national poverty counties in the country in 2020. The county's institutional capacity for environmental planning and management is weak. The country faces various restrictions on development activities mainly because of concerns over degradation of quality and quantity of water in the BBB Reservoir. AAA Country is also part of the CCC River watershed in the DDD River basin, which has been designated a national key ecological function zone by the government; it is geologically and ecologically fragile because of extreme soil erosion and rocky desertification. The frequency and intensity of devastating floods have increased from 1990 to 2020 as a result of ecological degradation and climate change. Most of the county's rural population lacks basic water and sanitation facilities, which negatively impacts public health and the environment. Poverty, declining water quality, and ecosystem degradation are the three most prominent development challenges in AAA County. Considering the complex nexus among these three key problems in the county and their potential threats to water quality and quantity in the BBB Reservoir, the AAA County Government (ACG) urgently needs to adopt a holistic approach to development planning that leverages benefits from individual sector interventions and develops synergies in support of broader development. To do so, ACG needs to improve its water management planning and strategy development as well as enhance institutional coordination and technical capacity for more effective implementation. The project will promote environmental improvements and green development in ecologically sensitive rural areas by (i) building the capacity of the ACG in environmental planning and management; (ii) promoting soil and water conservation through the use of high-level technology, including remote sensing, smart drip irrigation, and peripheral rainfall runoff harvesting; and (iii) facilitate recovery in the project area from the economic impacts of COVID-19 through inclusive rural economic development.
Classification:	Adaptation and Mitigation Finance.
(1) mitigation and (2) adaptation finance	(1) Mitigation 1. Energy; 1.1. Renewable energy generation. 4. Agriculture, forestry, land use and fisheries; 4.6. Forestry: GHG-emission reduction and carbon sequestration. 6. Solid waste management; 6.7. Landfill gas capture, abatement and utilisation. (2) Adaptation: - Coastal and riverine infrastructure. - Energy, transport and other built environment and infrastructure. - Institutional capacity support or technical assistance. - Other agricultural and ecological resources.
Calculation of climate finance, including the basis (for example, eligible components)	Mitigation (\$ million) \$8.26 Adaptation (\$ million) \$10.03 The cost of each of the climate change activity were estimated and counted as climate finance. Mitigation activities in the project include: • Use of solar power in smart irrigation system and solar insecticidal lamp; • Ecological restoration and ecological construction of forest areas of around 827 hectares; • Disposal of municipal organic waste such as kitchen waste and municipal sludge. Disposal facilities to be purchased could handle 30 tons per day of kitchen waste, and 70 tons per day of municipal sludge. While adaptation activities include: i) installation of hydrometeorological and water quality monitor devices; ii) peripheral rainfall harvest facilities; iii) intelligent irrigation systems, and iv) increase in embankment height, among others.
Type of financial instrument	Investment loan
Type of finance (own account, co-finance)	MDB own account Counterpart

Table C.3.5. Case study #5 of tracking mitigation finance in projects

Project focus	Data Center Development Fund
Sector	Information and Communications Technology (ICT) and Digital Technologies
Brief description of project	Many low- and mid-income economies lack their own domestic data infrastructure, and the disparities in data centre penetration among countries with different income levels are wide. This reflects shortcomings in the investment climate where major global investors have largely shunned investing in emerging and frontier economies. The MDB has committed \$150 million to invest in the development of data centres that mostly serve emerging markets through the Fund, a closed-end private equity vehicle, as investments are becoming more essential nowadays with the acceleration of 5G technology and other high-speed/supercomputing digital infrastructure due to the pandemic.
Classification (as per COMMON PRINCIPLES FOR CLIMATE MITIGATION FINANCE TRACKING Version 3 — 18 October 2021): (1) Sector (according to tables 2-12 of CPs) (2) Category (3) Eligible activity	(1) Information and Communications Technology (ICT) and Digital Technologies (2) Category: Energy efficiency and renewable energy (3) Eligible activity: Greenfield data centres that meet best international practices for energy efficiency or that are supplied largely by on-site renewable energy generation
Type of financial instrument	Equity
Calculation of mitigation finance, including basis (for example, eligible components)	The MDB has committed \$150 million to this project and counted 80% of the financing as mitigation finance, by setting a target together with the client that at least 80% of the data centres (by cost) will meet the eligible activities as per the Joint MDB methodology on Climate Mitigation Finance Tracking, namely: (a) Energy efficiency performance of the data centres following internationally recognised best practice guidelines, or substantially better than market standards or benchmarks; (b) Data centre buildings following green building certification criteria provided by the methodology; and (c) Where applicable, on-site renewable energy generation will be explored to supply the power needs.
Type of mitigation finance (own resources, co-finance)	MDB own account

Table C.3.6. Case study #6 of tracking mitigation finance in projects

Project focus	Improving education outcomes for girls by reducing learning disruptions
Sector	Education
Brief description of project	This project aims to improve education for girls in the context of a post-conflict nation which is facing the harsh impacts of the COVID-19 pandemic, and the subsequent compounded impacts on human development outcomes, especially for women and girls. By addressing the key issues of social barriers to women's education, learning poverty in terms of lack of resources and schools, and gender disparities, this project aims to incorporate climate-resilient measures into a multisectoral approach to improve human capital outcomes for young girls who are proven to be more vulnerable to climate risks in the region. It will minimise disruptions to girls' educations by financing access to health services (such as family planning and nutrition), infrastructure investments, and the provision of scholarships.
Classification (as per COMMON PRINCIPLES FORCLIMATE MITIGATION FINANCE TRACKING Version 3 — 18 October 2021):	Mitigation finance eligible under the following activities:
(1) Sector (according to tables 2-12 of CPs)	Activity 9.1: • Sector (Table 9): Buildings, public installations and end-use energy efficiency. • Category: Energy efficiency, on-site renewable energy, CO₂e emission reduction, and carbon sinks in buildings. • Eligible Activity (Activity 9.1): Measures that reduce net energy consumption, resource consumption or CO₂e emissions, or increase plant-based carbon sinks in greenfield and brownfield buildings and associated grounds.
(2) Category	Project's Eligible Activities: Energy efficient design of schooling spaces, including the installation of solar panels, content on GHG emissions in the school curriculum, life skills for the green economy, use of green cookstoves, and incorporating content on climate change mitigation in teacher/manager training.
(3) Eligible activity	
Type of financial instrument	Investment loan
Calculation of mitigation finance, including basis (for example, eligible components)	The total financing of this project was \$250 million, of which mitigation financing accounted for around 7.8% of the total financing. Mitigation activities have been embedded within the approach to improve learning outcomes by: • Including content on GHG emissions in the student curriculum (for example life skills for the green economy, promoting the use of green cookstoves, and promoting plantation drives as part of the life skills training). • Training for teachers and managers of the schools. • Raising awareness on climate action as part of the core element of the schooling programme. Infrastructure investments and improvements also ensure the design with energy efficiency principles, installation of solar panels, and energy audits.
Type of mitigation finance (own resources, co-finance)	MDB own account

Table C.3.7. Case study #7 of tracking mitigation finance in projects

Project focus	Digital Connectivity in Schools to Accelerate Education and Learning during COVID-19 Pandemic
Sector	Information and Communication Technology (ICT)
Brief description of project	The project aims to help restore and restart the country's educational system and connect communities to critical information and opportunities in the digital economy, and to accelerate post-COVID learning. It will accelerate connectivity and online learning and service initiatives for children and their communities and drive economic stimulus. ICT-based communication offers immense potential to support the delivery of information including educational and climate information. This project focuses on connecting schools to the internet at community level. The components financed by the project include ICT infrastructure, such as hardware, connectivity and power sources for connection nodes, solar panels, batteries, central server, community monitoring centres and data collection stations. The project activities support the cost-effective connection of approximately 11 200 schools and also equip a further 3 million people in local communities with ICT access, educational tools and related skills. Specifically, the project supports the deployment of solar energy as a source of power in rural communities to contribute to reducing the carbon footprint of the project and the community at large. In addition, it has indirect emission reduction benefits by reducing the emissions that would otherwise have been generated through daily commuting and transportation of students and pupils to educational centres across the project areas (although this was not estimated and as such not counted). Also, the project responds to both development and humanitarian challenges using clean energy options to reach remote and previously unreachable communities in a timely manner. This project provides an example of the intersection between ICT, COVID-19 recovery, and climate-smart development.
Classification (as per COMMON PRINCIPLES FOR CLIMATE MITIGATION FINANCE TRACKING Version 3 — 18 October 2021): (1) Sector (according to tables 2-12 of CPs) (2) Category (3) Eligible activity	(1) Information and communications technology (ICT) and digital technologies. (2) This project is eligible under the category of energy efficiency improvement, renewable energy deployment, and/or CO₂e-emission reduction in existing data centres. (3) Solar energy generation in all ICT centres and hubs, solar electricity utilised in the built data and internet hubs. Other potential climate mitigation finance opportunities not considered by the project include the efficiency of the ICT equipment to be procured for the project and indirect emission reduction benefits from emissions that would otherwise have been generated through daily commuting and transportation of students and pupils to educational centres across the project communities. Based on the principle of conservativeness, these aspects were excluded from the estimated climate finance.
Type of financial instrument	Investment loan.
Calculation of mitigation finance, including basis (for example, eligible components)	Total project cost: \$6.9 million. Renewable energy component: \$1.5 million. Total share of climate finance: 21.7% of total project cost (\$1.5 million).
Type of mitigation finance (own resources, co-finance)	MDB own account

ANNEX C.4 FINANCE THAT BENEFITS BOTH ADAPTATION AND MITIGATION

The MDBs identify some components and/or sub-components, or elements or proportions of projects, which 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 C.4.1). The MDBs work continuously to improve work on the best reporting method for such projects.

For 2021, the AIIB, 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. There is no double counting in either approach. Table C.4.2 provides greater detail on the instrument types used in adaptation, mitigation and dual-benefit finance.

Table C.4.1. MDB adaptation, mitigation and dual-benefit climate finance (in \$ million)

MDB	Adaptation finance	Mitigation finance	Dual-benefit finance	Total
AIIB	583	2 184	68	2 835
EBRD	309	6 039	27	6 375
IDBG	1 614	3 275	668	5 557
Total	2 506	11 499	762	14 767

Note: Numbers may not add up due to rounding.

Table C.4.2. MDB adaptation, mitigation and dual-benefit climate finance, by instrument type (in \$ million)

Instrument type	Adaptation finance	Mitigation finance	Dual benefit	Total
Investment loan	12 141	51 054	727	63 902
Policy-based financing	1 520	2 517	0	4 037
Grant	2 640	1 632	14	4 286
Guarantee	145	2 250	0	2 395
Equity	38	1 245	0	1 283
Line of credit	69	1 380	0	1 449
Results-based financing	1 181	935	1	2 117
Other	1 044	1 182	21	2 247
Total	18 759	63 090	762	81 717

Note: Numbers may not add up due to rounding.

Table C.4.3. Case study #1 of tracking a dual-benefit project

Project focus	Improving healthcare/healthcare facilities/buildings
Brief description of project	The project aims to support the health system of the beneficiary country to meet the health needs of the population, to: (i) integrate primary and secondary care services; (ii) improve access, coverage and quality of community, ambulatory, and hospital services through a person and community-centred model of care; and (iii) increase health services efficiency. Some components of this project include building and renovating of care facilities including components of resiliency and meeting green building certification criteria.
Classification for dual benefit: (1) mitigation and (2) adaptation finance	(1) mitigation finance (positive list of eligible activities): Table 1: Buildings (Public Installations and End-Use Energy Efficiency, Energy efficiency, renewable energy, CO₂e-emission reduction, and carbon sinks in green buildings, (eligible activities 2 and 3)). (2) adaptation finance (Climate vulnerability context, statement of purpose or intent to reduce climate vulnerability, project activities linked to reducing climate vulnerability). The beneficiary country is a small island that faces high-risk for natural disasters exacerbated by climate change. This country is vulnerable to high sea levels, tropical and extratropical cyclones, increasing air and sea surface temperatures, and changing rainfall patterns. This has severely affected the infrastructure, equipment, medical supplies and electrical and water supply. In previous years, hurricanes have damaged all three public hospitals in the island, mainly roof damage, and the corporate building of the Ministry of Health have also suffered from floods. One of the components of this projects aims to enhance the capacity for provision of primary care through creating a stronger preventive maintenance system for medical infrastructure and equipment. The upgrades of the infrastructure will include disaster risk and climate change adaptation and mitigation actions to increase resilience. The adaptations comprise energy and water efficiency standards, and a disaster and climate change resilient design for several healthcare facilities.
Calculation of (1) mitigation and (2) adaptation finance	The Climate Finance Contribution estimation considers that all the clinics intervened will have basic Level 1 EDGE certification considerations as well. With this, the estimation considers that investments in construction, architecture and supervision can be considered as a mitigation and adaptation contribution. The components of the project related to the construction and rehabilitation of the healthcare clinics is therefore considered dual finance. This component is equal to \$17.787 billion which represents 44% towards climate finance.
Type of financial instrument	Investment Loan
Type of finance	MDB own account

Table C.4.4. Case study #2 of tracking a dual-benefit project

Project focus	Green Small and medium-sized enterprises Sector: Industrial, Commercial and Agribusiness
Brief description of project	Senior unsecured loan in favour of National Bank. The National Bank will on-lend the funds for investments in climate change mitigation and adaptation technologies and services. The facility will be accompanied by a comprehensive technical assistance to support implementation and verification and expected to support incorporating climate-related considerations in National Bank's corporate governance framework.
Classification: (1) mitigation and (2) adaptation finance	Mitigation 3. Manufacturing — Energy Efficiency 1. Brownfield industrial energy efficiency improvement Adaptation Crop and Food production — Primary agriculture and food production

Project focus	Green Small and medium-sized enterprises Sector: Industrial, Commercial and Agribusiness
Calculation of climate finance, including the basis (for example, eligible components)	The Bank provided a senior unsecured loan to the National Bank in the amount of up to \$100 million. Adaptation: \$10 million accounted proportionally, considering the country's extremely water intensive power systems in a context of increasing water stress, this investment in a near-zero water consuming power generation technology aims to reduce the baseline water intensity of the country's power system. The project will additionally tackle water consumption in the agribusiness sector through the financing of drip irrigation systems to replace traditional floor irrigation techniques. Amount of expected water savings informed the appropriate proportion of the eligible adaptation finance attribution. Mitigation: \$90 million accounted based on 80% of the investments is for energy efficiency and 20% for Renewable Energy technologies. Potential energy efficiency investments include process machinery replacements, HVAC, industrial furnace/boiler, insulation technologies. The programme supports the implementation of energy improvements with the help of Best Available Technologies ("Green Technology Selector") that are locally available in the market where High-performing equipment and materials are identified, pre-assessed (for their performance) and will be suggested for various types of green investment.
Type of financial instrument	Intermediary Finance
Type of finance (own account, co-finance)	MDB own account

ANNEX C.5 TYPES OF INSTRUMENTS

The types of financial instrument containing climate finance as reported for 2021 include the following:

- a) **Advisory services:** MDB advisory services include advising national and local governments as well as private sector players 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% 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 refinancing, 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 variety of debt 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 C.5.1. Case study #1: types of instruments

Project focus	Low-carbon manufacturing
Sector	Manufacturing
Brief description of project	The company is improving its production process to reduce its carbon footprint in terms of tCO ₂ e/t produced. A bond linked to performance on GHG reduction was issued.
Classification (as per COMMON PRINCIPLES FOR CLIMATE MITIGATION FINANCE TRACKING Version 3 — 18 October 2021):	Table 3: Manufacturing. Category: Energy efficiency. Eligible activity: Brownfield industrial energy efficiency improvement.
(1) Sector (according to tables 2-12 of CPs)	
(2) Category	
(3) Eligible activity	
Type of financial instrument	Sustainability linked Bond
Calculation of mitigation finance, including basis (for example, eligible components)	The Climate finance of the project was estimated according to the use of proceeds of the transaction. In this case the applicable components are: i) efficient machinery acquisition, ii) research in efficient machinery and efficient agricultural production, and iii) circular economy practices. Eligible CF categories: 1. Energy and resource efficiency: Highly efficient or low-carbon greenfield manufacturing facilities or greenfield supplementary equipment or production lines at an existing manufacturing facility. 2. Research, development, and innovation: Research on or development of renewable energy, energy efficiency improvement, low-carbon technologies, or other technologies instrumental to achieving full decarbonisation. 3. Energy and resource-use efficiency: An activity that enables a reduction in energy or material use across a supply chain (upstream or downstream) through energy efficiency or resource-use efficiency improvements in the existing supply chain, through a shift to a less carbon-intensive supply chain, or by implementing circular economy systems. In total the transaction was identified as 80% climate finance.
Type of mitigation finance (own resources, co-finance)	MDB own account + co-finance

Table C.5.2. Case study #2: types of instruments

Project focus	Strengthening the national health system for public health preparedness for COVID-19
Sector	Health
Brief description of project	This project aims to strengthen the national immunisation and health service delivery system of a highly climate vulnerable country to respond to the COVID-19 pandemic through the effective procurement and distribution of vaccines, and by developing appropriate standards for cold-chain facilities for vaccines.

Project focus	Strengthening the national health system for public health preparedness for COVID-19
Classification (as per COMMON PRINCIPLES FOR CLIMATE MITIGATION FINANCE TRACKING Version 3 — 18 October 2021): (1) Sector (according to tables 2-12 of CPs) (2) Category (3) Eligible activity	Mitigation finance eligible under the following activities: Activity 2.1: Sector (Table 2): Energy Category: Renewable energy generation Eligible Activity (Activity 2.1): Generation of renewable energy with low lifecycle GHG emissions to supply electricity, heating, mechanical energy or cooling Activity 12.1: Sector (Table 12): Cross-Sectoral Activities Category: Energy and resource-use efficiency Eligible Activity (Activity 12.1): An activity that enables a reduction in energy or material use across a supply chain (upstream or downstream) through energy efficiency or resource-use efficiency improvements in the existing supply chain, through a shift to a less carbon-intensive supply chain, or by implementing circular economy systems. Project's Eligible Activities: Use of energy efficient principles and renewable energy generation in building and retrofitting of cold-chain facilities and low-carbon procurement criteria for vaccine distribution and storage.
Type of financial instrument	Investment loan
Calculation of mitigation finance, including basis (for example, eligible components)	The total financing for this project was estimated at \$75 million. Of this, around 10% was attributed to mitigation finance. Eligible activities for mitigation finance mainly fell under Component 1: Emergency COVID-19 Response (\$74 million) and were as follows: Procurement, storage, and distribution of vaccines that follow energy efficient principles and low carbon, procurement criteria to avert greenhouse gas emissions. Building, outfitting, and retrofitting of cold-chain facilities that incorporate renewable energy generation and energy efficiency standards, thus ensuring that building back better and green recovery remained at the core of the pandemic response.
Type of mitigation finance (own resources, co-finance)	MDB own account

ANNEX C.6 POST-2020 TARGETS RELATED TO THE JOINT MDB CLIMATE FINANCE TRACKING METHODOLOGY

MDB	Post-2020 targets related to the joint MDB climate finance tracking methodology
AfDB	Doubling of climate finance to \$25 billion for the period 2020-25, giving priority to adaptation finance. Source: The African Development Bank pledges \$25 billion to climate finance for 2020-2025, doubling its commitments
ADB	By 2030, at least 75% of the number of its committed operations (on a three-year rolling average, including sovereign and non-sovereign operations) will be supporting climate change mitigation and adaptation. Climate finance from the ADB's own resources will reach \$80 billion for the period 2019–30. In 2021, ADB elevated its climate finance ambition to reach \$100 billion, up by \$20 billion by 2030. Sources: Strategy 2030: Achieving a Prosperous, Inclusive, Resilient, and Sustainable Asia and the Pacific News Release: ADB Raises 2019–2030 Climate Finance Ambition to \$100 Billion Medium-term targets: 65% of the number of operations (on a three-year rolling average) and \$35 billion for the period 2019-24. Source: ADB Corporate Results Framework, 2019–2024: Policy Paper
AIIB	Reflecting its commitment to support the Paris Agreement, AIIB will aim to reach or surpass by 2025 a 50% share of climate finance in its actual financing approvals. The Bank currently estimates its cumulative climate finance approvals to be \$50 billion by 2030. Source: AIIB Corporate Strategy: Financing Infrastructure for Tomorrow. AIIB to Fully Align with Paris Agreement Goals by Mid-2023. Currently projects \$50 billion investment for climate finance by 2030
EBRD	Green finance is to account for more than 50% of total annual EBRD investment by 2025. The EBRD's Green Economy Transition (GET) approach for the period 2021-25 is helping economies where EBRD operates build green, low-carbon and resilient economies. The new approach sets a green finance target of 50% of all EBRD's Annual Bank Investment by 2025. This green finance is composed of climate finance for both mitigation and adaptation as well as finance addressing other environmental objectives. The EBRD does not have separate targets for climate action. Nevertheless, it expects that the bulk of the finance will be classified as climate finance under the joint MDB approach, in line with the EBRD's current investment focus. For the previous period, 2016-20, cumulative climate finance accounted for approximately 95% of the reported green finance. Source: https://www.ebrd.com/what-we-do/get.html
EIB	The EIB will gradually increase the share of its financing dedicated to climate action and environmental sustainability to more than 50% of its operations in 2025. From 2021, the EIB will deliver against a target that comprises both climate finance and environmental sustainability finance. Although the EIB does not use any separate climate finance target, the joint target has been approved by the EIB's Management Committee on the basis of modelling the climate finance as a percentage of total financing. This modelling has shown that climate finance comprises approximately 85% of the volume reported against the target. Additionally adaptation finance should increase to 15% of climate finance by 2025. Sources: The EIB Group Climate Bank Roadmap 2021-2025. The EIB Climate Adaptation Plan: Supporting the EU Adaptation Strategy to build resilience to climate change
IDBG	Climate finance in IDB Group operations (of climate finance approvals as a percentage of all financing commitments for 2020-23) is ≥30% (annual floor). Note: IDB Invest reports at the level of closings (not approvals). Source: https://crf.iadb.org/en
IsDB	The IsDB is committed to a climate finance target of 35% of total financial commitment by 2025. This 35% climate finance target 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). Source: IsDB 2020-2025 Climate Action Plan
NDB	NDB aims to direct 40% of total approvals to projects contributing to climate change mitigation and adaptation, including energy transition, over 2022-2026. Source: https://www.ndb.int/wp-content/uploads/2022/07/NDB_StrategyDocument_eVersion_07.pdf
WBG	The WBG announced a target for an average of 35% of its financing to be climate finance over the period 2021-25. 50% of World Bank — IBRD and IDA — climate financing will support adaptation and resilience. The 35% target is a significant increase from the 26% achieved on average in FY 2016-20 and an even larger increase in dollar terms as the World Bank Group's total financing has also expanded. Source: https://openknowledge.worldbank.org/handle/10986/35799



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