



2014

JOINT REPORT ON MULTILATERAL DEVELOPMENT BANKS' CLIMATE FINANCE



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June 2015

This report was written by a group of Multilateral Development Banks (MDBs), comprised of the African Development Bank (AfDB), the Asian Development Bank (ADB), the European Bank for Reconstruction and Development (EBRD), the European Investment Bank (EIB), the Inter-American Development Bank (IDB), and the International Finance Corporation (IFC) and the World Bank (WB) from the World Bank Group (WBG). The findings, interpretations, and conclusions expressed in this work do not necessarily reflect the views of the MDBs, their Board of Executive Directors, or the governments they represent.

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PREFACE

To stabilize warming at less than 2 degrees Celsius, as the international community agreed in 2009, the world will have to cut greenhouse gas emissions to net zero before 2100. Finance and economic policy that helps shift the world to a cleaner trajectory will be the key to mobilizing that global response.

Today, it is increasingly clear that the finance required for a successful, orderly transformation to a growing low-carbon and resilient global economy is counted in the trillions and not billions. The immediate challenge of climate finance is to meet the promise made by developed countries to mobilize USD 100 billion a year by 2020. Meeting this commitment is critical to building trust and confidence around the UN climate negotiations in Paris later this year.

The Multilateral Development Banks (MDBs), together with other public development finance institutions, play a strategic role in smartly deploying scarce government resources and leveraging much larger, and longer-term, private investments. This fourth edition of the Joint Report on MDB Climate Finance reveals the important part they play in delivering development and climate action.

In 2014, the MDBs committed over USD 28 billion for climate action in developing and emerging economies, bringing total commitments of the past four years to over USD 100 billion. This financing has supported policy changes and investments that provide development, adaptation and mitigation benefits directly to our client countries. It has helped, for example, to improve agriculture and landscape management, made coastal and riverine infrastructure more resilient, improved the efficiency of water use and water management in cities and industries, and supported community driven adaptation activities. It has ramped-up mitigation efforts through energy efficiency, renewable energy and support for lower-carbon transport options.

There have increasingly been questions on what gets counted as climate finance. As a group of the MDBs, we have developed a transparent methodology. Over the last year, we have harmonized our principles for tracking climate mitigation finance with the International Development Finance Club (which consists of development banks of national and sub-regional origin) and have started a process for harmonizing approaches for adaptation finance.

As MDBs, we are committed to work with clients, other development finance institutions and stakeholders to provide transparent, credible and robust information that demonstrates how climate finance is flowing.

We hope that this Joint Report on MDB Climate Finance provides useful information on MDB development finance with climate benefits, and help to guide decision making at the Third International Conference on Financing for Development in Addis Ababa next month, as well as key data for the Paris climate discussions.

EXECUTIVE SUMMARY

Given the pivotal role of public finance agencies in scaling up climate finance, Multilateral Development Banks (MDBs) have a major role to play in mainstreaming climate change and in providing finance in an effective, catalytic manner. Transparent and credible information on finance flows are essential to demonstrate the effectiveness of delivering impacts on the ground.

This is the fourth edition of the Joint Report on MDB Climate Finance. The report covers financing for climate change mitigation and adaptation projects and activities, in developing and emerging economies, committed by this group of MDBs¹ in 2014.²

This report contains the following new information, not presented in previous years:

- Overview of MDB climate finance from 2011 to 2014;
- Information about the financial instruments used by MDBs for climate finance; and
- Additional thematic regional coverage, including small island states and least developed countries.

Data is tracked and reported in a granular manner, corresponding only to the financing of those components (and/or subcomponents) or elements/proportions of projects that directly contribute to (or promote) mitigation and/or adaptation. Adaptation finance is calculated using the MDB methodology, which is based on a context- and location-specific approach. Mitigation finance is also based on the MDB methodology (following an activity typology), and is closely aligned with *Common Principles for Climate Mitigation Finance Tracking* agreed by the MDBs and by the International Development Finance Club (IDFC) and published in March 2015.

The MDBs committed over USD 28 billion to projects in developing and emerging economies to address climate change in 2014. Eighty-two percent, or over USD

23 billion, was dedicated to mitigation; and 18 percent, or USD 5 billion, to adaptation, as illustrated in Figure A (a small amount of this finance has dual, adaptation and mitigation, benefits—please see Annex 1 for details). Of the total commitments, 91 percent came from MDBs' own resources, while the remaining 9 percent, or USD 2.6 billion, came from external resources such as bilateral or multilateral donors, the Global Environment Facility (GEF), and the Climate Investment Funds (CIF).

In 2014, MDB climate finance covered a broad geographical area: South Asia received the most with 21 percent of total climate finance commitments, followed by Latin America and the Caribbean with 17 percent; non-EU Europe and Central Asia with 16 percent; and Sub-Saharan Africa with 15 percent. Regarding sectoral coverage, 23 percent of

MDBs Total Climate Finance in 2014 was USD 28,345 million

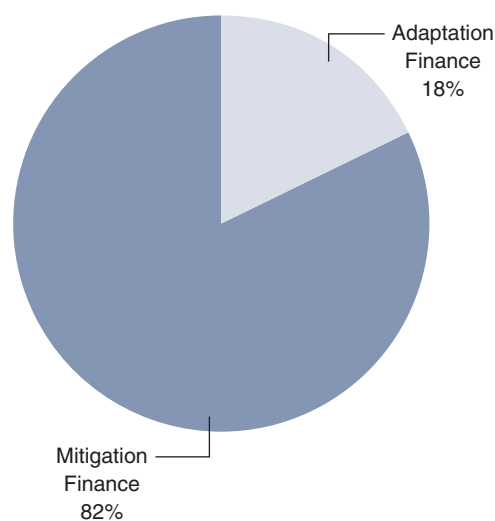


Figure A: Split of MDB Climate Adaptation and Mitigation Finance, 2014

1 The African Development Bank (AfDB), the Asian Development Bank (ADB), the European Bank for Reconstruction and Development (EBRD), The European Investment Bank (EIB), the Inter-American Development Bank (IDB), and the International Finance Corporation (IFC) and the World Bank (WB) from the World Bank Group (WBG).
2 Data covers fiscal year 2014. 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.

adaptation finance went to “Energy, Transport and Other Built Environment and Infrastructure” while 19 percent went to “Other Agricultural and Ecological Resources”; 17 percent went to “Crop Production and Food Production”; and another 17 percent went to “Coastal and Riverine Infrastructure (including built flood protection infrastructure).” Regarding mitigation finance, “Renewable Energy” comprised 35 percent of the total; “Transport,”

27 percent; and “Energy Efficiency,” 22 percent, with the other categories accounting for the balance.

The MDBs have been jointly publishing climate finance figures for the past four years. Since 2011, the MDBs have collectively committed over USD 100 billion to address climate change in developing and emerging economies. Figure B shows the annual numbers per institution.

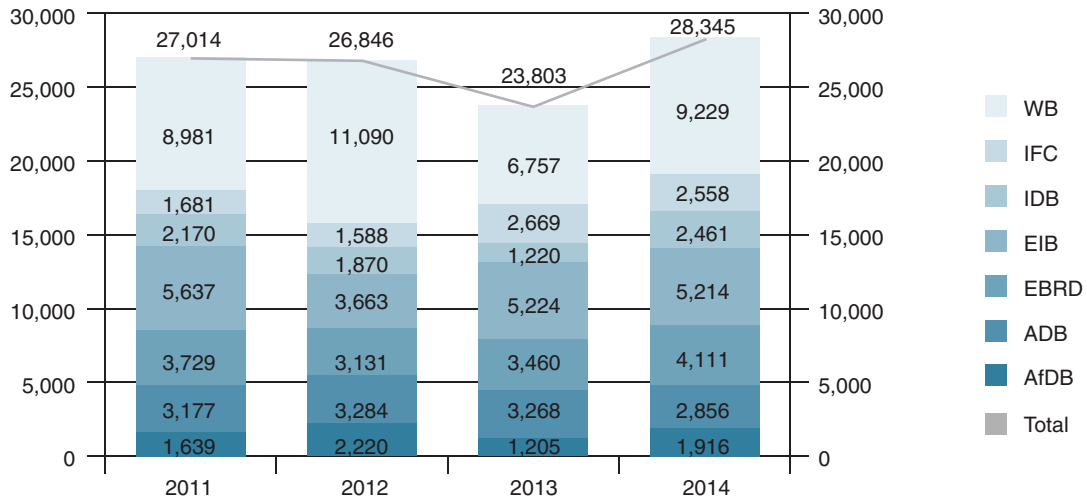


Figure B: Total Climate Financing by MDB, 2011–2014 (USD millions)

Note: EIB numbers for all four years are restricted to developing and emerging economies in transition, therefore excludes EU-15 countries where EIB is also active. EIB numbers for 2011 were amended (from that in the 2011 reports) to include EU-13 climate finance numbers, allowing for full geographical comparability among all four years.

INTRODUCTION

The Joint Report on MDB Climate Finance captures a particular context of activities that Multilateral Development Banks (MDBs) carry out in developing and emerging economies. The context is built on the premise that development finance is being provided in a world shaped by climate change. This is the fourth year that MDBs have carried out joint reporting on climate finance.³

The report is based on the joint MDB approach for climate finance tracking and reporting, for which details are provided in Section 2. The MDBs have worked consistently to improve this joint approach and refine reporting. This year's report was coordinated by the World Bank Group and prepared by professional staff from the following MDBs: African Development Bank (AfDB), Asian Development Bank (ADB), European Bank for Reconstruction and Development (EBRD), European Investment Bank (EIB), Inter-American Development Bank (IDB), and the International Finance Corporation (IFC) and World Bank (WB) from the World Bank Group (WBG)—all together referred in the report as the MDBs.

In 2015, the MDBs have worked closely with the International Development Finance Club (IDFC), a group of 22 leading development finance institutions and regional banks around the world, to more closely align their approaches on mitigation finance tracking. On March 31st, 2015, the MDBs and the IDFC jointly published the *Common Principles for Climate Mitigation Finance Tracking*,⁴ consisting of a set of common definitions and guidelines, including the list of activities for tracking mitigation finance, and agreed to continuously work on improving data transparency, collection processes and comparability of reporting.⁵ The MDBs and the IDFC are also in the process of collaborating on principles for tracking adaptation finance.

The 2014 report includes the following additional information, not included in previous years, based on interest expressed by some groups and the availability of additional data:

- Overview of MDB climate finance from 2011 to 2014;
- Information about financial instruments used by MDBs for climate finance;
- Additional thematic regional coverage, including small island states and least developed countries.⁶

The joint approach serves as a tool for the MDBs to consistently measure their financial contribution to climate change in a transparent and harmonized manner. The MDBs are also in contact with other stakeholders such as the Secretariat of the United Nations Framework Convention on Climate Change (UNFCCC) and the Organization for Economic Co-operation and Development (OECD) to discuss commonalities and differences among climate finance tracking approaches with the aim of potential harmonization.

MDB activities on climate change extend beyond financial support in many areas, to include, for example, providing advice on project design and policy dialogue. Often, technical support to clients on climate change is small in financial terms, but delivers major impacts for low-emission and climate-resilient development.

Regarding adaptation, MDBs are aware that good adaptation goes beyond purely physical investments. In some cases, the project can influence practices and policies beyond its specified activities; however, these benefits are not necessarily tracked as adaptation finance. Although this report tracks finance, the MDBs

3 Mitigation Report 2011: http://www.eib.org/attachments/documents/joint_mdb_report_on_mitigation_finance_2011.pdf (coordinated by the IDB); Adaptation Report 2011: <http://www.afdb.org/fileadmin/uploads/afdb/Documents/Generic-Documents/Joint%20MDB%20Report%20on%20Adaptation%20Finance%202011.pdf> (coordinated by the AfDB); Joint Report 2012: <http://www.ebrd.com/downloads/sector/sei/climate-finance-2012.pdf> (coordinated by the EBRD); and Joint Report 2013: http://www.eib.org/attachments/documents/joint_report_on_mdb_climate_finance_2013.pdf (coordinated by the EIB).

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

5 2014 mitigation finance tracking follows the MDB joint typology (see Part D), as data was collected prior to the publication of these Common Principles. However, MDBs will adhere to the Common Principles in next year's report.

6 Small island states include the 39 members of AOSIS, excluding developed countries. The 2015 list of least developed countries used by the United Nations Framework Convention on Climate Change (UNFCCC) is used in this report. Both lists are available in Section 2, Part B.

also prioritize support for adaptive management/ adaptive procedures such as changes in operating or maintenance procedures to make projects more resilient. The reporting of adaptation finance is limited solely to project activities that are clearly linked to the climate vulnerability context, which is important for distinguishing between a development project contributing to climate change adaptation and a standard “good development” project.

This report has two main sections. Section 1 contains total MDB climate finance numbers for 2014, broken down by adaptation and mitigation and by sector and geographic region, as well as MDB climate finance since 2011. Section 2 provides explanations on the MDB

joint approach: definitions, geographical coverage, and sectoral breakdown. It also contains a guidance section and provides case studies to illustrate the MDB adaptation and mitigation finance tracking approach. Annexes A to C provide additional information and numbers on A) Finance with dual, adaptation and mitigation, benefits; B) Financial instruments used by MDBs for climate finance; and C) MDB mitigation finance outside of the Joint Methodology.

This report does not cover public or private capital mobilized by MDB climate finance. A parallel group is working on the development of a harmonized methodology to be used toward that end.

SECTION 1. MDB CLIMATE FINANCE, 2014

PART A: TOTAL MDB CLIMATE FINANCE, 2014

Total climate finance provided by the MDBs in 2014 in developing and emerging economies was USD 28,345 million, including funds from the MDBs' own resources and funding from external resources channeled through the MDBs.⁷ Total climate finance is equal to the sum of mitigation, adaptation, and dual benefit finance from the MDBs' own resources as well as external resources. Mitigation finance totaled USD 23,276 million, or 82 percent, of the total commitments, while adaptation finance represented 18 percent of total commitments, or USD 5,069 million, as illustrated in Figure 1.

It is important to note that some components and/or subcomponents or elements within projects contribute to both mitigation and adaptation (thereby delivering dual benefits for both mitigation and adaptation); examples include (a) an afforestation project to prevent slope erosion in an area with increased risk of flash floods (project has both mitigation and adaptation benefits); and (b) the incremental cost of adding climate resilience to a renewable energy project (the whole project has mitigation benefit and the incremental cost of adding climate resilience measures is adaptation). Because this financing is important, despite currently making up a small percentage of total climate finance, it is reported separately when MDB systems allow.⁸ The total commitment with dual benefits in 2014 was USD 65 million and is split evenly between adaptation finance and mitigation finance in the report, with specific information broken down in Annex A. Figure 2 provides the total climate finance by MDB for 2014, with the breakdown of adaptation and mitigation finance.

MDBs Total Climate Finance in 2014 was USD 28,345 million

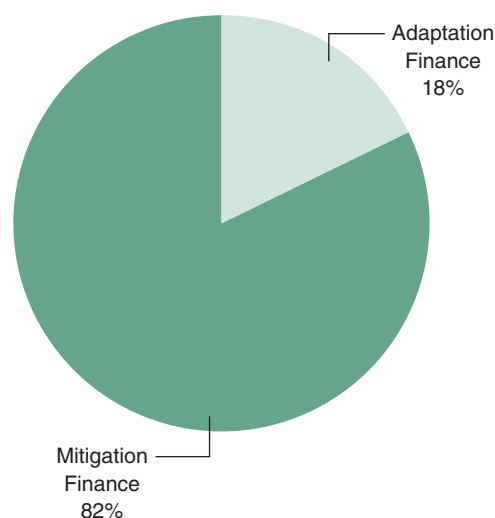


Figure 1: Split of MDB Climate Adaptation and Mitigation Finance, 2014

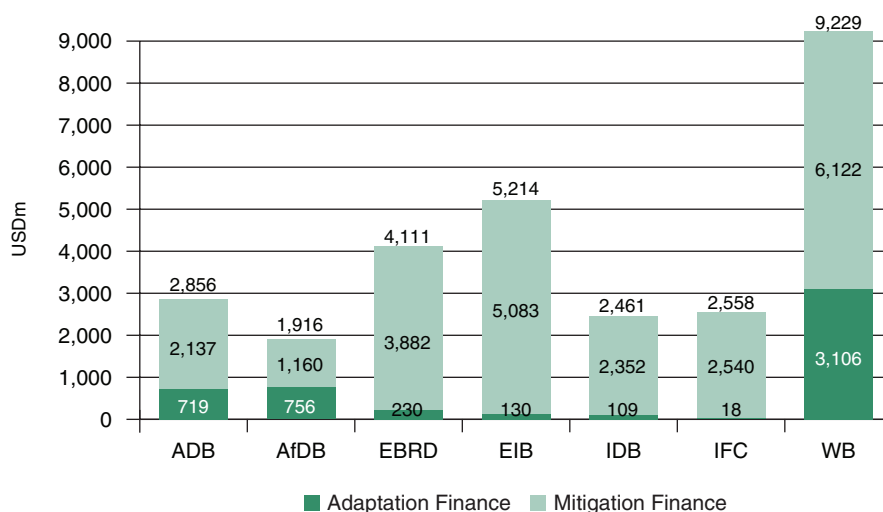


Figure 2: Total Climate Finance Split between Adaptation and Mitigation Finance by MDB Respectively (USD millions)

7 External resources refers to operations supported by bilateral donors and dedicated climate finance entities such as GEF and CIF, which might also be reported to the OECD Development Assistance Committee by contributor countries.

8 In 2014, ADB, EBRD, IDB, and IFC tracked dual benefits; though some MDBs, such as the ADB and IDB, had no commitments with dual benefits.

Table 1: MDB Resources for Total Climate Finance, 2014

MDB	USD Millions			MDB Finance ^{/a}	Total Climate Finance as a % of MDB Finance
	Adaptation Finance	Mitigation Finance	Total Climate Finance		
ADB	719	2,137	2,856	22,930	12%
AfDB	756	1,160	1,916	7,000	27%
EBRD	230	3,882	4,111	11,448	36%
EIB	130	5,083	5,214	22,856	23%
IDB	109	2,352	2,461	14,483	17%
IFC	18	2,540	2,558	17,495	15%
WB	3,106	6,122	9,229	40,843	23%
Total	5,069	23,276	28,345	137,055	22%

^{/a} MDB finance includes MDB own resources and external resources for all its financing (including non-climate commitments).

Note: numbers may not add-up to the exact decimal due to rounding. This is applicable to all tables and graphs in the report.

Note 2: EIB climate finance numbers (in this and all previous joint reports on MDB climate finance) are restricted to developing and emerging economies in transition, therefore excludes EU-15 countries where EIB is also active.

Table 1 shows the breakdown per MDB of adaptation, mitigation, and total climate finance compared to total MDB finance for 2014. Total climate finance as a percentage of total MDB finance was 22 percent and ranged from 12 percent to 36 percent across the MDBs.

Sources of climate finance

Sources of finance reported by MDBs are split between the MDBs' own resources and external resources channeled through the MDBs. External resources include trust-funded operations (including bilateral donors and dedicated climate finance funds such as the GEF and the CIF). To prevent double counting (in particular as some external resources may already be covered in bilateral reporting), external resources managed by the MDBs are clearly separated from the MDBs' own resources.

Total 2014 MDB climate finance was USD 25,744 million from MDBs' own resources and USD 2,601 million in external resources. Figure 3 shows a breakdown of MDBs' own resources and external resources channeled through the MDBs for 2014. Figure 4 provides a breakdown, by MDB, of climate finance provided by own resources and external resources.

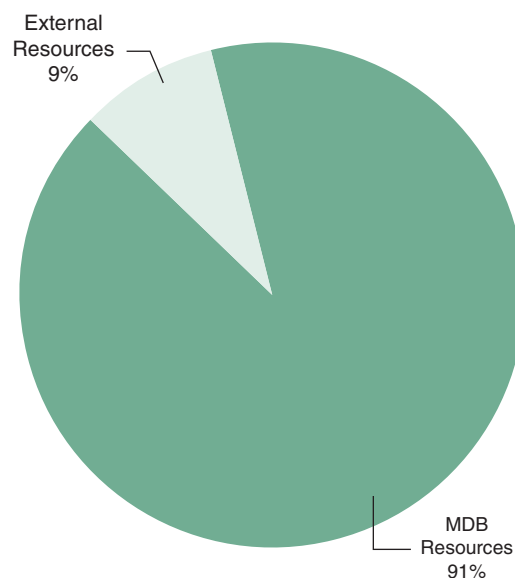


Figure 3: Share of Total Climate Finance Split between MDB Own Resources and External Resources (USD millions)

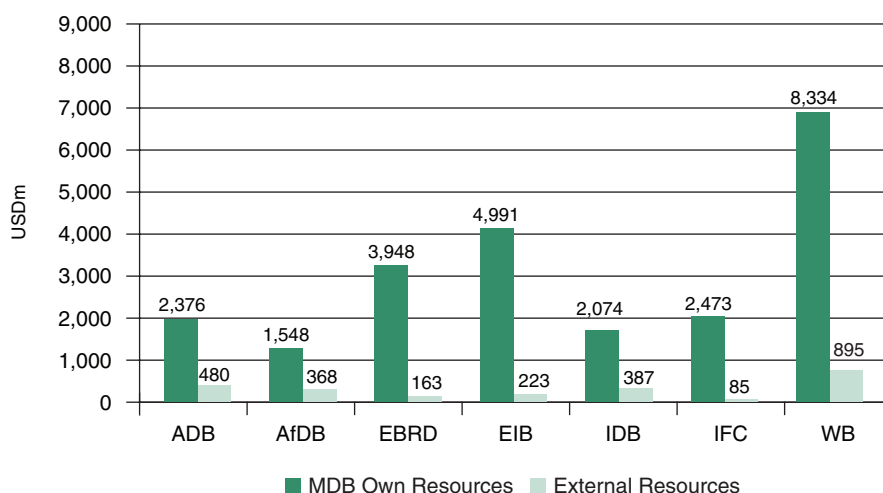


Figure 4: Total Climate Finance Split between MDB Own Resources and External Resources by Institution (USD millions)

Table 2: MDB Resources for Total Climate Finance and Respective Recipient/Borrower, 2014

MDB	USD Millions						Total
	MDB Own Resources			External Resources			
	Private Recipient/Borrower	Public Recipient/Borrower	Subtotal	Private Recipient/Borrower	Public Recipient/Borrower	Subtotal	
ADB	504	1,872	2,376	130	350	480	2,856
AfDB	599	949	1,548	70	298	368	1,916
EBRD	2,426	1,522	3,948	61	102	163	4,111
EIB	1,401	3,590	4,991	199	24	223	5,214
IDB	1,071	1,003	2,074	220	167	387	2,461
IFC	2,370	103	2,473	69	16	85	2,558
WB	—	8,334	8,334	197	698	895	9,229
Total	8,371	17,373	25,744	946	1,655	2,601	28,345

Note: At the World Bank, no climate finance commitments for 2014 were identified as having a private recipient/borrower from its own resources.

Nature of recipient—Public and private recipients

For the second consecutive year, MDBs have reported on the nature of initial recipients/borrowers of MDB climate finance (those to whom finance will directly flow from the MDBs), differentiating these between public and private recipients/borrowers.⁹ While commitment volumes vary significantly between MDBs' own resources and external resources (Table 2), the relative

share of finance provided toward public and private recipients remains about the same at approximately two-thirds, as shown in Figures 5 and 6.

Instrument type

This year, for the first time, MDBs are reporting their climate finance by financial instrument type, including equity, grants, loans, guarantees, and other instrument types such as purchase agreements for carbon finance

9 For the definition of public and private recipients/borrowers, refer to Section 2, Part A.

MDB Own Resources in 2014 was USD 25,744 millions

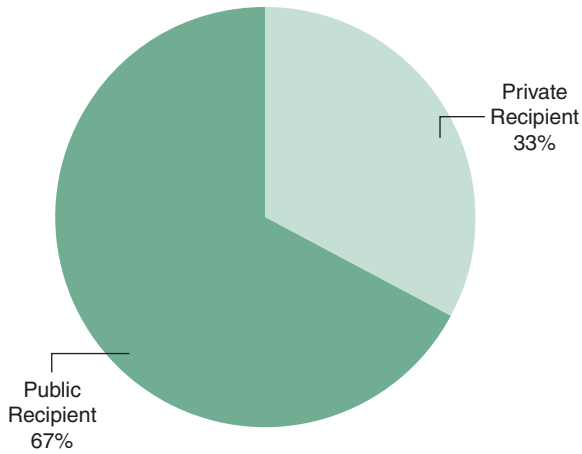


Figure 5: Climate Finance Split between Recipient Type from MDB Own Resources

External Resources in 2014 was USD 2,601 millions

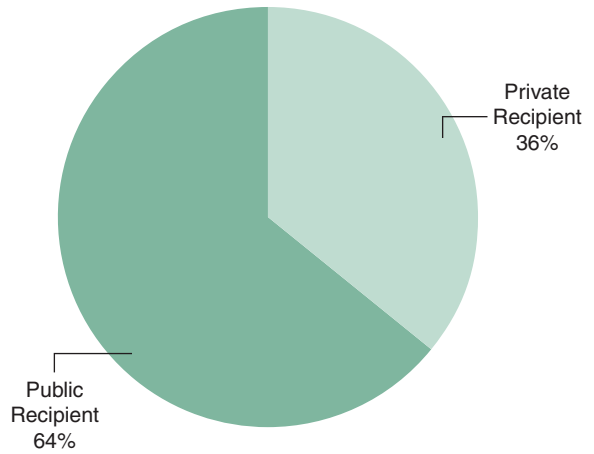


Figure 6: Climate Finance Split between Recipient Type from External Resources

projects.¹⁰ MDBs reported that 83 percent of total climate finance in 2014 was committed through loans, 9 percent through grants, 5 percent through guarantees, 2 percent through equity, and 1 percent through other instruments, as diagrammed in Figure 7. Figure 8 provides a breakdown of the volumes and shares of total climate finance split by financial instruments per institution. Information on the breakdown between adaptation and mitigation finance per instrument type is provided on Annex B.

Out of the USD 28,345 million in climate finance committed in 2014, only the IDB and the World Bank committed resources in the form of policy-based instruments (fast-disbursing financing instruments provided to the national budget in the form of loans or grants together with associated policy dialogue and economic and sector work in support of policy and institutional reforms) totaling USD 713 million, or 2.5 percent of MDB total climate finance. Figure 9 shows the share and nominal commitments per institution.

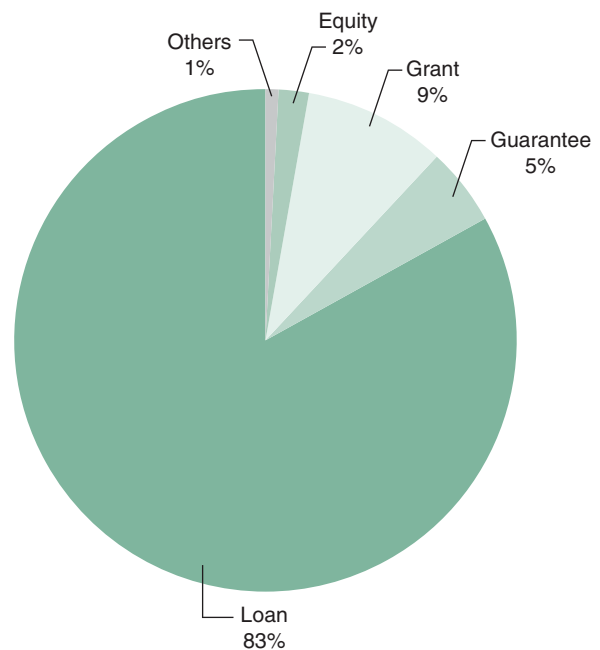


Figure 7: 2014 Total Climate Finance Split by Financial Instrument

¹⁰ Equity is defined as “ownership interest in an enterprise that represents a claim on the net assets of the entity in proportion to the number and class of shares owned.” Guarantee is defined as “promise from one entity to assume responsibility for the payment of a financial obligation of another entity if such other entity fails to perform.”

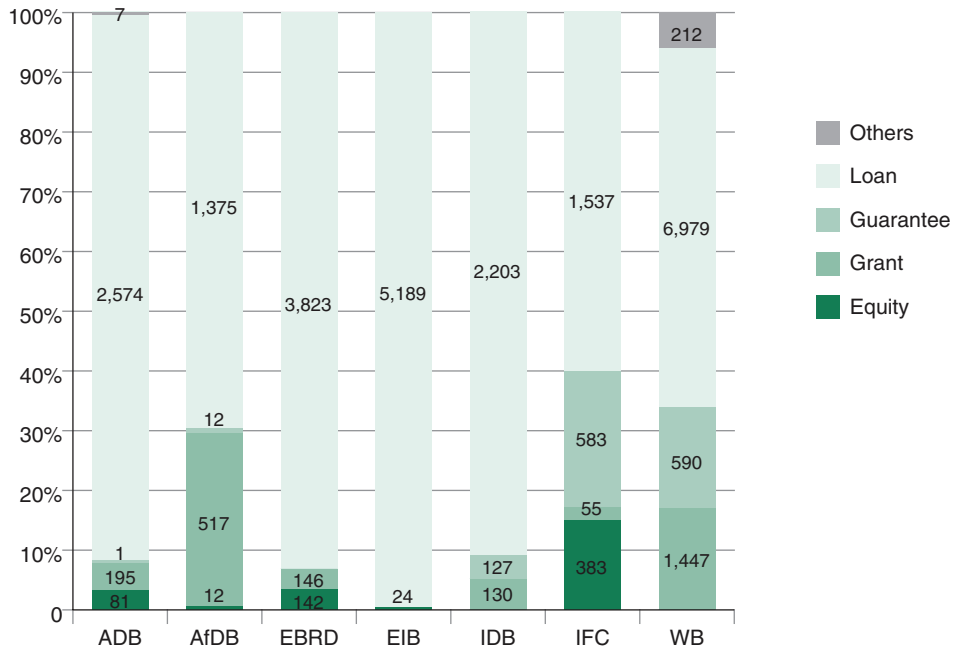


Figure 8: 2014 Climate Finance by MDB, Split by Instrument (USD millions)

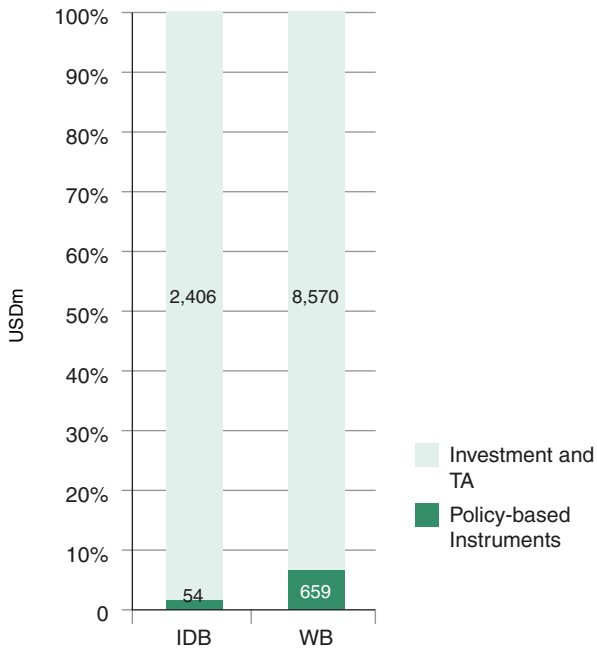


Figure 9: Share of Investments and Technical Assistance and Policy-based Instruments out of Total Climate Finance from IDB and WB (USD millions)

Geographical distribution of finance by region

This report covers climate finance provided by the MDBs in developing and emerging economies only. In 2014, South Asia received 21 percent of total climate finance commitments, followed by Latin America and the Caribbean with 17 percent; non-EU Europe and Central Asia with 16 percent; and Sub-Saharan Africa with 15 percent, as represented in Figure 10. Table 3 provides a breakdown of the amount of climate finance per region by adaptation and mitigation.

In addition to the geographical distribution of climate commitments per region, distribution to small island states and to least developed countries is shown in Table 4. About 14 percent of total climate finance was delivered to least developed countries and small island states combined. (Note: totals cannot be added with the regional investment figures in Table 3 since the projects in these categories fall into multiple regions.)

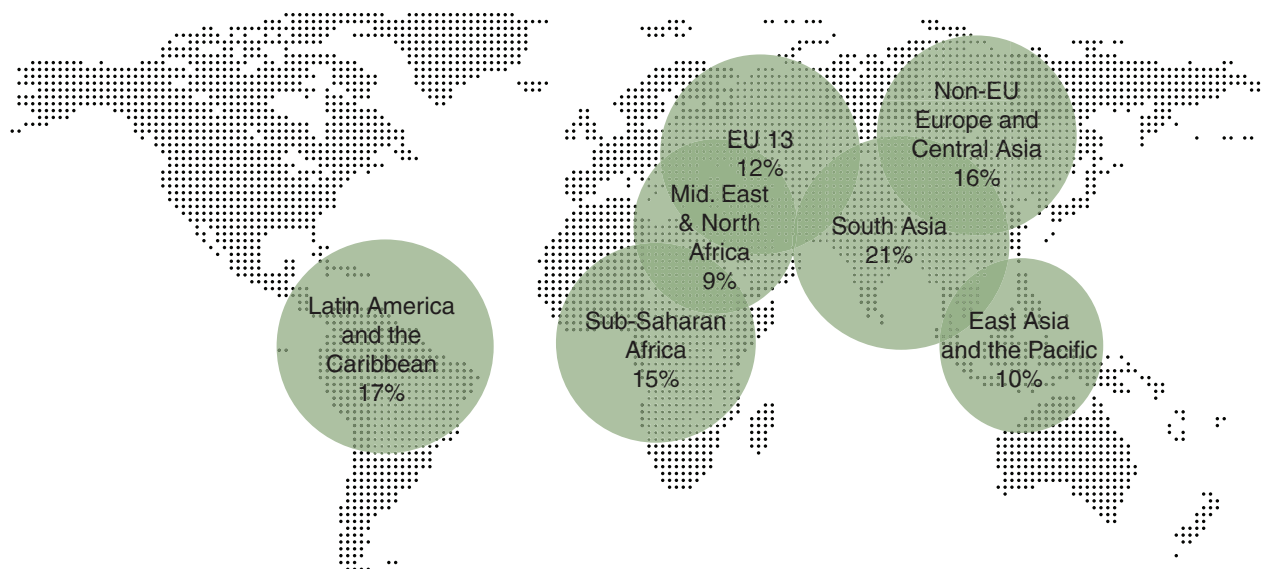


Figure 10: Percentage of Total Climate Finance by Region

Table 3: Total Climate Finance by Region

	USD Millions			By Region %
	Adaptation Finance	Mitigation Finance	Total Climate Finance	
East Asia and the Pacific	678	2,168	2,846	10%
EU 13	97	3,300	3,397	12%
Latin America and the Caribbean	454	4,228	4,682	17%
Middle East and North Africa	167	2,299	2,466	9%
Non-EU Europe and Central Asia	625	3,880	4,505	16%
South Asia	1,687	4,282	5,970	21%
Sub-Saharan Africa	1,351	2,928	4,278	15%
Multi-regional	10	191	201	1%
Total	5,069	23,276	28,345	100%

Table 4: Total Climate Finance to Least Developed Countries and to Small Island States

	USD Millions		Total Climate Finance
	Adaptation Finance	Mitigation Finance	
Least developed countries and small island states	1,532	2,450	3,982
<i>Out of which:</i>			
Least developed countries	1,387	2,290	3,677
Small island states	302	290	592

Note: Small island states include the 39 members of AOSIS, excluding developed countries. The least developed countries reflect the 2015 UNFCCC list in Section 2, Part B. Some countries are in both lists.

PART B: MDB CLIMATE FINANCE COMMITMENTS, 2011–2014

The MDBs have reported jointly on climate finance since 2011 and have collectively financed over USD 100 billion in climate actions over the last four years, or an average of USD 26.5 billion per year as charted in Figures 11 and 12, which provides a breakdown of adaptation and mitigation finance.

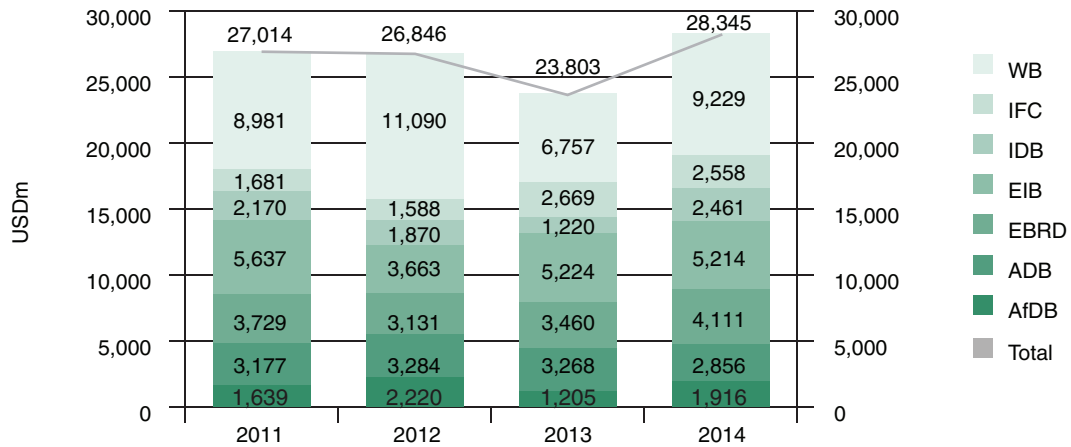


Figure 11: Total Climate Financing by MDB, 2011–2014 (USD millions)

Note: EIB numbers for all four years are restricted to developing and emerging economies in transition, therefore excludes EU-15 countries where EIB is also active. EIB numbers for 2011 were also amended (from that in the 2011 reports) to include EU-13 climate finance numbers, allowing for full geographical comparability among all four years.

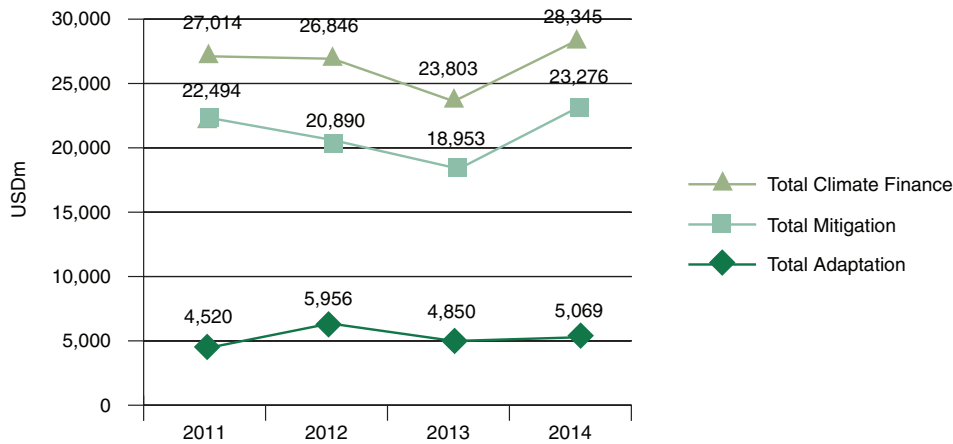


Figure 12: Total MDB Mitigation and Adaptation Finance, 2011–2014 (USD millions)

PART C: MDB ADAPTATION FINANCE, 2014

In 2014, MDBs reported a total of USD 5,069 million in adaptation finance. Table 5 shows the total adaptation finance breakdown by MDBs' own resources and external resources as well as reporting the nature of the recipient/borrower. Figure 13 provides the relative share per MDB of total adaptation finance in 2014, and Figure 14 provides the relative share of MDBs' own resources and external resources by MDB.

Data reported corresponds to the financing of adaptation projects or of those components, sub-components, or elements within projects that provide adaptation benefits (rather than the entire project cost). For MDBs that report dual benefits separately, this section as well as the accompanying tables and figures include the adaptation elements of that dual benefit financing but these are not shown separately. Specific information and data on dual benefit numbers can be found in Annex A.

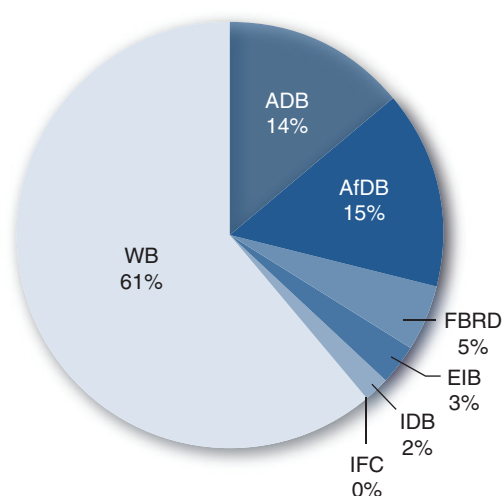


Figure 13: Share of Total Adaptation Finance per MDB, 2014

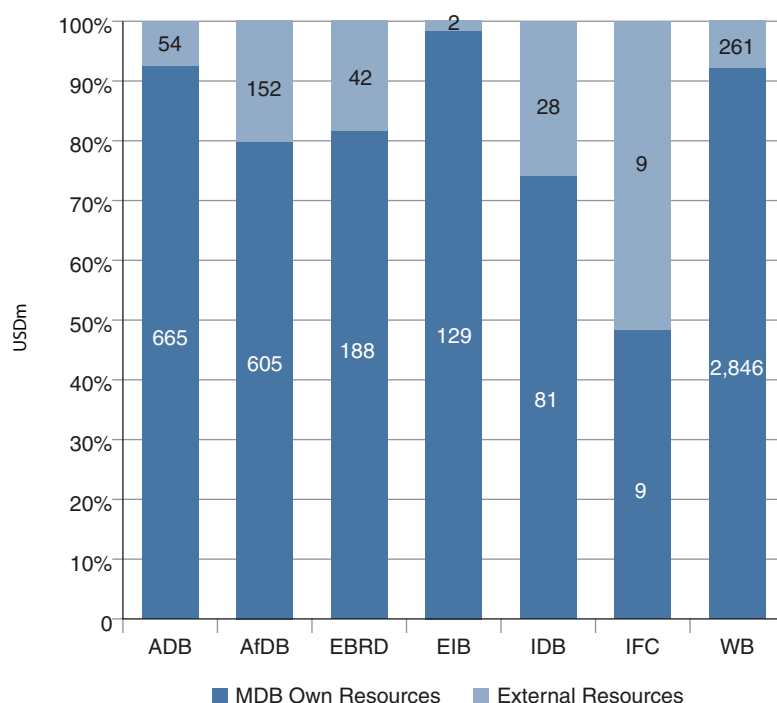


Figure 14: Share of MDB Own Resources and External Resources Commitments in Adaptation Finance, 2014 (USD millions)

Table 5: MDB Resources for Adaptation Finance, 2014

MDB	USD Millions						Total
	MDB Own Resources			External Resources			
	Private Recipient	Public Recipient	Subtotal	Private Recipient	Public Recipient	Subtotal	
ADB	—	665	665	—	54	54	719
AfDB	—	605	605	—	152	152	756
EBRD	79	109	188	2	40	42	230
EIB	27	101	129	—	2	2	130
IDB	15	66	81	0	28	28	109
IFC	9	—	9	9	1	9	18
WB	—	2,846	2,846	—	261	261	3,107
Total	130	4,391	4,521	11	538	548	5,069

Regarding the share of recipients, 97 percent of total adaptation finance was committed to public recipients and 3 percent to private recipients. Due to the differing nature and clients of the various MDBs, the share of

adaptation finance by MDBs changes significantly when assessed against recipient type, as diagrammed in Figures 15 and 16.

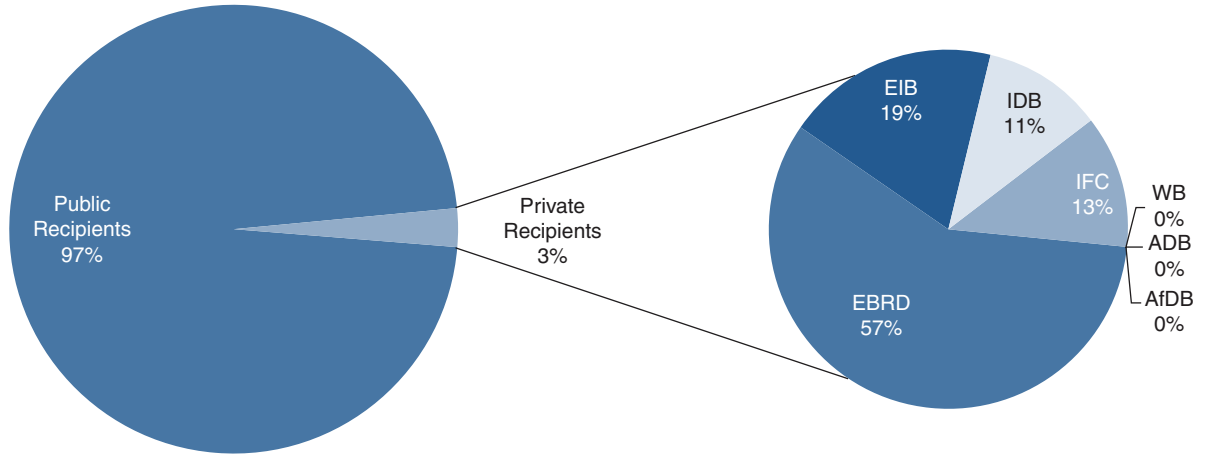


Figure 15: Share of Total Adaptation Finance to Private Recipients by MDB

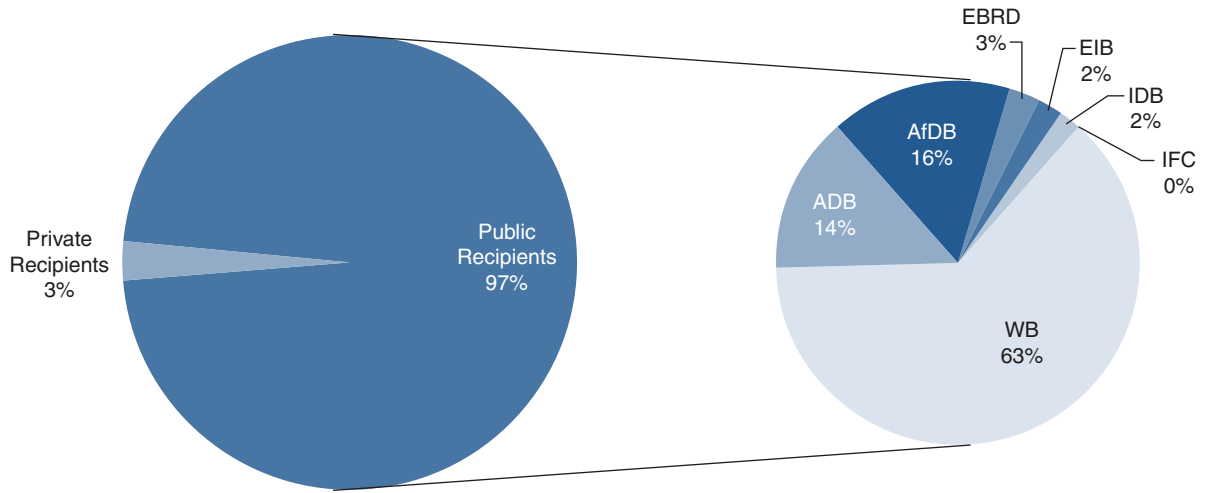


Figure 16: Share of Total Adaptation Finance to Public Recipients by MDB

Table 6 shows total adaptation finance by region. Adaptation finance for small island states and least developed countries is shown in Table 7. About 30 percent of MDB adaptation finance was delivered to least developed countries and small island states

combined. Finally, Table 8 reports adaptation finance by sector grouping (i.e. sector groups where some adaptation finance has been reported). Refer to Section 2, Part C for details on adaptation methodology and sector grouping for adaptation finance.

Table 6: MDB Own Resources and External Resources for Adaptation Finance by Region, 2014

	USD Millions						Total
	MDB Own Resources			External Resources			
	Private Recipient	Public Recipient	Subtotal	Private Recipient	Public Recipient	Subtotal	
East Asia and the Pacific	5	635	640	1	38	38	678
EU 13	17	80	97	0	0	0	97
Latin America and the Caribbean	15	345	360	1	94	95	454
Middle East and North Africa	16	125	141	0	26	26	167
Non-EU Europe and Central Asia	69	518	586	3	35	38	625
South Asia	0	1,599	1,599	3	86	89	1,687
Sub-Saharan Africa	0	1,089	1,089	3	258	261	1,351
Multi-regional	9	1	10	0	0	0	10
Total	130	4,391	4,521	11	538	548	5,069

Table 7: Share of Adaptation Finance of MDBs in Least Developed Countries and Small Island States

	USD Millions						Total
	MDB Own Resources			External Resources			
	Private Recipient	Public Recipient	Subtotal	Private Recipient	Public Recipient	Subtotal	
Least developed countries and small island states	0	1,191	1,191	3	337	340	1,531
<i>Out of which:</i>							
Least developed countries	0	1,104	1,104	3	280	283	1,387
Small island states	0	218	218	1	84	85	303

Note: Small island states include the 39 members of AOSIS, excluding developed countries. The least developed countries reflect the 2015 UNFCCC list in Section 2, Part B. Some countries are in both lists.

Table 8: MDB Adaptation Finance by Sector Groupings (i.e. sector groups where some adaptation finance has been reported), 2014

Sector Grouping	Adaptation Finance (USD million)	Adaptation Finance (%)
Water & Wastewater Systems	541	11%
Crop Production and Food Production	853	17%
Other Agricultural & Ecological Resources	964	19%
Industry, Extractive Industries, Manufacturing & Trade	238	5%
Coastal and Riverine Infrastructure (including built flood protection infrastructure)	847	17%
Energy, Transport, and Other Built Environment and Infrastructure	1,147	23%
Institutional Capacity	236	5%
Cross Sectors and Other	243	5%
Total	5,069	100%

PART D: MDB MITIGATION FINANCE, 2014

The tables and graphs that follow present mitigation finance for 2014. Table 9 reports the total mitigation finance per MDB, differentiating MDBs' own resources from external resources as well as reporting the nature of the recipient/borrower. Figure 17 provides the relative share per MDB of total mitigation finance in 2014, and Figure 18 provides the relative share of MDBs' own resources and external resources by MDB.

Mitigation figures reported correspond to the financing of those components and/or subcomponents or elements of projects that provide mitigation benefits (rather than the entire project cost). Refer to Section 2, Part D, for details of mitigation methodology and sectors and subsectors for mitigation finance. For MDBs that report dual benefits separately, this section as well as the accompanying tables and figures include the mitigation elements of that dual benefit financing but these are not shown separately. Specific information and data on dual benefit numbers can be found in Annex A.

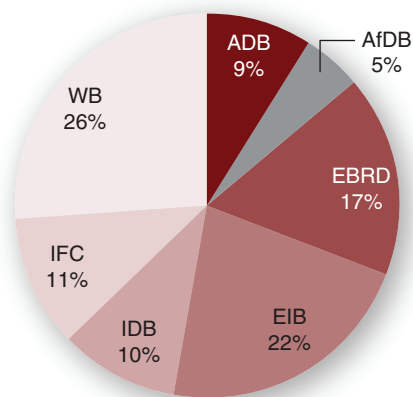


Figure 17: Share of Total Mitigation Finance per MDB, 2014

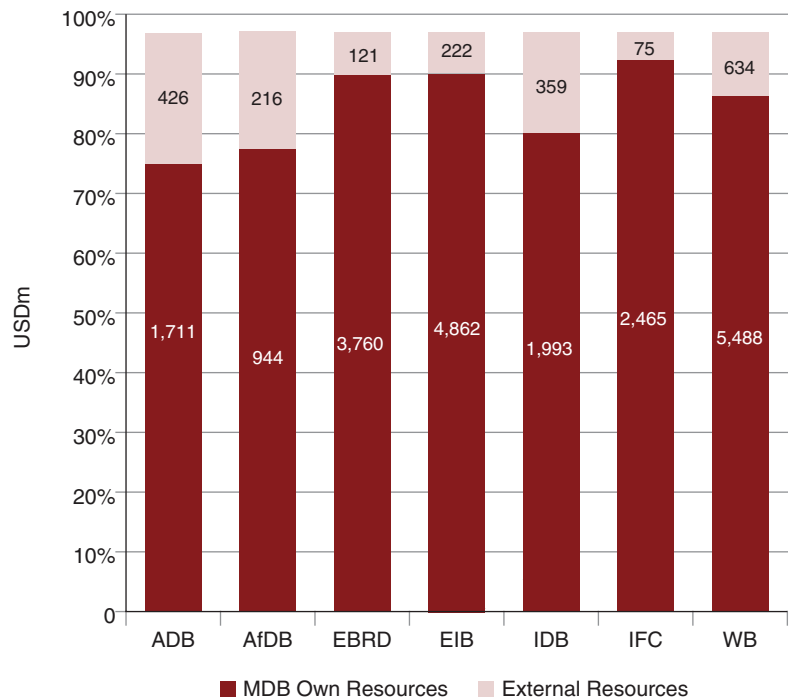


Figure 18: Share of MDB Own Resources and External Resources in Mitigation Finance, 2014 (USD millions)

Table 9: MDB Resources for Mitigation Finance, 2014

MDB	USD Millions						Total
	MDB Own Resources			External Resources			
	Private Recipient	Public Recipient	Subtotal	Private Recipient	Public Recipient	Subtotal	
ADB	504	1,206	1,711	130	297	426	2,137
AfDB	599	345	944	70	146	216	1,160
EBRD	2,347	1,414	3,760	59	62	121	3,882
EIB	1,373	3,488	4,862	199	22	222	5,083
IDB	1,056	937	1,993	220	139	359	2,352
IFC	2,361	103	2,465	60	15	75	2,540
WB	0	5,488	5,488	197	437	634	6,122
Total	8,241	12,982	21,223	935	1,118	2,053	23,276

Regarding the share of recipients, 60 percent of total mitigation finance was committed to public recipients and 40 percent to private recipients. Due to the different nature and clients of the various MDBs, the share of commitments to mitigation finance changes significantly when assessed against recipient type, as evidenced in Figures 19 and 20.

Table 10 shows the total mitigation finance per MDB according to region, and Table 11 provides the same mitigation figures delivered to least developed countries and small island states. About 10 percent of mitigation finance was delivered to least developed countries and small island states combined. Finally, Table 12 shows mitigation finance per sector. Refer to Section 2, Part D, for details of the mitigation methodology.

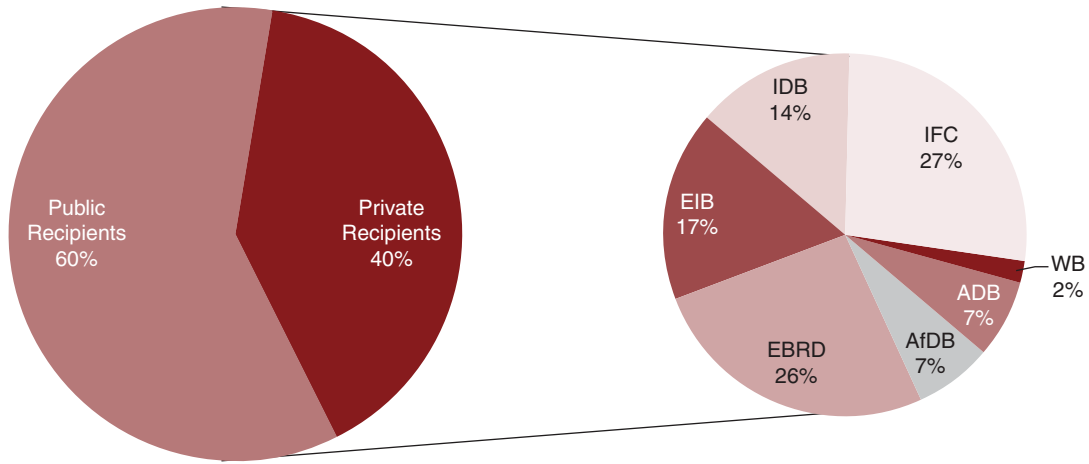


Figure 19: Share of Mitigation Finance to Private Recipients by MDB

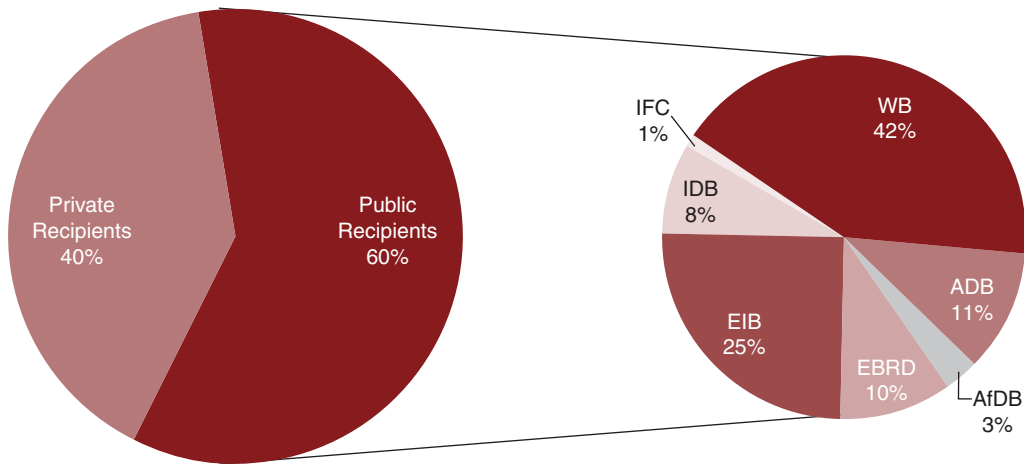


Figure 20: Share of Mitigation Commitments to Public Recipients by MDB

Table 10: MDB Resources for Mitigation Finance by Region, 2014

	<i>USD Millions</i>						
	<i>MDB Own Resources</i>			<i>External Resources</i>			Total
	Private Recipient	Public Recipient	Subtotal	Private Recipient	Public Recipient	Subtotal	
East Asia and the Pacific	606	1,157	1,763	217	188	405	2,168
EU 13	1,484	1,794	3,278	19	3	22	3,300
Latin America and the Caribbean	2,095	1,647	3,743	298	187	485	4,228
Middle East and North Africa	673	1,486	2,159	16	124	140	2,299
Non-EU Europe and Central Asia	1,894	1,634	3,528	74	278	352	3,880
South Asia	392	3,717	4,109	20	153	173	4,282
Sub-Saharan Africa	917	1,545	2,462	286	180	466	2,928
Multi-regional	180	1	181	4	6	10	191
Total	8,241	12,982	21,223	935	1,118	2,053	23,276

Table 11: Share of Mitigation Finance by MDBs in least developed countries and small island states

	<i>USD Millions</i>						
	<i>MDB Own Resources</i>			<i>External Resources</i>			Total
	Private Recipient	Public Recipient	Subtotal	Private Recipient	Public Recipient	Subtotal	
Least developed countries and small island states	194	1,934	2,128	104	219	323	2,451
<i>Out of which:</i>							
Least developed countries	192	1,810	2,002	103	148	251	2,253
Small island states	1	225	226	1	63	64	290

Note: Small island states include the 39 members of AOSIS, excluding developed countries. The least developed countries reflect the 2015 UNFCCC list in Section 2, Part B. Some countries are in both lists.

Table 12: MDB Mitigation Finance by Sector, 2014

Mitigation Sector	Mitigation Finance (USD millions)	Total Mitigation Finance (%)
Energy Efficiency	5,019	22%
Renewable Energy	8,229	35%
Transport	6,316	27%
Agriculture, forestry and land use	461	2%
Waste and wastewater	229	1%
Cross-sector activities and others	995	4%
Energy efficiency, renewable energy and other financing through financial intermediaries or similar	2,025	9%
Total	23,276	100%

SECTION 2: GENERAL

PART A. DEFINITIONS AND CLARIFICATIONS

Comparability: In this report the 2011 numbers (when presented) were amended to be comparable to the years 2012-2014. Therefore the 2011 numbers in this report are different from those reported in the original 2011 Joint MDB reports. This is due to different geographic categories.

External resources: Refers to operations supported by bilateral donors and dedicated climate finance entities such as GEF and CIF, which might also be reported to the OECD Development Assistance Committee by contributor countries.

Financing instruments: All instruments associated with MDB climate finance are covered, including grants, loans, guarantees, equity, and performance-based instruments. Equity is defined as “ownership interest in an enterprise that represents a claim on the net assets of the entity in proportion to the number and class of shares owned.” Guarantee is defined as “promise from one entity to assume responsibility for the payment of a financial obligation of another entity if such other entity fails to perform.”

Granularity: Finance reported covers only those components and/or subcomponents or elements of projects with activities that directly contribute to (or promote) adaptation and/or mitigation.

Investments and technical assistance: Related to all vehicles used by MDB clients to support specific investments covering a mix of capital and recurrent expenditures, as well as advisory services and capacity building.

Point of reporting: Data corresponds to commitments at the time of Board approval or financial agreement signature and are therefore based on ex ante estimations. All efforts have been taken to prevent double counting. No corrections will be issued in cases where a project’s scope has changed to either increase or decrease climate financing.

Policy-based instruments: Fast-disbursing financing instruments provided to the national budget in the form of loans (also referred to as DPLs) or grants together with associated policy dialogue and economic and sector work in support of policy and institutional reforms.

Public and private: This is based on the status of the first recipient/borrower of MDB finance. The first recipient/borrower is to be considered public when at least 50 percent of the recipient is publicly owned.¹¹

Reporting period: Data covers fiscal year 2014. 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.

Reporting: Reporting is complete for all fields and tables. A value of 0 in a table means the value is below USD 0.5 million and if the value is shown as ‘-’, then nothing was reported. As all finance figures are rounded to the nearest USD million or USD hundred thousand, tables calculated by hand may not give the exact result shown as the total figures in the tables.

Sources covered: MDBs’ own resources as well as a range of external resources managed by the MDBs.

¹¹ This is recognized as a complicated topic and the status of the first recipient/borrower may not be the same as the final beneficiary/borrower. For example, a loan to a national development bank for energy efficiency in small and medium enterprises is particularly complicated when a public-private partnership exists.

PART B: GEOGRAPHICAL COVERAGE OF THE REPORT AND REGIONAL BREAKDOWNS

Countries included in this list are covered by at least one of the MDBs. Inclusion of countries in Table 13 does not imply any recognition of country names or borders by any of the MDBs in question.

Table 13: Countries Covered by at Least One of the MDBs

EAST ASIA AND THE PACIFIC		
Cambodia	Marshall Islands	Samoa
People's Republic of China	Micronesia (Federated States of)	Solomon Islands
Cook Islands	Mongolia	Thailand
Fiji	Myanmar	Timor-Leste
French Polynesia	Nauru	Tonga
Indonesia	Palau	Tuvalu
Kiribati	Papua New Guinea	Vanuatu
Lao People's Democratic Republic	Philippines	Vietnam
Malaysia		
EU 13		
Bulgaria	Hungary	Poland
Croatia	Latvia	Romania
Cyprus	Lithuania	Slovakia
Czech Republic	Malta	Slovenia
Estonia		
LATIN AMERICA AND THE CARIBBEAN		
Anguilla	Dominica	Panama
Antigua and Barbuda	Dominican Republic	Paraguay
Argentina	Ecuador	Peru
Aruba	El Salvador	Puerto Rico
Bahamas	Falkland Islands (Malvinas)	Saint-Barthélemy
Barbados	French Guiana	Saint Kitts and Nevis
Belize	Grenada	Saint Lucia
Bolivia (Plurinational State of)	Guadeloupe	Saint Martin (French part)
Bonaire, Saint Eustatius and Saba	Guatemala	Saint Vincent and the Grenadines
Brazil	Guyana	Saint Maarten (Dutch part)
British Virgin Islands	Haiti	Suriname
Cayman Islands	Honduras	Trinidad and Tobago
Chile	Jamaica	Turks and Caicos Islands
Colombia	Martinique	United States Virgin Islands
Costa Rica	Mexico	Uruguay
Cuba	Montserrat	Venezuela (Bolivarian Republic of)
Curaçao	Nicaragua	

MIDDLE EAST AND NORTH AFRICA		
Algeria	Jordan	Syria
Egypt	Lebanon	Tunisia
Iran (Islamic Republic of)	Libya	Western Sahara
Iraq	Morocco	Yemen
Israel	Gaza/West Bank	
SOUTH ASIA		
Afghanistan	India	Pakistan
Bangladesh	Maldives	Sri Lanka
Bhutan	Nepal	
NON-EU EUROPE AND CENTRAL ASIA ¹²		
Albania	Kyrgyz Republic	Turkey
Armenia	Kosovo	Tajikistan
Azerbaijan	Montenegro	Turkmenistan
Belarus	Republic of Moldova	Ukraine
Bosnia and Herzegovina	Russian Federation	Uzbekistan
Georgia	Serbia	
Kazakhstan	The Former Yugoslav Republic of Macedonia	
SUB-SAHARAN AFRICA		
Angola	Gambia	Réunion
Benin	Ghana	Rwanda
Botswana	Guinea	São Tomé and Príncipe
Burkina Faso	Guinea-Bissau	Saint Helena
Burundi	Kenya	Senegal
Cameroon	Lesotho	Seychelles
Cape Verde	Liberia	Sierra Leone
Central African Republic	Madagascar	South Africa
Chad	Malawi	Somalia
Comoros	Mali	South Sudan
Congo	Mauritania	Sudan
Côte d'Ivoire	Mauritius	Swaziland
Democratic Republic of the Congo	Mayotte	Togo
Djibouti	Mozambique	Uganda
Equatorial Guinea	Namibia	United Republic of Tanzania
Eritrea	Niger	Zambia
Ethiopia	Nigeria	Zimbabwe
Gabon		
MULTI-REGIONAL		

Any operation by an MDB that is implemented across two or more of the regions above, including activities with a global focus.

12 Previously reported "(OTHER) Europe and Central Asia"

Least developed countries are defined according to the UNFCCC list:¹³

Afghanistan, Angola, Bangladesh, Benin, Bhutan, Burkina Faso, Burundi, Cambodia, Central African Republic, Chad, Comoros, Democratic Republic of the Congo, Djibouti, Equatorial Guinea, Eritrea, Ethiopia, Gambia, Guinea, Guinea Bissau, Haiti, Kiribati, Lao People's Democratic Republic, Lesotho, Liberia, Madagascar, Malawi, Mali, Mauritania, Mozambique, Myanmar, Nepal, Niger, Rwanda, Sao Tome and Principe, Senegal, Sierra Leone, Solomon Islands, Somalia, South Sudan, Sudan, Timor Leste, Togo, Tuvalu, United Republic of Tanzania, Uganda, Vanuatu, Yemen, Zambia

Small island states are defined according to the Alliance of Small Island States (AOSIS) list, excluding developed countries:

Cape Verde, Antigua and Barbuda, Bahamas, Barbados, Cook Islands, Comoros, Cuba, Dominica, Dominican Republic, Federated States of Micronesia, Fiji, Grenada, Guinea Bissau, Guyana, Haiti, Jamaica, Kiribati, Maldives, Marshall Islands, Mauritius, Nauru, Niue, Papua New Guinea Sao Tome and Principe, Saint Kitts and Nevis, Saint Lucia, Saint Vincent and Grenadines, Samoa, Seychelles, Solomon Islands, Suriname, Timor-Leste, Tonga, Trinidad and Tobago, Tuvalu, Vanuatu.

PART C: GUIDANCE SECTION ON THE ADAPTATION FINANCE TRACKING METHODOLOGY

(1) Background and Guiding Principles

The MDB adaptation finance tracking methodology uses a context- and location-specific, conservative and granular approach that is intended to reflect the specific focus of adaptation activities, and reduce the scope for over-reporting of adaptation finance against projects. The approach drills down into the 'sub-project' or 'project element' level as appropriate, in line with the overall MDB climate finance tracking methodology. It also employs a clear process in order to ensure that project activities address specific climate vulnerabilities identified as being relevant to the project and its context/location.

The reported finance, therefore, only captures the amounts associated with specific activities that are identified in the project document and that contribute to overall project outcomes.

Likewise, the approach might not always capture and count activities that may significantly contribute to resilience, but cannot always be tracked in quantitative terms, such as some operational procedures that ensure business continuity, or may not have associated costs, for example siting assets outside of future storm surge range.

It is important to note that this granular approach is not intended to capture the value of the entire project or investment that may increase resilience as a consequence of specific adaptation and resilient activities within the project (e.g., improved drainage of a section of a newly constructed road to deal with impacts of heavy rainfall or storm surges that then contributes to overall road and investment resilience).

(2) Overview of the Adaptation Finance Tracking Methodology

This methodology is comprised of the following key steps:

- Setting out the **climate vulnerability context** of the project¹⁴
- Making an **explicit statement of intent** to address climate vulnerability as part of the project
- Articulating a **clear and direct link** between the climate vulnerability context and the specific project activities

¹³ http://unfccc.int/cooperation_and_support/ldc/items/3097.php

¹⁴ Vulnerability is a function of the character, magnitude, and rate of climate change and variation to which a system is exposed, its sensitivity, and its adaptive capacity.

Furthermore, when applying the methodology, the reporting of adaptation finance is limited solely to those project activities (i.e., projects, project components or proportions of projects) that are clearly linked to the climate vulnerability context.

a. Context of vulnerability to climate variability and change

For a project to be considered as one that contributes to adaptation, the context of climate vulnerability must be set out clearly using a robust evidence base. This could take a variety of forms, including use of material from existing analyses and reports, or original, bespoke climate vulnerability assessment analysis carried out as part of the preparation of a project.

Examples of good practice in the use of existing analyses or reports include using sources that are authoritative and preferably peer-reviewed, such as academic journals, national communications to the UNFCCC, reports of the Intergovernmental Panel on Climate Change (IPCC) and Strategic Programs for Climate Resilience.

Examples of good practice in conducting original, bespoke analysis include using records from trusted sources showing vulnerable communities or ecosystems particularly vulnerable to climate change, as well as recent climate trends including any departures from historic means. These may be combined with climate change projections drawn from a wide range of climate change models, with high and low greenhouse gas (GHG) emissions scenarios, in order to explore the full envelope of projected outcomes and uncertainties. Climate projection uncertainties should be presented and interpreted in a transparent way. The timescale of the projected climate change impacts should match the intended lifespan of the assets, systems or institutions being financed through the project (e.g., time horizon of 2030, 2050, 2080, etc.).

b. Statement of purpose or intent

The project should set out how it intends to address the context- and location-specific climate change vulnerabilities, as set out in existing analyses, reports or the project's climate vulnerability assessment. This is important for distinguishing between a development project contributing to climate change adaptation and a standard 'good development' project. The methodology is flexible regarding exactly where and how the statement of intent or purpose is documented. As long as the MDB concerned is able to record and track the rationale for each adaptation project or adaptation component of a project linked to the context of climate vulnerability established above, this could be described in the final technical document, Board document, internal memo or other associated project document.

c. Clear and direct link between climate vulnerability and project activities

In line with the principles of the overall MDB climate finance tracking methodology, only specific project activities that explicitly address climate vulnerabilities identified in the project documentation are reported as climate finance. Where climate change adaptation is incorporated into project activities that also have other objectives, the amount of adaptation finance counted at the project level depends on the project context, location and specific characteristics. It is based on the estimated incremental cost/investment associated with discrete project components or elements of project design that address risk and vulnerabilities under current and future climate change, in comparison with a project design that does not consider such conditions. In the absence of the possibility to estimate incremental cost/investment directly from project cost information—for example, when using policy instruments/balance sheet lending, equity investments or credit line lending through financial intermediaries—a proportion of the project cost/investment corresponding to adaptation activities may be used to represent the incremental amount. This approach may also be applied to project preparation activities if appropriate, depending on the standard practices of the specific MDB in question.

(3) Reporting of Project Activities with Dual Benefits

Where the same project, sub-project or project element contributes to both mitigation and adaptation, the MDB's individual processes will determine what proportion is counted as mitigation or as adaptation, so that the actual financing will not be double counted. Some MDBs are reporting projects where the same components or elements contribute to both mitigation and adaptation as a separate category (Table 14). The MDBs are continuing to work on the best reporting method for such projects.

Table 14: Examples of Potential Adaptation Activities in Some Sectoral Groupings

Sectoral Grouping	Examples of Sectors	Potential Impacts	Potential Adaptation Activities in Response
Water and Wastewater Systems	Water supply	Increased risk of flooding of well fields leading to contamination	Well fields relocated away from floodplains, raised well heads
	Wastewater infrastructure/management	Increased exposure to damage and storm water overload due to coastal flooding and sea-level rise	Protection of wastewater infrastructure from increased flooding
	Water resources management (not included under cross-sector)	Reduction in river water levels and flows due to reduced rainfall	Improved catchment management planning and regulation of water abstraction
Crop Production and Food Production^a	Primary agriculture and food production	Increased variability in crop productivity	Investments in R&D of crops that are more resilient to climate extremes and change
	Agricultural irrigation	Increasing drought including seasonal droughts and shorter rainy season	Supplemental irrigation, multi-cropping systems, drip irrigation, levelling and other approaches and technologies that reduce risk of large crop failures
	Forestry	Increased frequency of forest fires and pest/disease outbreaks	Improved forest fire management and pest/disease outbreak management
	Livestock production	Decrease in forage quantity or quality	Increased production of fodder crops to supplement rangeland foraging
	Fisheries	Loss of river fish stocks due to changes in water flows and/or increased temperature	Adoption of sustainable aquaculture techniques to compensate for the reduction in local fish supplies
Other Agricultural and Ecological Resources	Ecosystems/Biodiversity (including ecosystem-based flood protection measures)	Drought leading to loss of wetlands and livelihoods/biodiversity	Establishment of core protected areas and buffer zones for sustainable use of biodiversity and water to meet livelihood needs in more extreme droughts
	Manufacturing	Historic specifications for equipment inappropriate under new climate conditions	Design of climate-resilient equipment, such as more stable cranes for harbors in cyclone zones
	Food processing distribution and retail	Increased risk of food poisoning and/or spoilage	Improved refrigeration or other changes in food processing and/or distribution that address more extreme heat
	Trade	Disruption of national trade due to climate-related disasters	Establishment of alternative trade routes in case of disruption of main route
	Extractive industries (oil, gas, etc.) Mining	Shift in zones affected by typhoons/ hurricanes Increased precipitation intensity causes floods in open-pit mines	Increased search for resources and offshore drilling outside hurricane seasons or zones Improved design and construction of tailings
Coastal and Riverine Infrastructure (including built flood protection infrastructure)^b	Sea defenses/flood protection barriers	Increased storm damage along coastline due to sea level rise and increased storm surges	Physical/natural reinforcement of coastline and/or additional coastal structures/vegetation
	River flood protection measures	Increased risk of riverine flooding due to heavier and/or more frequent rainfall events	Increased river dredging programs, reinforcement of levees, reestablishment of natural flood plains and vegetation in upstream areas/river banks

Sectoral Grouping	Examples of Sectors	Potential Impacts	Potential Adaptation Activities in Response
Energy, Transport, and other Built Environment and Infrastructure	Construction	Shift in zones affected by typhoons/ hurricanes/storm surges	More robust building regulations and improved enforcement
	Transport	More extreme river flows cause erosion of embankments and loss of bridges	Use of revised codes for infrastructure design that consider increased frequency/severity of extreme events
	Urban development	Increased risk of floods	Improved solid waste management and collection, increased capacity and other changes in drainage systems
	Tourism ^{/c}	Storms disrupt tourist season	Diversification of tourist attractions to encompass inland or low-risk areas
	Solid Waste management	Increased risk of pollution of areas below landfill sites due to risk of flood	Completion of a climate risk assessment prior to location of landfill sites
	Thermal energy generation	Increased seasonality of rainfall, creating periods of low river flows	Investment in thermal power generators with minimal cooling water requirements
	Energy generation (including renewables)	Reduction in river flows lead to loss of generation from hydroelectric plant	Optimization of hydro-infrastructure design subject to due diligence based on climate and hydrological models
Energy transmission and distribution	Higher temperatures reduce distribution efficiency	Investment in embedded renewable generation to reduce distribution requirements	
ICT	ICT hardware and software to beneficiary organizations	Damage to key national data centers and infrastructure from increased storms or floods	Identification of sites at greatest risk and enhancement of resilience of those sites and/or services
	Information technology	Lack of sector-relevant, short-term weather forecast	Investments in weather and climate services that can reach the end users efficiently
Financial Services	Banking	Increased strain on banking sectors as clients experience climate impacts and affect business continuity	Creation of infrastructure and “hubs” that would support improved business continuity during and after extreme weather events
	Insurance	Increased negative effects of extreme weather events and payout	Changes in structuring of index-based insurance products
Institutional Capacity Support or Technical Assistance	Technical services or other professional support	Increase in the demand for professional services, e.g., for climate risk assessment	Provision of finance to SMEs providing relevant services, e.g., engineering of adaptation solutions or insurance
Cross-cutting Sectors	Education	Climate change results in technical syllabus being outdated for high risk sectors	Technical capacity building for training the trainers in water and agri-sectors
	Health	Changing patterns of diseases as a result of changing climatic conditions	Monitoring of changes in disease outbreaks and development of a national response plan
	Cross-sector policy and regulation	Rapidly changing policy and regulation regimes due to climate change impacts	Institutional reforms and strengthening to include climate aspects in policies and regulations in flexible manner
	Disaster risk management	Change in seasonality of hydro-meteorological disasters	Integration of climate change scenarios into disaster risk plans and preparedness

^{/a} In previous reports, “Crop production and food production” was part of the “Agricultural and ecological resources” Sectoral Grouping and labeled as “Primary agriculture and food production.”

^{/b} Natural flood protection (e.g., mangrove restoration) is normally included under “Ecosystems (including ecosystem-based flood protection measures).”

^{/c} Tourism is included in this category as the sector essentially revolves around “built environment” (e.g., hotels, transport facilities).

(4) Adaptation Case Studies

The following case studies illustrate how the adaptation finance tracking approach has been recently used by MDBs.

	Hydropower Plant Rehabilitation	Resilient Crop Development	Climate-resilient Municipal Infrastructure	Water Resources Management
Sector	Energy, Transport, and Other Built Environment and Infrastructure (Hydropower)	Agricultural and Ecological Resources (Primary agriculture and food production)	Energy, Transport, and other Built environment and Infrastructure (Urban development, transport)	Water and Wastewater Systems (Water supply)
Brief description of project	The project aims to rehabilitate an existing hydropower plant to increase its installed capacity to 150 MW, while optimizing power generation and dam safety in the face of increasing climatic and hydrological variability. It will also provide technical support to introduce best international practice on managing climate risks to hydropower.	The investment provides finance to a company that develops non-GMO crops with new traits that increase plant resilience to weather extremes and overall yields. The hybrid seeds are developed taking into account crop development models that determine best crops and varieties for production in specific regions. The financing will allow the company to accelerate the development of a specific seed with these traits.	The project aims to strengthen climate resilience and disaster preparedness in eight vulnerable coastal towns. The project will: (i) provide climate-resilient municipal infrastructure; and (ii) strengthen institutional capacity, local governance, and knowledge based public awareness, for improved urban planning and service delivery taking into consideration climate change and disaster risks. Key infrastructure investments include: (i) drainage; (ii) water supply; (iii) sanitation; (iv) cyclone shelters; and (v) other municipal infrastructure for emergency access roads and bridges, solid waste management, bus terminals, slum improvements, boat landings and markets.	The project will improve water security in the target regions in a coastal province and ensure a more reliable water supply to about 1.23 million urban and rural inhabitants by integrating urban-rural water supply systems and reducing water losses. It will also support watershed management through reforestation, pollution prevention and water quality monitoring, public awareness building and institutional capacity development.
Climate Vulnerability Context	The project is located in one of the most climate-vulnerable regions in the world, and dependent on glacial hydrology, which is highly sensitive to climatic variability and climate change. In particular, hydropower operations are extremely vulnerable to the impacts of climate change. Climate change projections predict impacts, such as earlier snow melt and shifts in precipitation and surface runoff. This directly affects reservoir	The project is located in a region that is experiencing increased variability in rainfall and water runoff, and higher than average temperatures and temperature extremes. Additionally, the glacial melt feeding the rivers is progressively decreasing, with consequent negative impacts on quantity and seasonality of water flows. Climate change model projections show that these trends will continue and	The project is located in a low-lying coastal area exposed to sea level rise, cyclones, inundation, and storm surges. A climate risk and vulnerability assessment was undertaken to assess risks to the project resulting from current and future climate change. The assessment found that warmer temperatures would result in more frequent and intense cyclones and storm surges, damaging roads and bridges and rendering existing drainage, water supply, and sanitation systems ineffective, as well as threatening public health and safety. More intense monsoon	The project is located in an area prone to both droughts and floods. A climate change risk and vulnerability assessment was undertaken to analyze the climate impacts on water availability, water supply, sewer and wastewater treatment systems of the project. The assessment found that average annual rainfall in the project area may vary as much as 900 mm to 2,500 mm between a dry and wet, year respectively, and that drought and flooding

Project Focus	Hydropower Plant Rehabilitation	Resilient Crop Development	Climate-resilient Municipal Infrastructure	Water Resources Management
	<p>inflows and power generation capacity, as well as increasing exposure to extreme events, such as floods.</p>	<p>increase in intensity: an increase in average temperatures of 1.5–2°C and a decrease of up to 10% in average precipitation during the growing season (AIB scenario, period starting in 2030 compared to a 1980–99 baseline; at least 2/3 of models agree with the sign). Average yearly water demand deficit in the main waterways is projected to reach –34% for the 2041–2050 period. Currently it is around –9%.</p> <p>As a consequence, the region is suffering from an increased moisture deficit with agricultural areas becoming progressively more arid. Due to the combined effect of increased temperature, moisture deficit and more extreme weather events, agricultural yield projections show a significant decrease in plant productivity.</p>	<p>rainfall, sea-level rise and more intense tropical storms would result in higher risks of flooding. The assessment indicated that, given the large infrastructure deficits and natural resource constraints of coastal towns, climate-resilient infrastructure and disaster preparedness were required to improve the wellbeing of residents and reduce migration to larger cities.</p>	<p>posed potential risks to the project components and required greater efficiency of water use. Because of projected declines in precipitation and runoff, and increasing temperature, surface water was projected to decrease consistently to the early 2040s. Saltwater intrusion occurred in freshwater bodies and aquifers.</p>
Statement of Purpose or Intent	<p>The project aims to ensure that the hydropower facility remains productive and safe in the face of anticipated increasing climatic variability.</p>	<p>The investment is expected to have a significant resilient development impact by increasing agricultural yields, which will result in increased land-use efficiency, developing seed alternatives that are adapted to climate extremes in emerging markets, and creating a non-GMO product that requires fewer regulatory hurdles and thus can benefit smaller markets, including smallholder farmers in IDA countries.</p>	<p>The outcome of the project is increased climate and disaster resilience in coastal towns benefiting the poor and women. Project outputs include improved climate-resilient municipal infrastructure and capacity-building support for preparing and responding to climate-related risks and disasters</p>	<p>The project aims to achieve, among other things, climate change adaptation to current and future climate impacts, and increase the climate resilience of the project's targeted sectors.</p>

Project Focus	Hydropower Plant Rehabilitation	Resilient Crop Development	Climate-Resilient Municipal Infrastructure	Water Resources Management
Link to Project Activities	<p>The project involved detailed analysis of climate change scenarios to model projected hydrology up to the year 2100. This generated a complete picture of future climate change scenarios, their implications for water inflow into the reservoir, and the facility's ability to generate electricity. This information was used to develop an appropriate investment design for all climate change scenarios to optimize power generation and dam safety across the full range of projected future hydrological conditions.</p>	<p>The development of the hybrid, which targets the described region, is informed by regional climate data and future climate projections, as well as by crop development models.</p> <p>The investment funds are used for research and development of the specific crop, local field testing, growing operations and distribution activities.</p>	<p>The project includes the following adaptation measures:</p> <ol style="list-style-type: none"> 1. "Climate-proofed" designs for roads and bridges (e.g., raising road level), cyclone shelters (e.g., raising base level, leaving ground floor open), water supply and sanitation (raising base level, emergency power backup), and drainage and flood control systems (e.g., bigger drainage capacity). 	<p>Based on the findings of the climate risk and vulnerability assessment, the following adaptation measures were identified: (i) reducing future water demand through increased efficiency, improved maintenance and conservation; (ii) increasing the availability of raw water supply through the capture and storage of excess winter river flows; and (iii) reducing drought, flooding, sea-level rise and subsidence risks to assets and infrastructure. The proposed adaptation measures for the project include using temperature resistant materials during construction, insulating pipes above ground or burying them sufficiently deep in the ground, increasing water storage capacity, and raising the foundation of and waterproofing electrical systems. The project will also cover capacity strengthening for improved watershed planning and management, training on operation and maintenance, and preparation of drought and flood response plans.</p>
		<ol style="list-style-type: none"> 2. Non-structural interventions, such as urban planning, community awareness raising, flood monitoring and mapping, early warning systems and activating disaster risk management committees. 3. Capacity-building support to strengthen the ability of municipalities to prepare and respond to climate-related risks and disasters by: (i) reviewing and updating the urban master plans, local building codes, and engineering design standards to incorporate climate change and disaster-resilient measures; (ii) improving water safety planning and groundwater monitoring through the development of water safety plans and guidelines; and (iii) establishing disaster risk management committees in each municipality, and delivering appropriate technical training for the committee members. 		

Project Focus	Hydropower Plant Rehabilitation	Resilient Crop Development	Climate-Resilient Municipal Infrastructure	Water Resources Management
<p>Calculation of Adaptation Finance</p>	<p>The resultant investment design included a number of specific measures that were introduced in order to build resilience to the identified climate change risks. These included the following:</p> <ul style="list-style-type: none"> I. New suite of turbines to cope with increased hydrological variability expected as a consequence of climate change. II. Dedicated dam safety measures to accommodate projected future increases in hydrological variability caused by climate change (i.e. dam monitoring and surveillance equipment). <p>The adaptation finance reported consisted of USD13 million for the new suite of turbines (counted as a single component under a proportional approach deemed to represent the incremental cost), and USD 5 million for the dedicated dam safety measures. Therefore the total adaptation finance reported was USD 18 million out of a total project cost of USD 80 million</p>	<p>Total project cost is USD20 million, of which MDB is investing USD10 million. Based on the project documentations detailing the equity investment, it is estimated that 86.16% of the total is to be used for adaptation related activities described above while the remainder is to be used for commercial activities not related to adaptation. Therefore, the adaptation finance component, taking a proportion of the equity, is calculated USD8.62 million</p>	<p>The incremental cost of adaptation was estimated to be USD46.6 million (40% of project budget), with USD36.75 million for civil works, USD1.15 million for equipment, USD3.46 million for institutional capacity building and awareness raising, and USD5.24 million for contingencies. The incremental adaptation cost was estimated taking into account only the specific measures incorporated in the project design to address future climate risks.</p>	<p>Out of the USD100 million project cost, USD2 million (2%) was considered climate finance adaptation. The incremental cost of adaptation was estimated taking into account only the specific structural measures and material adjustments done for the project to address future climate risks.</p>
<p>Type of Adaptation Finance</p>	<p>Loan (MDB Own Resources) Loan and grant (External Resources)</p>	<p>Equity (MDB Own Resources)</p>	<p>Loan and Grant (External Resources) Loan (MDB Own Resources)</p>	<p>Loan (MDB Own Resources)</p>

PART D: JOINT MDB APPROACH FOR MITIGATION FINANCE REPORTING

(1) Common Principles for Climate Mitigation Tracking

The 2014's mitigation finance tracking is based on the MDB Joint Typology (see (3) below) as data was collected prior to March 31st, 2015, when the MDBs and the IDFC committed to the *Common Principles for Climate Mitigation Finance Tracking*,¹⁵ henceforth referred to as the "Common Principles." The purpose of the Common Principles is to further align climate finance tracking between these two groups, while providing others with a transparent and credible approach. While the MDBs and the IDFC continue to report through their respective group-based efforts, the Joint MDB Approach for Mitigation Finance Reporting methodology is closely aligned with the Common Principles; however, this does not represent a significant departure in the reporting approach from previous years.

As an inherent and important part of improving mitigation finance tracking, the Common Principles will be subject to further revision by the MDBs and the IDFC jointly, based on amassed experience. As a future step, comparability of reporting processes should also be addressed. In this respect, the MDBs and the IDFC are committed to maintaining an open and transparent exchange of information around institutional experience and learning, as well as to jointly discussing potential proposals to improve the Common Principles. To the extent possible, parties will strive to reach consensus around proposed changes or additions to the Principles. In case differences arise, the parties will communicate these in full when reporting on mitigation finance.

(2) Joint MDB Approach for Mitigation Finance Reporting

The Joint MDB Approach for Mitigation Finance Reporting is, as stated above, closely aligned with the *Common Principles for Climate Mitigation Finance Tracking*, and is based on the following attributes:

- a) **Additionality:** This approach, as well as the Common Principles, are activity-based as they focus on the type of activity to be executed, and not on its purpose, the origin of the financial resources or actual results.
- b) **Timeline:** Project reporting is ex-ante project implementation at Board approval or time of financial commitment.
- c) **Conservativeness:** Where data is unavailable, any uncertainty must be overcome taking a conservative approach, where under reported rather than over reported climate finance is preferable.
- d) **Granularity:** Only mitigation activities that are to be disaggregated from non-mitigation activities as far as reasonably possible are covered. If such disaggregation is needed and not possible using project specific data, a more qualitative/experience based assessment can be used to identify the proportion of the project that covers climate mitigation activities, consistent with the conservativeness principle. This is applicable to all categories, but of particular significance for energy efficiency projects.¹⁶
- e) **Scope:** Mitigation activities or projects can consist of a stand-alone project, multiple stand-alone projects under a larger program, a component of a stand-alone project or a program financed through a financial intermediary. For example, a project with a total cost of USD 100 million may have a USD 10 million documented component for energy-efficiency improvement; in this case, only the USD 10 million would be reported. Another example may be a USD 100 million credit line to a financial intermediary for renewable energy and pollution control investments, where it is foreseen that at least 60% of the resources will flow into renewable energy investments; in this case, only USD 60 million would be reported.
- f) **Impact Reporting:** Climate finance tracking is independent of GHG accounting and reporting in the absence of a joint GHG methodology.
- g) **Verification:** An activity will be classified as related to climate change mitigation if it promotes "efforts to reduce or limit GHG emissions or enhance GHG sequestration."¹⁷ In the absence of a commonly agreed method for GHG analysis among MDBs, mitigation activities considered in this joint approach are assumed to lead to emission

15 Retrieve at: <http://www.worldbank.org/content/dam/Worldbank/document/Climate/common-principles-for-climate-mitigation-finance-tracking.pdf>. Also note that MDBs will adhere to the Common Principles in next year's report.

16 See the table accompanying the following item (2) Typology of Mitigation Activities included in the Joint MDB Mitigation Finance Reporting for specific project type disaggregation issues.

17 OECD/DAC Climate Markers (September 2011).

reductions, based on past experience and/or on technical analysis. Ongoing efforts to harmonize GHG analysis among MDBs should bring more consistency regarding the identification of many mitigation activities in the long term.

- h) **Mitigation Results:** Reporting according to this methodology and the Common Principles does not imply evidence of climate change impacts, and any inclusion of climate change impacts is not a substitute for project-specific theoretical and/or quantitative evidence of GHG emission mitigation. Projects seeking to demonstrate climate change impacts should do so through project-specific data.
- i) **Eligibility:** In fossil fuel combustion sectors (transport, and energy production and use), the methodology recognizes the importance of long-term structural changes, such as the energy production shift to renewable energy technologies, and the modal shift to low-carbon modes of transport. Consequently, both greenfield and brownfield renewable energy and transport modal shift projects are included. In energy efficiency, however, the methodology acknowledges that drawing the boundary between increasing production and reducing emissions per unit of output is difficult. Consequently, greenfield energy efficiency investments are included only in a few cases when they enable preventing a long-term lock-in in high carbon infrastructure. In the case of brownfield energy efficiency investments, old technologies are required to be replaced well before the end of their lifetime, and new technologies are substantially more efficient than the replaced technologies. Alternatively, new technologies or processes are required to be substantially more efficient than those normally used in greenfield projects.
- j) **Exclusions:** The methodology assumes that care will be taken to identify cases when projects do not mitigate emissions due to their specific circumstances. For example, hydropower plants with high methane emissions from reservoirs exceed associated RE GHG reductions; geothermal power plants with high CO₂ content in the geothermal fluid that cannot be reinjected; or biofuel projects that deplete carbon pools more than they reduce GHG emissions, with high emissions in production, processing and transportation.
- k) **Avoiding Double Counting:** Where the same project, sub-project or project element contributes to mitigation and adaptation, then the MDB's individual processes will determine what proportion is counted as mitigation or as adaptation, so that the actual financing will not be recorded more than once. Some MDBs are reporting projects where the same components or elements contribute to both mitigation and adaptation as a separate category. The MDBs are working on the best reporting method for projects where the same components or elements contribute to both mitigation and adaptation.

(3) Typology of Mitigation Activities Included in the Joint MDB Mitigation Finance Reporting

1. Demand-side, brownfield energy-efficiency¹⁸

- 1.1. *Commercial and residential sectors (buildings)*
 - 1.1.1. Energy-efficiency improvement in lighting, appliances and equipment
 - 1.1.2. Substitution of existing heating/cooling systems for buildings by cogeneration plants that generate electricity in addition to providing heating/cooling¹⁹
 - 1.1.3. Retrofit of existing buildings: Architectural or building changes that enable the reduction of energy consumption
 - 1.1.4. Waste heat recovery improvements
- 1.2. *Public services*
 - 1.2.1. Energy-efficiency improvement in utilities and public services through the installation of more efficient lighting or equipment
 - 1.2.2. Rehabilitation of district heating systems
 - 1.2.3. Utility heat loss reduction and/or increased waste heat recovery
 - 1.2.4. Improvement in utility-scale energy efficiency through efficient energy use and loss reduction
- 1.3. *Agriculture*
 - 1.3.1. Reduction in energy use in traction (e.g., efficient tillage), irrigation and other agricultural processes

¹⁸ The general principle for brownfield energy efficiency activities involving the substitution of technologies or processes is that: (i) the old technologies are substituted well before the end of their lifetime and the new technologies are substantially more efficient; or (ii) new technologies or processes are substantially more efficient than those normally used in greenfield projects.

¹⁹ At substantially higher energy efficiency than separate production.

1.4. *Industry*

- 1.4.1. Industrial energy-efficiency improvements through the installation of more efficient equipment, changes in processes, reduction of heat losses and/or increased waste heat recovery
- 1.4.2. Installation of cogeneration plants
- 1.4.3. More efficient facilities and replacement of older facilities (old facilities retired)

2. Demand-side, greenfield energy efficiency²⁰

2.1. *Construction of new buildings*

- 2.1.1. Use of highly efficient architectural designs or building techniques that enable the reduction of energy consumption for heating and air conditioning, exceeding available standards and complying with high energy-efficiency certification or rating schemes

3. Supply-side, brownfield energy efficiency

3.1. *Transmission and distribution systems*

- 3.1.1. Retrofit of transmission lines or substations to reduce energy use and/or technical losses, excluding capacity expansion
- 3.1.2. Retrofit of distribution systems to reduce energy use and/or technical losses, excluding capacity expansion
- 3.1.3. Improving existing systems to facilitate the integration of renewable energy sources into the grid

3.2. *Power plants*

- 3.2.1. Renewable energy power plant retrofits
- 3.2.2. Energy-efficiency improvement in existing thermal power plants
- 3.2.3. Thermal power plant retrofit or replacement²¹ to switching from a more GHG-intensive fuel to a different, less GHG-intensive fuel²²
- 3.2.4. Waste heat recovery improvements

4. Renewable Energy

4.1. *Electricity generation, greenfield projects*

- 4.1.1. Wind power
- 4.1.2. Geothermal power
- 4.1.3. Solar power (concentrated solar power, photovoltaic power)
- 4.1.4. Biomass or biogas power that does not decrease biomass and soil carbon pools
- 4.1.5. Ocean power (wave, tidal, ocean currents, salt gradient, etc.)
- 4.1.6. Hydropower plants only if net emission reductions can be demonstrated

4.2. *Transmission systems, greenfield*

- 4.2.1. New transmission systems (lines, substations) or new systems (e.g., new information and communication technology, storage facility, etc.) to facilitate the integration of renewable energy sources into the grid

4.3. *Heat production or other renewable energy applications, greenfield or brownfield projects*

- 4.3.1. Solar water heating and other thermal applications of solar power in all sectors
- 4.3.2. Thermal applications of geothermal power in all sectors
- 4.3.3. Thermal applications of sustainably-produced bioenergy in all sectors, including efficient, improved biomass stoves
- 4.3.4. Wind-driven pumping systems or similar systems

5. Transport

5.1. *Vehicle energy efficiency fleet retrofit*

- 5.1.1. Existing vehicles, rail or boat fleet retrofit or replacement (including the use of lower-carbon fuels, electric or hydrogen technologies, etc.)

5.2. *Urban transport modal change*

- 5.2.1. Urban mass transit
- 5.2.2. Non-motorized transport (bicycles and pedestrian mobility)

20 The general principle for greenfield activities is that they prevent a long-term lock-in in high-carbon infrastructure (urban, transport and power sector infrastructure).

21 Replacement is included only when the owner of the plant(s) is the same and has contractually agreed to close the old plant(s) with an equivalent capacity (when the new one(s) is commissioned) and to feed the same electricity system.

22 Excluding replacement of coal by coal.

5.3. *Urban development*

- 5.3.1. Integration of transport and urban development planning (dense development, multiple land use, walking communities, transit connectivity, etc.), leading to a reduction in the use of passenger cars
- 5.3.2. Transport demand management measures to reduce GHG emissions (e.g., speed limits, high-occupancy vehicle lanes, congestion charging/road pricing, parking management, restriction or auctioning of license plates, car-free city areas, low-emission zones)²³

5.4. *Inter-urban transport and freight transport*

- 5.4.1. Railway transport ensuring a modal shift of freight and/or passenger transport from road to rail (improvement of existing lines or construction of new lines)
- 5.4.2. Waterways transport ensuring a modal shift of freight and/or passenger transport from road to waterways (improvement of existing infrastructure or construction of new infrastructure)

6. **Agriculture, forestry and land use**

6.1. *Afforestation and reforestation*

- 6.1.1. Afforestation (plantations) on non-forested land
- 6.1.2. Reforestation on previously forested land

6.2. *Reducing emissions from the deforestation or degradation of ecosystems*

- 6.2.1. Biosphere conservation projects (including payments for ecosystem services)

6.3. *Sustainable forest management*

- 6.3.1. Forest management activities that increase carbon stocks or reduce the impact of forestry activities

6.4. *Agriculture*

- 6.4.1. Agriculture projects that do not deplete and/or improve existing carbon pools (reduction in fertilizer use, rangeland management, collection and use of bagasse, rice husks, or other agricultural waste, low tillage techniques that increase the carbon content of soil, rehabilitation of degraded lands, etc.)

6.5. *Livestock*

- 6.5.1. Livestock projects that reduce methane or other GHG emissions (manure management with biogas digestors, etc.)

6.6. *Biofuels*

- 6.6.1. Production of biofuels (including biodiesel and bioethanol)

7. **Waste and wastewater**

- 7.1. Solid waste management that reduces methane emissions (e.g., incineration of waste, landfill gas capture and landfill gas combustion)
- 7.2. Treatment of wastewater if not a compliance requirement (e.g., performance standard or safeguard) as part of a larger project, including the reduction of methane emissions
- 7.3. Waste recycling projects that recover or reuse materials and waste as inputs into new products or as a resource

8. **Non-energy GHG reductions**

8.1. *Industrial processes*

- 8.1.1. Reduction of GHG emissions resulting from industrial process improvements and cleaner production (e.g., cement, chemicals)

8.2. *Air conditioning and cooling*

- 8.2.1. Retrofit of existing industrial, commercial and residential infrastructure to switch to a cooling agent with lower global warming potential

8.3. *Fugitive emissions and carbon capture*

- 8.3.1. Carbon capture and storage projects (including enhanced oil recovery)
- 8.3.2. Reduction of gas flaring or methane fugitive emissions in the oil and gas industry
- 8.3.3. Coal mine methane capture

²³ General traffic management is not included. This category is for demand management to reduce GHG emissions, assessed on a case-by-case basis.

9. Cross-sector activities and others

- 9.1. *Policy and regulation*
 - 9.1.1. National mitigation policy/planning/institutions
 - 9.1.2. Energy sector policies and regulations (energy-efficiency standards or certification schemes, energy-efficiency procurement schemes, and renewable energy policies)
 - 9.1.3. Systems for monitoring GHG emissions
 - 9.1.4. Efficient pricing of fuels and electricity (subsidy rationalization, efficient end-user tariffs, and efficient regulations on electricity generation, transmission or distribution)
 - 9.1.5. Education, training, capacity building and awareness raising on climate change mitigation/sustainable energy/sustainable transport, mitigation research
- 9.2. *Energy audits*
 - 9.2.1. Energy audits for energy end-users, including industries, buildings and transport systems
- 9.3. *Supply chain*
 - 9.3.1. Improvements in energy efficiency and GHG reductions in existing product supply chains
- 9.4. *Financing instruments*
 - 9.4.1. Carbon markets and finance (purchase, sale, trading, financing, guarantee and other technical assistance). Includes all activities related to compliance-grade carbon assets and mechanisms, such as the Clean Development Mechanism, Joint Implementation, Assigned Amount Units, and well-established voluntary carbon standards, like the Verified Carbon Standard or the Gold Standard.
 - 9.4.2. Renewable energy financing through financial intermediaries or similar means²⁴
 - 9.4.3. Energy-efficiency financing through financial intermediaries or similar methods
 - 9.4.4. Other mitigation activity financing through financial intermediaries (only includes typology of above categories: 5. 'Transport'; 6. 'Agriculture, forestry and land use'; 7. 'Waste and wastewater'; and 8. 'Non-energy GHG reductions')
- 9.5. *Low-carbon technologies*
 - 9.5.1. Research and development of renewable energy or energy-efficiency technologies
 - 9.5.2. Manufacture of renewable energy and energy-efficiency technologies and products
- 9.6. *GHG accounting activities*
 - 9.6.1. Any other activity not included in this list for which the results of ex-ante GHG accounting (undertaken according to commonly agreed methodologies) show emission reductions that are higher than a commonly agreed threshold²⁵

(4) Mapping Mitigation Sectors against the Mitigation Typology

Table 15: Mitigation Sector Definition

Sector Label	Mapped Sections of the Typology
Energy efficiency	Sections 1-3 of the typology
Renewable energy	Section 4 of the typology
Transport	Section 5 of the typology
Agriculture, forestry and land use	Section 6 of the typology
Waste and wastewater	Section 7 of the typology
Cross-sector activities and others	Sections 8-9 of the typology (only 9.4.1)
Mitigation Activities through Financial Intermediaries	Section 9.4.2, 9.4.3 and 9.4.4 of the typology

²⁴ For example, financing mitigation activities through financial intermediaries includes earmarked lines of credit, lines for microfinance institutions, cooperatives, etc., and are reported as a separate category in Table 12.

²⁵ For this year's report, nothing was reported under this category

(5) Mitigation Case Studies

The following table shows case studies that illustrate how the mitigation finance tracking approach has been recently used by the MDBs.

Project Focus	Increase Wind Generation	Brownfield Energy Efficiency	Non-Motorized Transport	Forest Management and Biomass Electricity Generation	Financial Intermediation
Sector	Renewable Energy—Wind Power (4.1.1)	Industrial energy-efficiency improvements through the installation of more efficient equipment, changes in processes, reduction of heat losses and/or increased waste heat recovery (1.4.1)	Non-motorized transport (bicycles and pedestrian mobility) (5.2.2)	Forest management activities that increase carbon stocks or reduce the impact of forestry activities (6.3.1) Biomass or biogas power that does not decrease biomass and soil carbon pools (4.1.4)	Other mitigation financing through financial intermediaries (only projects that call under the above categories 5. Transport; 6. Agriculture, forestry, and land use; 7. Waste and wastewater; and 8. Non-energy GHG reductions) (9.4.4)
Brief Description of Project	The project comprises the development, construction and operation of 10 wind power plants, the multiple sub-projects totalling approximately 320MW of installed capacity. The capital expenditures required to implement the project totals approximately USD900 million. The developer has secured power purchase agreements in a blend of 20 year regulated market contracts and medium-term free market contracts. The wind power plants are expected to become operational over the next 24 months. Total MDB finance.	The project involves both energy efficiency improvements and production increases in the ready mix concrete industry. The expected total project cost is USD100 million and will comprise of: (i) Multiple energy efficiency interventions and increased waste heat recovery (WHR) in an existing cement facility for a total cost of USD25 million (ii) The addition of two new ready mix concrete plants to the existing facility Working capital.	The project's objective is to promote sustainable urban development through three subcomponents: (i) Environmental reclamation of degraded areas along the banks of rivers and streams (ii) Improvement of urban mobility (iii) Strengthening of the local government's fiscal and urban management and urban management	The project consists of the design, development, construction and operations of a greenfield pulp production facility, with an annual production capacity of 1.5 million tons, alongside associated forest plantations, infrastructure and logistics. The project has 3 main objectives: (i) Increase pulp production capacity (non-climate change component) (ii) Reduce the company's net carbon footprint by incorporating best available environmental practices and technologies (iii) Generation of renewable energy	The project is an equity investment in an agroforestry Fund which aims to invest in agroforestry projects in semi-arid regions. The Fund targets investments in manageable scale (3,000 — 15,000 ha) agroforestry projects, combining sustainable forestry activities (timber, industrial tree crops or fruit trees) with agricultural activities. The projects supported will use best practice planting techniques and the benefits of the agroforestry approach to improve soil fertility and work against deforestation. The fund targets projects located in reduced-fertility savannahs or eroded, compacted and damaged lands. The Fund will take controlling stake in 8-12 projects with financial stakes ranging from 8-12million euros.

Project Focus	Increase Wind Generation	Brownfield Energy Efficiency	Non-Motorized Transport	Forest Management and Biomass Electricity Generation	Financial Intermediation
Statement of Activity or Activities Captured by MDB Methodologies	Each wind power plant can be considered a sub-component and all sub-components are classified as climate finance mitigation under the MDB typology. Furthermore, 100% of each sub-component and associated financing is classified as mitigation.	Only the sub-component (i) is considered mitigation as other sub-components are not included as part of the joint MDB typology: (ii) Sub-component is solely a production expansions in the form of new, greenfield plants; (iii) General capital needs are not associated with any mitigation impacts.	The improvement of urban mobility seeks to improve mobility by eliminating critical points of heavy traffic congestion. At the same time it will promote more intensive bicycle use by expanding the city's bicycle path network at least 24 in different parts of the city.	The Project will reduce greenhouse gas emissions through reforestation-related carbon sequestration and renewable energy generation. It will contribute to carbon sequestration via a forestry base of over 106 thousand FSC-certified planted hectares, as well as more than 94 thousand hectares of native forests that will be preserved in compliance with environmental regulations. Additionally, the biomass facilities will generate electricity that would make the project 100% energy self-sufficient.	The total MDB equity contribution to the Fund (USD 11.9 million) is classified as mitigation.
Calculation of Mitigation Finance	Total project cost will be approximately USD900 million. The MDB will provide a loan to the developer for USD200 million to support the execution of all sub-projects, and will report the loan as climate change mitigation finance as all of the sub-components and 100% of each sub-component is captured by the MDB methodology.	Total Project cost will be approximately US\$110 million. The MDB will provide a loan to the developer for US\$30 million to support the execution of all sub-projects. For reporting purposes, MDB will only report 25% of loan as climate change mitigation finance (USD25 million/USD100 million) for sub-component (i).	The total project cost is US \$42.9 million. The MDB will provide a loan for US \$21.45 million (50%), and the local counterpart the other 50%. For reporting purposes, the MDB will only report 9% associated with the bicycle networks as climate change mitigation finance. Total project cost = US \$42.90 million (9% is climate mitigation finance)	The MDB will provide a loan to the developer for US \$300 million (9%), co-lenders 69.7% and 21.3% equity. For reporting purposes, the MDB will report 33.33% associated with renewable energy and 33.33% associated with agriculture, forestry and land use. Total project cost =US \$3,265 million (67% climate mitigation finance)	Fund targets capitalization of USD119m. The MDB will contribute 10% of the fund targeted capital = USD 11.9m. Total project cost = US \$119 million (10% is climate mitigation finance) Total MDB financing = US \$11.9 million (10% of total project and 100% climate mitigation finance)

Project Focus	Increase Wind Generation	Brownfield Energy Efficiency	Non-Motorized Transport	Forest Management and Biomass Electricity Generation	Financial Intermediation
	Total project cost = USD900 million (100% climate mitigation finance)	Total project cost = US\$100 million (25% climate mitigation finance)	Total project mitigation finance = US \$3.86 (42.90 million x 9%)	Total project mitigation finance = US \$2,187 million (3.265 million x 67%)	Total MDB climate finance reported: US \$11.9 million (US \$11.9 x 100%) contribution
	Total MDB financing = USD200 million (22% of total project and 100% climate mitigation finance) private sector developer	Total project mitigation finance = US\$25 million (subcomponent (i) for WHR and other brownfield EE)	Total MDB financing = US \$21.45 (50% of total project)	Total MDB financing = US \$300 million (9% of total project)	
	Total MDB climate finance reported: USD200 million	Total MDB climate finance reported = US \$7.5 million (USD 30 million x 25%)	Total MDB climate finance reported: US \$1.93 million (US \$3.86 x 50%)	Total MDB climate finance reported: US \$200 million (US\$2.187 x 9%)	
Type of Mitigation Finance	MDB resource is a non-concessional loan to a private sector developer.	MDB resource is a loan to a private sector developer.	MDB resource is a loan to a public entity.	MDB resource is a loan to a private sector developer.	MDB resource is an equity contribution to a private equity fund

ANNEXES

ANNEX A. FINANCE WITH DUAL ADAPTATION AND MITIGATION BENEFITS

MDBs recognize that some components and/or subcomponents, or elements within projects, contribute to both mitigation and adaptation (thereby delivering dual benefits of both mitigation and adaptation). Because this financing is important, albeit currently a small volume of climate finance, it is reported separately where MDB systems allow.

For 2014, the ADB, EBRD, IDB and IFC have tracked dual benefit figures separately according to their internal systems. The other MDBs have split the financed amount between mitigation and adaptation. In both cases, there is no double counting.

Table A1: Total Adaptation, Mitigation and Dual-Benefit Climate Finance (USD millions)

Multilateral Development Bank	USD Millions			
	Adaptation Finance	Mitigation Finance	Dual Benefit Finance	Total Climate Finance
ADB	719	2,137	—	2,856
AfDB	756	1,160	0	1,916
EBRD	197	3,849	65	4,111
EIB	130	5,083	—	5,214
IDB	109	2,352	0	2,461
IFC	8	2,540	0	2,558
WB	3,107	6,122	—	9,229
Grand Total	5,036	23,243	65	28,345

Table A2: Illustrative Examples of Different Accounting Approaches for Dual-Benefit Finance

Project Sector	Afforestation and Erosion Control Forestry
Climate vulnerability context and intent to address climate change impacts	The project is an afforestation project (mitigation category 6.1.1). The project is also intended to provide erosion control and slope stability in response to increased climate risk, based on MDB methodology for adaptation. Therefore, it aims to deliver the dual benefit of both climate mitigation and adaptation. The project was considered 100% climate finance (MDB loan USD 150 million).
	Accounting Method 1 Loan split 50/50 between adaptation (USD 75 million) and mitigation (USD 75 million) and included, within the concerned MDBs, adaptation and mitigation figures, respectively, and reported in the relevant adaptation and mitigation tables. Nothing would be reported in Table 10.
	Accounting Method 2 The entire loan amount was reported separately as finance with dual adaptation and mitigation benefits. The entire loan amount would be reported in Table 10.

ANNEX B. INSTRUMENT TYPES

Table B1 includes more detail on instrument types used in adaptation, mitigation and dual-benefit climate finance.

ANNEX C. MDB MITIGATION FINANCE OUTSIDE THE JOINT METHODOLOGY

The joint mitigation methodology is a list of mitigation activities at the intersection of what all MDBs consider mitigation. However, some MDBs consider additional activities not covered by the joint approach as mitigation, for their own reporting purposes.

For 2014, ADB, IFC, and World Bank reported different figures according to their internal mitigation finance tracking approach. The IDB has an internal methodology, which covers climate change, sustainable energy, and environmental sustainability, and is therefore not directly comparable to the figures reported under the joint MDB approach.²⁶

Table C1 shows the amounts the other MDBs counted outside the joint approach according to their own internal methodologies and differences from the MDB joint approach.

Table B1: Instrument Types for Adaptation, Mitigation and Dual-Benefit Climate Finance

Instrument Type	USD Million		
	Adaptation Finance	Mitigation Finance	Dual Benefit Finance
Equity	9	609	0
Grant	860	1,655	0
Guarantee	0	1,312	0
Loan	4,169	19,448	65
Other	0	219	0
Total	5,037	23,243	65

Table C1: Mitigation Finance Showing Differences from the MDB Joint Methodology

MDB	MDB Resources			External Resources				Total
	Investment and Technical Assistance		Policy-based Instruments	Investment and Technical Assistance		Policy-based Instruments		
	Public	Private		Public	Private			
ADB mitigation finance as per its internal methodology	1,405	564	—	297	203	—	2,468	
ADB mitigation finance as per MDB methodology	1,206	504	—	297	130	—	2,137	
Difference^a	198	59	—	0	73	—	331	
IFC mitigation finance as per its internal methodology	103	2,368	0.00	10	61	4.51	2,547	
IFC mitigation finance as per MDB methodology	103	2,361	0.00	10	61	4.51	2,540	
Difference	—	7	—	—	—	—	7	
WB mitigation finance as per its internal methodology	5,536	—	408	383	197	54	6,578	
WB mitigation finance as per MDB methodology	5,081	—	408	583	197	54	6,122	
Difference	455	—	0	—	—	0	455	

Note: "Difference" includes, for example, wider interpretation of energy-efficiency projects and mitigation transport projects.

26 The IDB has an internal methodology to quantify how it meets its third lending target under its 9th General Capital Increase, which incorporates projects related to mitigation and adaptation, sustainable energy and environmental sustainability. Under this methodology, the IDB has reported USD 4.4 billion. This figure is not comparable to the MDB numbers because the IDB internal methodology: (a) accounts exclusively for loans; (b) counts the full loan amount, rather than only the climate components; (c) includes sustainable energy and environmental sustainability; and (d) follows different classification criteria.