



Climate Finance Tracking: Joint MDB Approach

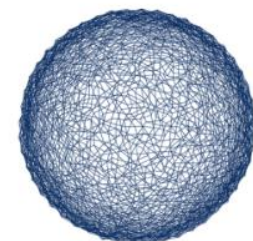
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20 September 2018

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Why track or count climate finance?

- To address finance gap, developed countries committed under the [Copenhagen Accord](#) (December 2009) and the [Cancun Agreements](#) (December 2010) to provide new and additional resources for climate action in developing countries.
- For the period of 2010–12 this reached approximately US\$ 30 billion (Fast-Start-Finance).
- By 2020, developed countries have committed to mobilize US\$ 100 billion per year.
- This is supposed to originate from different sources, including public and private, bilateral and multilateral, and alternative sources.



COP15
COPENHAGEN
UN CLIMATE CHANGE CONFERENCE 2009



Why track or count climate finance?

- MDBs recognizes the need to **work together to avert dangerous impacts of climate change** by mobilizing public, private, bilateral, multilateral and alternative finance sources
- It is **necessary to track and report financial flows to build trust, accountability and to monitor trends and progress**
- In 2012, MDBs worked together to develop methodologies for tracking their mitigation and adaptation finance flows in **a consistent, comparable, and transparent manner.**

...” With the overall aim to better coordinate and improve support to countries in adapting to and mitigating climate change, the MDBs are developing common tools and metrics for internal reporting and monitoring and evaluation efforts. We are working toward agreement on a joint approach to mitigation finance tracking by Rio+20 and on a joint approach to adaptation finance tracking and a joint methodological framework for GHG accounting and reporting by the 2012 UN Climate Change Conference (COP18). Experience gained with climate-related metrics harmonized across MDBs will also support global efforts to improve monitoring of climate finance flows and their effectiveness.”

- MDB joint statement for Rio+20
- 19 June 2012

Joint MDB Working Group on Climate Finance



Reports through the Years

- Reporting started in 2012, with 2011 data and done annually
- MDBs take turns in leading/coordinating activities of the mitigation and adaptation groups as well as preparing the Joint MDB Report on Climate Finance.
- **EBRD took the lead for the 2016/2017/2018 reports**

Reporting year	Sub-working groups	MDB leads
2011	Adaptation Mitigation Core/Reporting	AfDB IADB AfDB/IADB
2012	Adaptation, Mitigation, Core/Reporting	EBRD
2013	Adaptation, Mitigation, Core/Reporting	EIB
2014	Adaptation, Mitigation, Core/Reporting	WBG
2015	Adaptation, Mitigation, Core/Reporting	ADB
2016-2018	Adaptation Mitigation Core/Reporting	IADB EIB EBRD

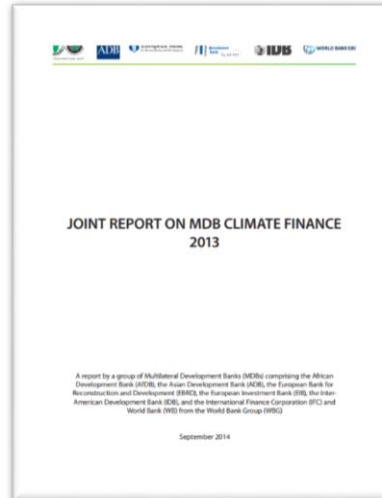
Reports through the Years

December 2012

November 2013

September 2014

June 2015



- Case studies, at length



Reports through the Years

Climate Co-Finance (CCF) is defined as the amount of financial resources contributed by external entities alongside climate finance invested by MDBs:

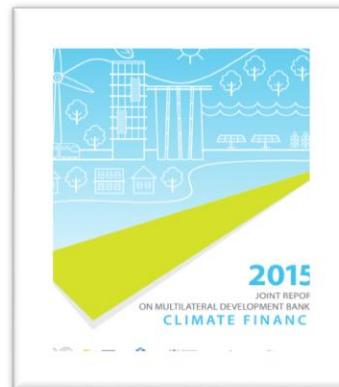
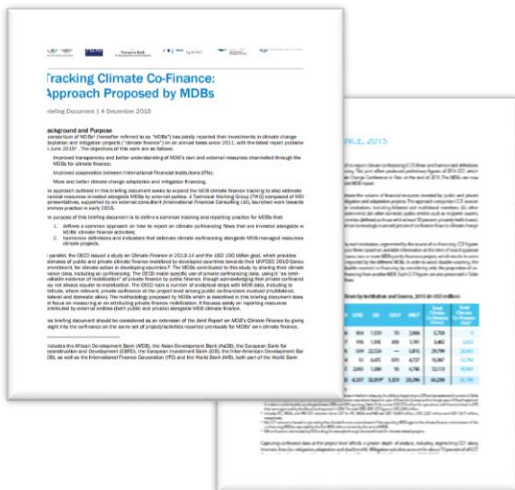
- encompasses financial resource providers that are government or government-affiliated, as well as those that are private;
- includes all forms of financial instruments, including grants, loans, equity, guarantees, etc.;
- broader support programs that do not provide resources directly into the financing package for a given project/program are not included;
- is quantifiable and traceable to investment documentation kept by the individual MDB.

December 2015

August 2016

August 2017

June 2018



Working Group Work Plan

- Publication of 2018 joint report
- Continuous improvement of current methods and approaches
- Increasing harmonization among MDBs and with IDFC
- Inclusion of new variables – disbursements, cancellations (internal)
- Discussion of financing instruments (approaches to FIs, guarantees, etc.)
- Mobilization (issues of double counting)
- Contribution to literature (climate resilience framework)
- **Revision of approach and methodology to align with the Paris Agreement**

CLIMATE FINANCE

Definition

The amount of financial resources that contributes to climate change mitigation and/or adaptation activities, *as defined by the Joint Reports on MDB's Climate Finance.*



Common Principles

- **Mitigation Finance**

set of common definitions and guidelines including a **precise list of mitigation activities**, building on approaches developed over the past 7 years and based on the application of harmonized terms

- **Adaptation Finance**

follows a 3-step approach: **context- and location-specific, conservative, and granular**



Climate Finance Reporting

- By Use (*mitigation and adaptation*)
- By Recipient (*public and private*)
- By Sector/activity
- By Region
- By Financial Instruments



Climate Finance Reporting: Sectoral groupings



Mitigation \$4,236 million

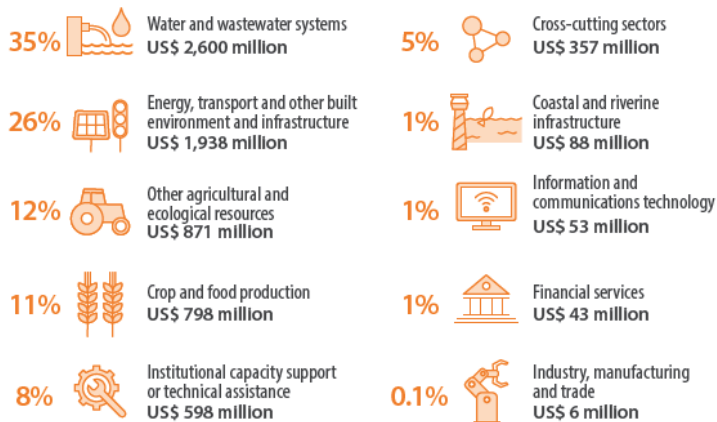


Adaptation \$998 million

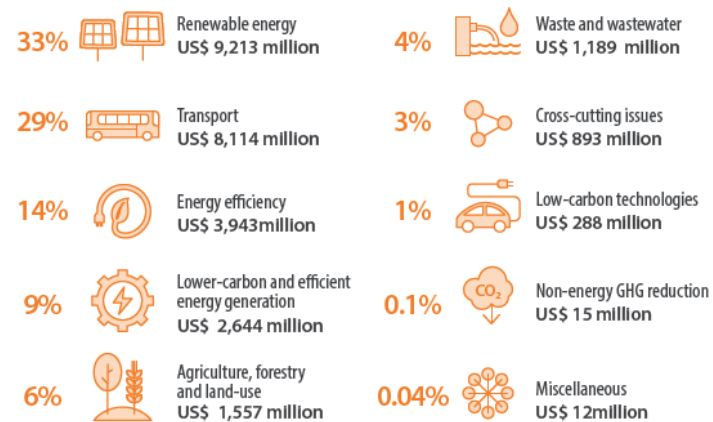


TOTAL MDB CLIMATE FINANCE BY ACTIVITY

ADAPTATION FINANCE US\$ 7,352 million



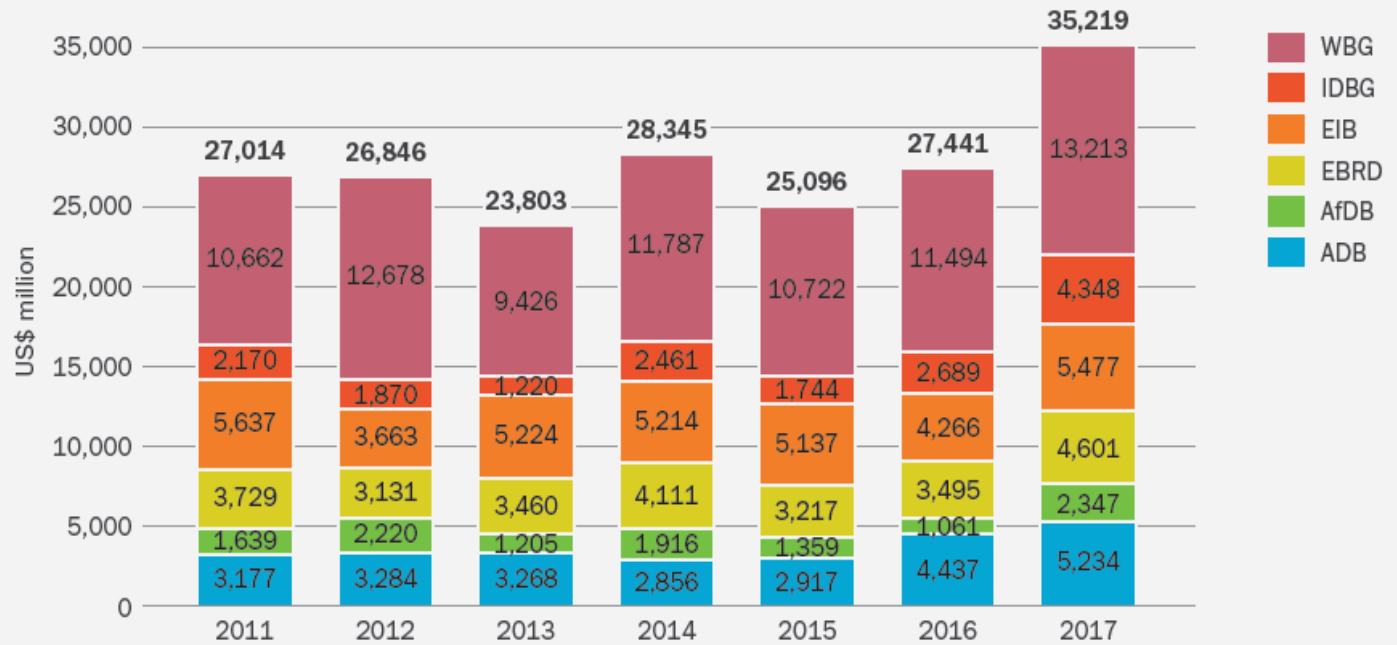
MITIGATION FINANCE US\$ 27,868 million



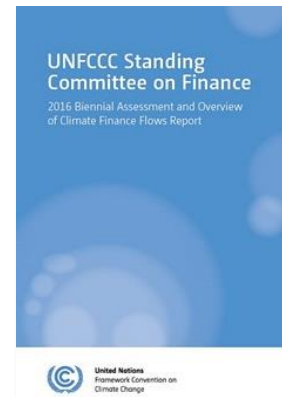
MDBs Climate Finance Contribution



Figure 1. Total reported MDB climate finance commitments, 2011-17 (in US\$ million)



Working Together



United Nations
Framework Convention on
Climate Change

ADB Climate Finance (USD millions)

Year	Mitigation			Adaptation			Total		
	ADB resources	External	Subtotal	ADB resources	External	Subtotal	ADB resources	External	Total
2011	2,196	224	2,420	585	172	757	2,781	396	3,177
2012	2,001	386	2,388	821	75	896	2,822	462	3,284
2013	1,948	333	2,280	880	108	988	2,828	441	3,268
2014	1,711	426	2,137	665	54	719	2,376	480	2,856
2015	2,372	188	2,561	283	73	356	2,656	261	2,917
2016	2,655	595	3,250	1,081	106	1,187	3,736	701	4,437
2017	3,609	627	4,236	930	69	998	4,538	695	5,234

Source: Joint MDB Reports (2011-2017), In USD millions.



ADB Climate Finance Reporting

2012

- ADB jointly reporting climate finance together with other MDBs

2013

- Revised Project Classification System
- Climate Risk Screening mandatory

2015

- ADB announces climate target
- Paris agreement signed

2016

- Umbrella Guidance Note on Counting Climate Finance Issued
- Guidance for Urban and Water issued
- RRP explicitly include Climate Finance
- Paris agreement enters into force

2017

- Guidance for Energy Sector issued
- Project level climate finance data published on ADB
- Enhancement of AWARE

2018

- Revision of eOps – streamlining climate finance reporting
- Revised linked document on Climate Change Assessment



ADB eOps enhancement

PROJECT AT A GLANCE

1. Basic Data			Project Number: 49029-002
Project Name	Xinjiang Changji Integrated Urban-Rural Infrastructure Demonstration Project	Department /Division	EARD/EASS
Country Borrower	China, People's Republic of / People's Republic of China	Executing Agency	Xinjiang Uygur Autonomous Region Government
2. Sector			ADB Financing (\$ million)
✓ Water and other urban infrastructure and services	Other urban services		33.00
	Urban policy, institutional and capacity development		1.70
	Urban sewerage		3.22
	Urban solid waste management		12.14
	Urban water supply		22.58
Agriculture, natural resources and rural development	Forestry		12.54
	Land-based natural resources management		12.54
Education	Technical and vocational education and training		7.22
Energy	Energy utility services		7.59
Transport	Urban roads and traffic management		37.47
Total			150.00
3. Strategic Agenda			Climate Change Information
Inclusive economic growth (IEG)	Subcomponents Pillar 2: Access to economic opportunities, including jobs, made more inclusive	Climate Change Information Adaptation (\$ million)	5.45
		Mitigation (\$ million)	37.81
Environmentally sustainable growth (ESG)	Global and regional transboundary environmental concerns	CO ₂ reduction (tons per annum)	63,540
	Urban environmental improvement	Climate Change impact on the Project	Medium
Regional integration (RCI)	Pillar 1: Cross-border infrastructure		
4. Drivers of Change			Gender Equity and Mainstreaming
Governance and capacity development (GCD)	Components Institutional development	Gender Equity and Mainstreaming (EGM)	Effective gender mainstreaming ✓
Private sector development (PSD)	Public sector goods and services essential for private sector development		
5. Poverty and SDG Targeting			Location Impact
Geographic Targeting	No	Location Impact	Rural
Household Targeting	No		Urban
SDG Targeting	Yes		Medium
SDG Goals	SDG6, SDG8, SDG9		High
6. Risk Categorization:	Complex		
7. Safeguard Categorization	Environment: B Involuntary Resettlement: A Indigenous Peoples: B		
8. Financing			

PROJECT AT A GLANCE

1. Basic Data			Project Number: 48409-002
Project Name	Climate-Friendly Agribusiness Value Chains Sector Project	Department /Division	SERD/SEER
Country Borrower	Cambodia / Government of Cambodia	Executing Agency	Ministry of Agriculture, Forestry & Fisheries
2. Sector			ADB Financing (\$ million)
✓ Agriculture, natural resources and rural development	Agricultural policy, institutional and capacity development		0.99
	Agricultural production		3.71
	Agro-industry, marketing, and trade		14.53
	Irrigation		36.30
	Rural market infrastructure		32.24
	Rural solid waste management		2.23
Total			90.00
3. Strategic Agenda			Climate Change Information
Inclusive economic growth (IEG)	Subcomponents Pillar 2: Access to economic opportunities, including jobs, made more inclusive	Climate Change Information CO ₂ reduction (tons per annum)	8,150
		Climate Change impact on the Project	Medium
Environmentally sustainable growth (ESG)	Eco-efficiency	ADB Financing	Adaptation (\$ million)
	Environmental policy and legislation		1.35
	Global and regional transboundary environmental concerns		Mitigation (\$ million)
	Natural resources conservation		2.77
Regional integration (RCI)	Pillar 4: Other regional public goods	Cofinancing	Adaptation (\$ million)
			25.58
			Mitigation (\$ million)
			4.40
4. Drivers of Change			Gender Equity and Mainstreaming
Governance and capacity development (GCD)	Components Institutional development	Gender Equity and Mainstreaming (EGM)	Effective gender mainstreaming ✓
Knowledge solutions (KNS)	Knowledge sharing activities		
Partnerships (PAR)	International finance institutions (IFI)		
	Official cofinancing		
Private sector development (PSD)	Promotion of private sector investment		
5. Poverty and SDG Targeting			Location Impact
Geographic Targeting	No	Location Impact	Rural
Household Targeting	No		Urban
SDG Targeting	Yes		High
SDG Goals	SDG2, SDG8, SDG9, SDG13		Low
6. Risk Categorization:	Low		
7. Safeguard Categorization	Environment: B Involuntary Resettlement: B Indigenous Peoples: B		
8. Financing			



ADB's Climate Change Finance Reporting Focal



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Director, SDCD



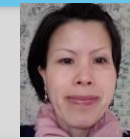
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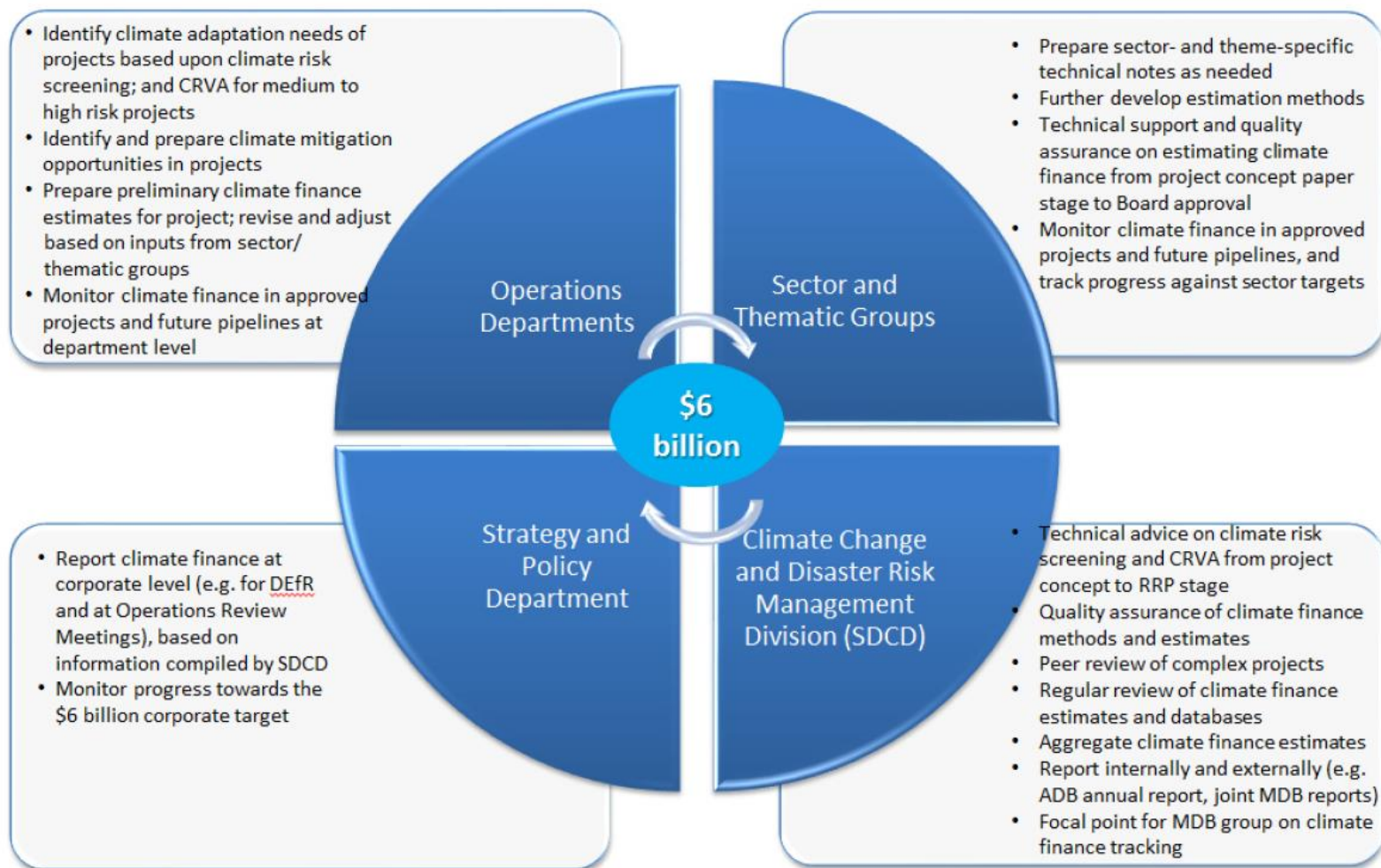
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**Ma. Amparo
"Chalu" Dato**
*Senior Coordination
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STG Focals

ADB Reporting: Key Roles and Responsibilities



CRVA = climate risk and vulnerability assessment; DEfR = Development Effectiveness Report; MDB=multilateral development bank; RRP=report and recommendation of the President



For further information

<https://www.adb.org/themes/climate-change-disaster-risk-management/main>

<https://www.adb.org/climate-change-financing>

Multisector case study

Guide Questions:

- Based on the project title, can you determine if it is likely to have climate finance?
- If there is climate finance, for which use (adaptation or mitigation)?
- Identify which components, brief description (and structural measures) qualify for adaptation finance; for mitigation finance and for which sector.
- What data/information do you need to estimate adaptation and mitigation finance? Identify the possible sources of these data/information.
- Assuming complete information/data, how will you estimate adaptation and mitigation finance. What is your rationale for your estimates?

