



## Joint statement by Multilateral Development Banks (MDB) on climate finance

11 September 2014

### Multilateral Development Banks agree to reinforce climate finance

We, the undersigned multilateral development banks (MDBs), are committed to the implementation of ambitious climate action both to combat climate change and to manage its inevitable consequences.

Since 2011, when we began jointly tracking climate finance flows, we have already delivered over US\$ 75 billion in financing for climate action in developing and emerging countries.

We now pledge to build on our work so far and to enhance our climate finance action, in accordance with our organizations' respective mandates, expertise, and resources.

We will further coordinate our financing, ideas and analyses, and continue to harmonize our approaches on climate action. Our ambition is to stimulate and support increased global climate action by:

- **Leveraging our resources to reinforce climate finance**

By using sound financial structures and offering long-term lending we are providing other investors with the needed confidence to participate in climate finance projects. A variety of private and public financiers now participate regularly alongside MDBs to finance clean energy and transport, sustainable forest management, and resilience measures, thereby substantially increasing the scale of the finance provided. Donors further enhance this impact - for example, under the Climate Investment Funds (CIF), US\$ 8 billion in public funds are expected to mobilize US\$ 55 billion of total climate financing from private and public sources.

- **Developing and applying innovative ideas**

Lending is our traditional core activity, but we are also addressing climate change with other instruments. We are mobilizing equity investments and guarantees, and we are providing technical assistance as well as technological and financial training to governments, project developers and lenders. We are working on technology transfer, and developing renewable energy legislation to create markets. We have also been the initial catalyst for the green bonds market. To date, we have exceeded \$ 20 billion in MDB issuance of green bonds and the demand for such bonds is growing. Going forward, we aim to maintain our developmental role, in order to spur further sustainable growth of the green bond market.

- **Mainstreaming climate throughout our core operations**

Our focus on climate action is further demonstrated by how climate considerations are embedded into our operational processes. We have been or are implementing screening for potential climate risks in our project pipelines, and a number of our institutions have established targets for climate financing and CO<sub>2</sub> emissions reductions. We measure the greenhouse gas (GHG) emissions of the projects we finance. This, together with the use of a shadow carbon price in appropriate cases, gives us an enhanced perspective of our projects' environmental impact. We are working together with other Development Financial Institutions (DFIs) on harmonizing our approaches for estimating GHG emissions.

- **Promoting harmonized, transparent and robust climate finance reporting**

Setting meaningful targets and identifying opportunities requires consistent and robust data. We developed a common climate finance tracking methodology under which we have jointly reported our climate finance since 2011. We hereby commit to uphold the transparency in tracking and reporting the financing we provide in support of climate change mitigation and adaptation. As MDBs, we can play a leading role by working as a group, and we will continue reaching out to other interested actors.

Individually, collectively, and by working with the wider finance and climate community, MDBs have been charting a path forward in climate action. We aim to lead by example and influence the trajectory of financial developments in support of global climate action.

We believe our experiences on the ground will pave the way for continued partnership with other financial institutions, including the members of the International Development Finance Club (IDFC), governments, and project developers.

By seizing opportunities for investment and attracting finance at scale for low-carbon and resilient development, we encourage others to join us in catalyzing the necessary increase in climate finance.