



COP28 UAE

Joint MDB Presentation on Paris Alignment

COP28 Progress Update | 8 December 2023 | Dubai, United Arab Emirates



European Bank
for Reconstruction and Development



MDBs Paris Alignment journey to date



2015

COP21

Announced joint MDB support to implementation of the outcomes of the Paris conference.



2017

OPS & COP23

Announced joint MDB commitment to align financial flows to the objectives of the Paris Agreement (Article 2.1c) at the One Planet Summit (OPS) & COP23.



2018

COP24

Announced the joint Paris alignment approach with the six building blocks.



2019

COP25

Presented a high-level joint MDB statement at UNSG and presented at COP the methodologies for aligning operations to the goals of mitigation and adaptation of the Paris Agreement (BB1 and BB2), BB4 stocktake, framework for Paris alignment reporting (BB5) and six components of internal policy Paris alignment (BB6).



2020

COVID19



2021

COP26

Progress update on Paris alignment, including presenting Paris alignment approach for real sector with defined use of proceeds.

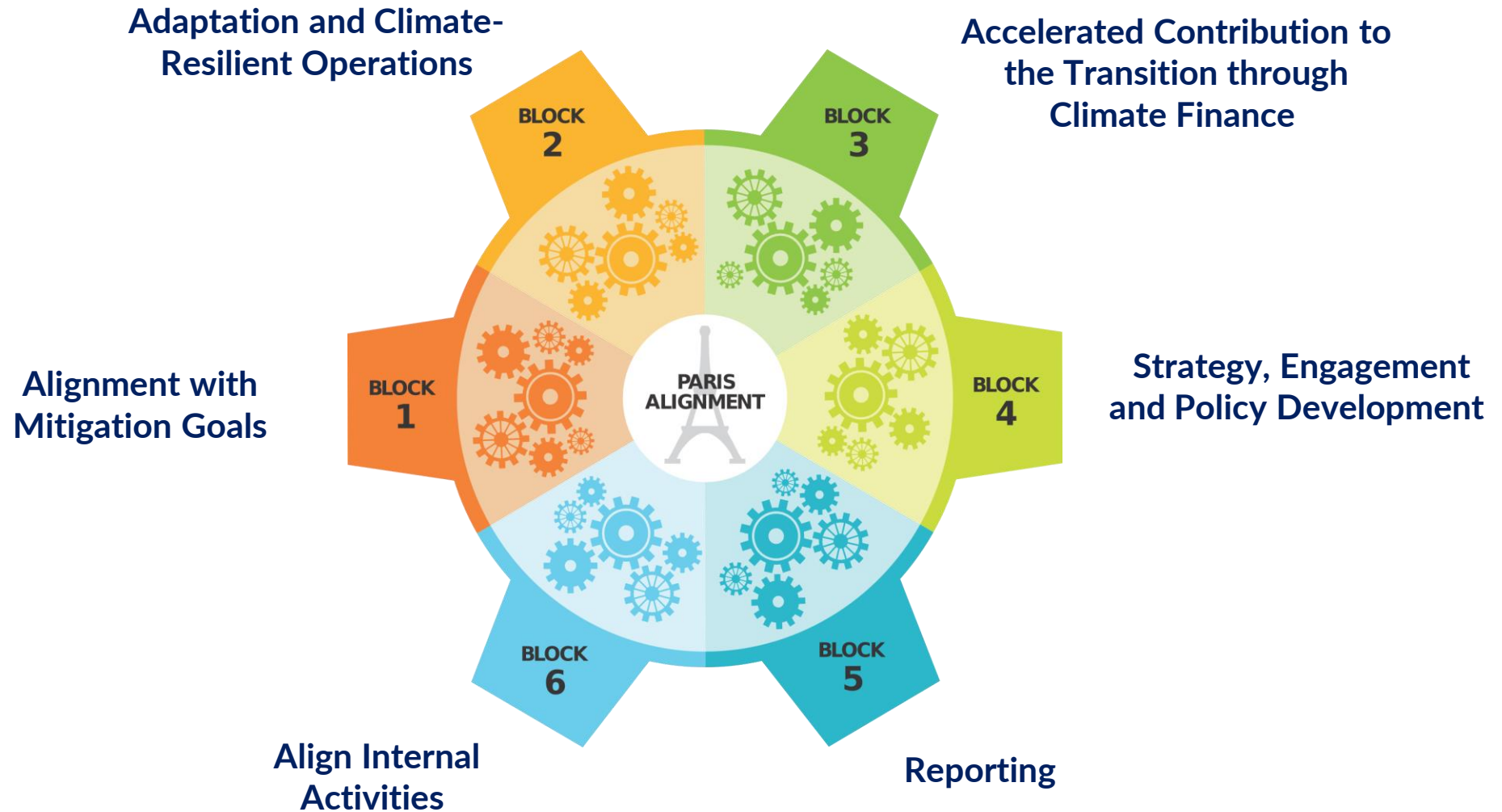


2022

COP27

Presented the MDB Principles for PA Alignment of Operations and Progress update on all six MDB Paris Alignment building blocks.

MDBs Paris Alignment Framework





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Major highlights since COP27: MDBs have worked together to deliver on a wide range of topics linked to their Paris Alignment.



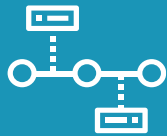
Operationalisation

MDB Paris Alignment Assessment
Methodological Principles for new operations
released. Progress on the operationalization of
Paris Alignment across all 6 Building Blocks.



Global Stocktake

The world is not on track to meet the long-term goals of the Paris Agreement, but the MDBs continue to support countries in enhancing their policies to be Paris-aligned.



Timeline

All MDBs have committed to a Paris alignment
timeline, applying parts or all the overall framework,
and are developing their methods and guidance to
suit their specific processes/procedures.



Delivering climate finance

MDBs collectively are the biggest provider of international
climate finance in developing countries. We surpassed our
2025 climate finance expectation, and the needs remain in the
trillions, but we need to further mobilize the private sector.



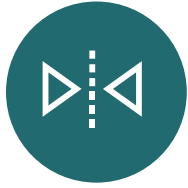
Poly-Crisis

Countries are facing compounding challenges – we
continue to integrate climate in development support
we provide to our clients and countries.



Capacity & technical support

Increasing demand from clients to have technical and
capacity support to integrate emerging climate risk
management and disclosure practices; also support on
developing sustainability investment programs.



Aligning financial flows with PA

MDBs continue to work together on the operationalization of the MDB Paris alignment approach.



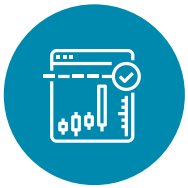
Mobilizing climate finance

Work on increased access to donor co-finance and scale private sector mobilization of climate finance.



In-Country Coordination

Support country-led coordination to enhance impact in all aspects of sustainable development including climate, policy, and climate finance delivery, and broader planning. For example, through country sector platforms.



Focus on Results and Metrics

MDBs agree to work together on metrics for climate results, outcomes and impacts: covering mitigation & adaptation goals.



Supporting LTS and Just Transition

Continue to support clients/countries with LTS and related sectoral and sub-national climate policy support, including on just transition. Launching a joint-MDB LTS program, hosted by WB's CSF.



Nature & biodiversity

Released common principles for nature-positive financing and further work on the integration of nature and biodiversity in climate activities.



Greening financial systems

Facilitate greening of financial systems, including policy support in developing standards and supporting clients with transition planning and reporting.



Carbon pricing & market mechanisms

Accelerate the roll-out of carbon pricing and market mechanisms by meeting increased demand through policy dialogue and capacity building.



Paris Alignment reporting

MDBs continue to work together on internal and external Paris alignment progress reporting.



Supporting Adaptation and DRM

Scaling up adaptation financing and committing to supporting the *Early Warning for All initiative* on accessible and inclusive early warning systems for all by 2027.



A timeline of the Paris alignment commitment status of all MDBs

MDB	Latest Climate Strategy/Policy adopted	Paris alignment commitments with dates
ADB	July 2018, (Strategy 2030).	Alignment of sovereign operations by 1 July 2023; 85% of non-sovereign operations by that same date, full alignment by 1 July 2025.
AfDB	Climate Change and Green Growth Framework: Long-term strategy (2021-2030) and Action Plan (2021-2025).	Full Paris Alignment by 2025. Currently, rolling out the implementation plan.
AIIB	Corporate Strategy (2021-2030): Financing Infrastructure for Tomorrow.	Full alignment by mid-2023.
CEB	CEB Strategy 2020-2022, Development Plan with key policy goals.	Paris Alignment approach and roadmap approved by CEB Administrative Council on 18 November. The objective is to start with the alignment of our direct lending by end 2022 (with the specific methodologies and systems being finalized in 2022 and therefore affecting CEB's activities starting with approvals in Jan 2023).
EBRD	July 2020, Green Economy Transition Approach (2021-2025)	Application to new operations started in 2021; Full alignment of activities from 1 January 2023.
EIB	November 2020, EIBG Climate Bank Roadmap (CBR) and Updated EIB Climate Strategy covering all 6 building blocks. Incl. alignment to 1.5C goal	2019 Board - all financing activities to be Paris aligned by end 2020 . All new projects aligned from start of 2021 as per CBR (grandfathering of projects under appraisal ended at Board of Dec 2022). Paris Alignment Framework for counterparts applied as of Jan 2022. Progress report in CBR 2023 Mid Term Review on alignment of all other activities.
IDB	Climate Change Action Plan 2021-2025.	Align all new IDB Group operations with the Paris Agreement goals by January 2023, by integrating Paris alignment into IDB, IDB Lab, and IDB Invest operations and procedures
IsDB	Action Plan for Operationalization of the Paris Alignment (2022-2023).	Fully aligning sovereign operations by the end of 2023.
NDB	NDB's General Strategy for 2022-2026.	NDB will work towards aligning its new operations with the goals of the Paris Agreement by the end of the strategy cycle (2022-2026).
WBG	WBG Climate Change Action Plan (2021-2025).	World Bank alignment of new financing flows effective since July 1, 2023. IFC and MIGA aligning 85% of new operations starting July 1, 2023, and 100% starting July 1, 2025.

Joint methodological principles

MDBs have produced high-level joint technical and methodological notes for a range of financial instruments and financing types.

Operationalization

MDBs have been focusing on setting up internal Paris Alignment implementation arrangements.

Exchanging experience

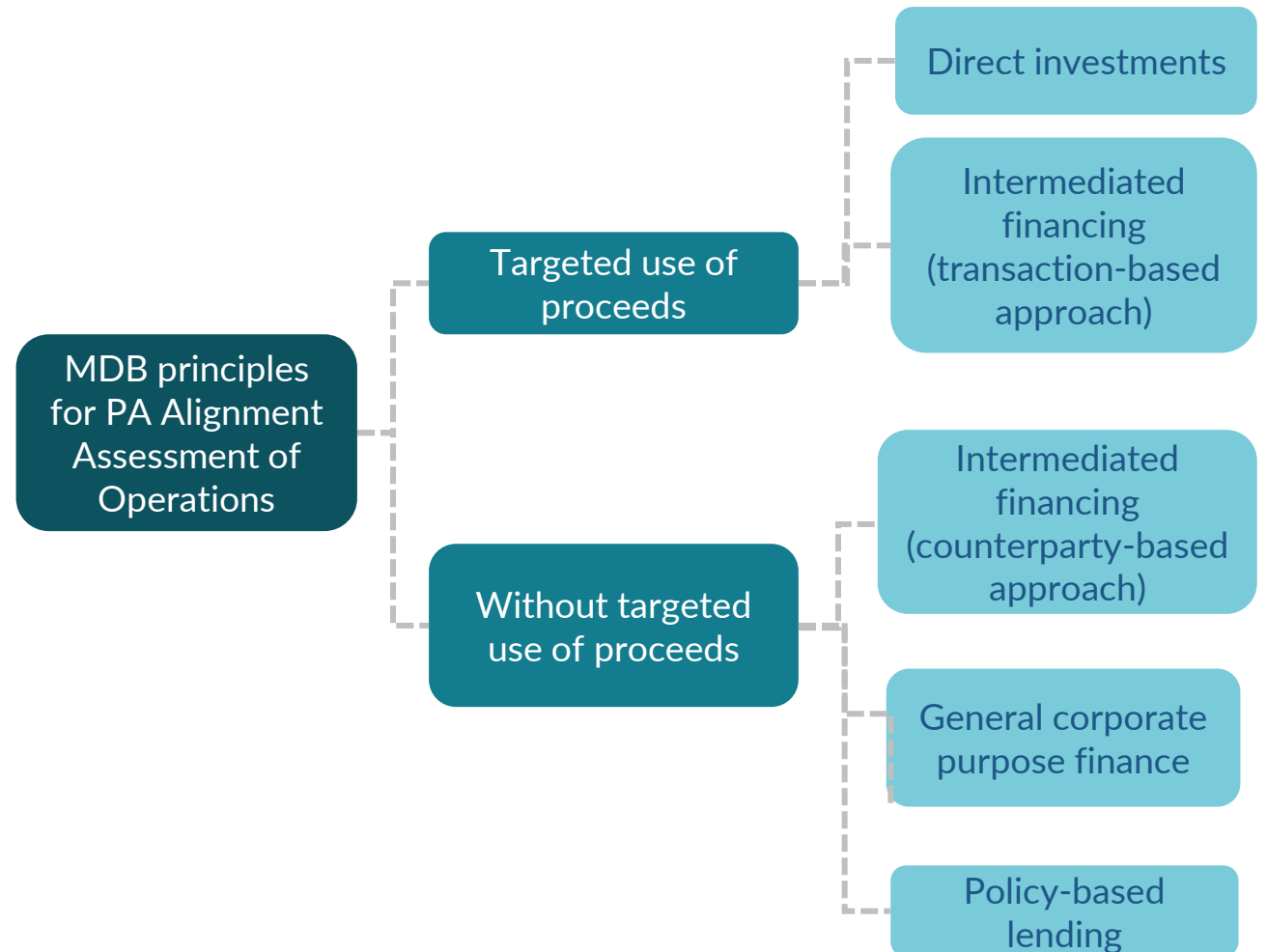
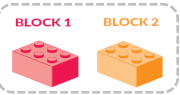
MDB knowledge sharing includes governance for implementation within institutions, particularly where there are emerging sustainability disclosure requirements.

Lessons learned

Introducing principles in country programming; aligning internal incentives in sectors challenging to decarbonize; designing streamlined processes, clear communication, and training to sector and country/regional teams.

Enhancing the application of principles

MDBs gaining experience on how to apply the new methodologies, especially on methodologies without targeted use of proceeds.

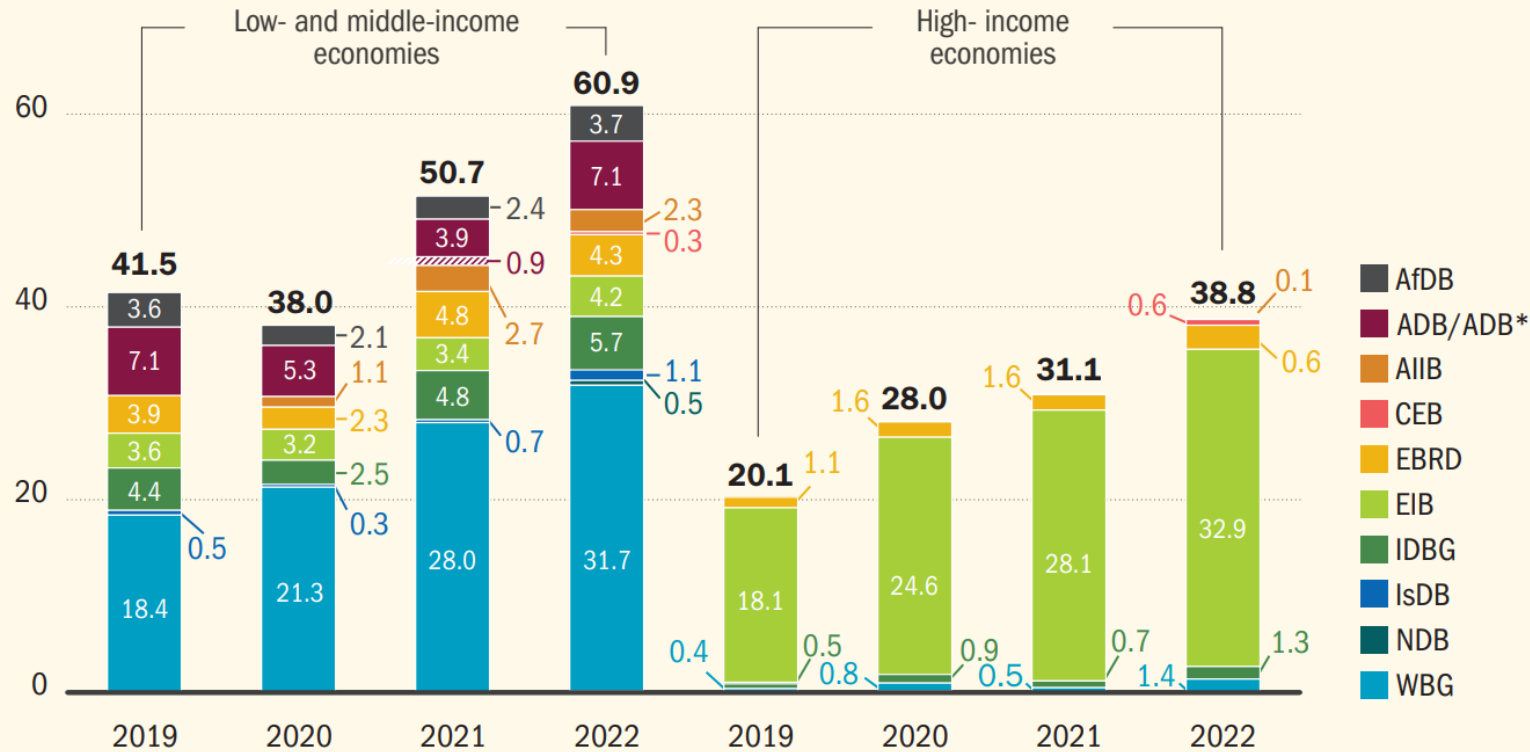


JOINT MDB CLIMATE FINANCE DELIVERY 2022



MDBs committed around US\$ 61 billion in climate finance to low- and middle-income economies in 2022 - up from US\$ 51 billion in 2021 according to the 2022 Joint MDB Climate Finance Report, published on 16th October

MDB CLIMATE FINANCE (IN USD BILLION)



Total financing by continues upward trend

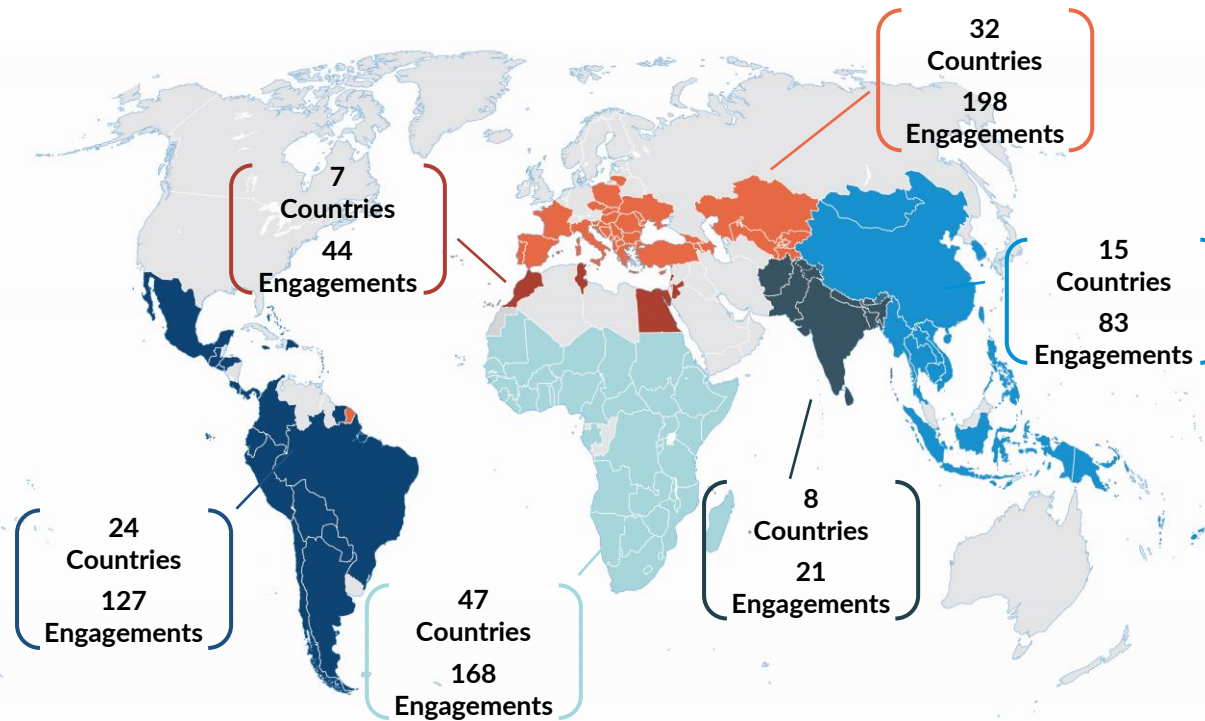
The 2022 total financing by multilateral development banks has again passed the target set in 2019 UN Secretary General's Climate Action Summit in New York.

In 2022, \$38.8 billion was allocated for high-income economies. Worldwide MDB climate finance reaches nearly \$100 billion up from \$82 billion in 2021.

The 2022 Joint MDB Report is the first to include all 10 MDBs in the aggregated figures

[You can access the report here: report on multilateral development banks' climate finance \(eib.org\)](#)

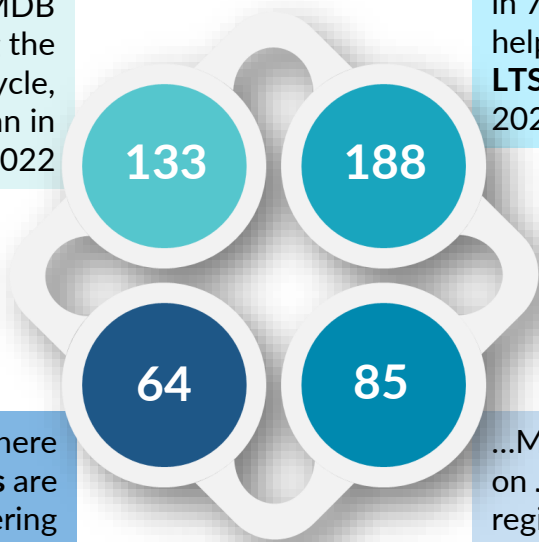
CONTINUED GROWTH IN DEMAND FOR MDB SUPPORT ON NDCs, LTS, AND JUST TRANSITION



206 new initiatives since the last COP (26% increase cumulatively) and **144 initiatives closed** and transitioning into broader investment and implementation opportunities.

...countries have received MDB support along the **NDC and LTS** cycle, 20% more than in 2022

...MDB engagements in 79 countries to help develop their **LTS**, up 68% from 2022



...countries where **multiple MDBs** are engaged, offering opportunities for synergies and enhanced impact

...MDB engagements on **Just Transition** at regional and country-levels, a 20% increase from 2022

There are 786 total initiatives up to 2023, of which 136 are global/regional engagements.

As countries look to step up on NDCs and Long-Term Strategies, the demand for policy support is increasing:

- 148 countries are working towards net zero CO₂ emissions by 2050
- 37 countries have submitted 2023 NDC updates
- LTS: 68 submissions to date and 11 new LTS submitted in 2023

MDBs LTS WORK IS INTEGRAL TO ACHIEVING GOALS OF PARIS AGREEMENT

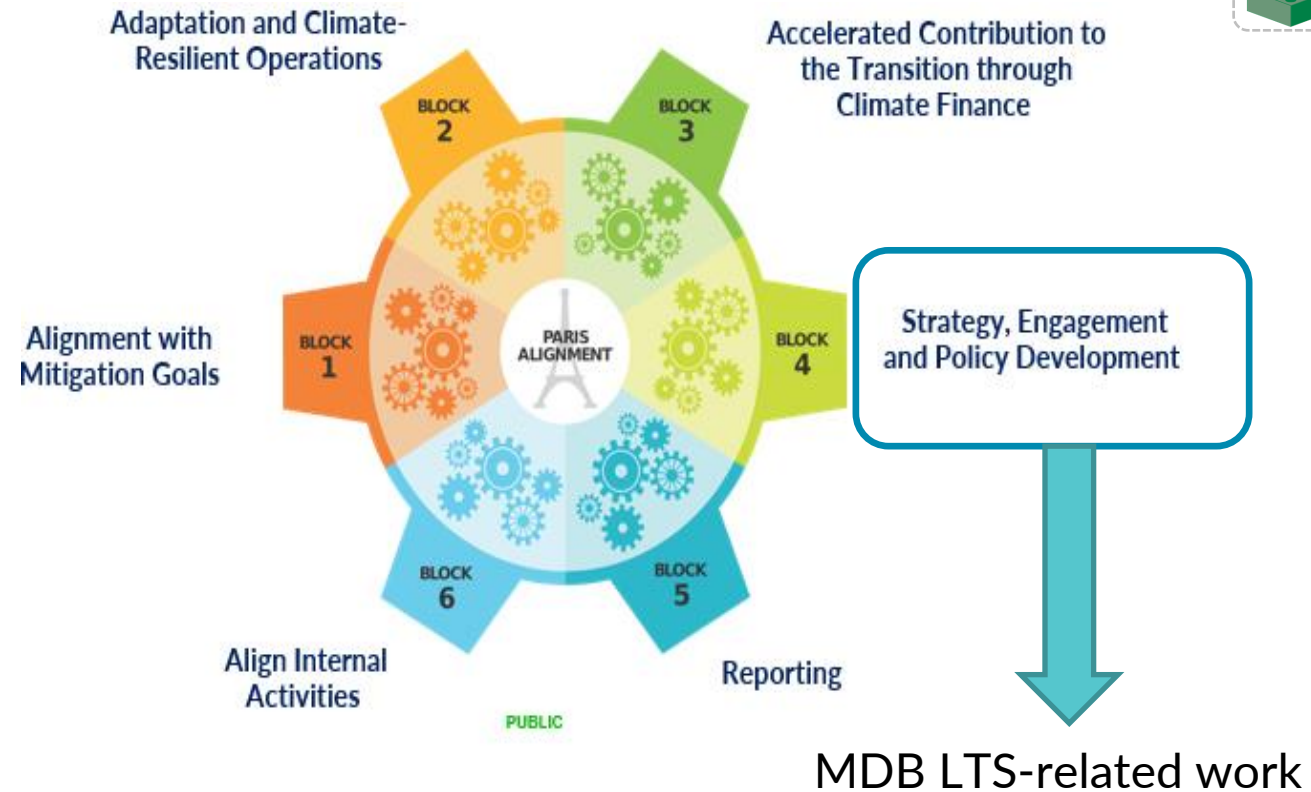


◆ Policy dialogue, engagement, and technical assistance, under Building Block 4 (BB4) of the joint framework, are critical for achieving Paris Agreement goals and are integral parts of the MDBs' operating model, facilitating delivery of Mitigation, Adaptation and Just Transition objectives.

◆ LTSs provide ability to link climate policy to implementation plans, project preparation and finance.

◆ Enhanced MDB upstream engagement facilitates Paris alignment of projects, expedites downstream investment and mobilizes private finance.

◆ Outcomes of Paris Alignment assessments pinpoint specific regulatory, financial, and technological gaps needed to strengthen country climate strategies and policies to achieve the goals of the Paris Agreement.





1. Capacity building

Policy & institutional readiness

- Continue to build capacity to foster the uptake of Article 6 through support on policy and institutional frameworks incl. through the Climate Market Club, Partnership for Market Implementation

Collaboration and partnerships

- Participation in the Japan Article 6 Implementation Partnership
- Engagement w. leading carbon market integrity initiatives incl. UNFCCC, IC-VCM, VCM I
- Engagement on Call to action for Paris Aligned Carbon Markets

Non-market approaches

- Continue to promote the understanding of non-market approaches like ABM

2. Enabling infrastructure

Digital 4 Climate Initiative

- Continue the collaboration under the D4C initiative to build an end-to-end digital ecosystem for climate markets incl. digital methodologies, Digital-MRV, carbon registries, CAD Trust, Climate Warehouse

Methodology development

- Contribute to new methodology developments (e.g. coal decommissioning) and Calls for inputs by UNFCCC to Article 6

Non-market approaches

- Support enabling environments for adaptation finance

3. Market making

Monetisation

- Identification of mutually interesting Article 6 monetisation opportunities linked to banking and investment operations

Carbon Action Forum

- Bring potential buyers and sellers together in a Forum to develop solutions for transactional level issues

Non-market approaches

- Explore non-market approaches for adaptation and hard-to-measure / hard-to-price activities not ready for market approaches

BB5: TRANSPARENCY FRAMEWORK



Purpose

- Reporting on alignment of MDBs activities and financial flows.
- Setting joint principles and criteria.
- Enabling robust reporting within consistent framework.
- Help clients to be aligned with the Paris Alignment Framework.



Key Principles & Approach

- Building on existing practices from joint reporting on climate finance and covering all building blocks.
- Considering international emerging standards for climate related disclosures and reporting where appropriate: with an increased focus on ISSB and ESRS, but also considering e.g.:
 - Climate Disclosure Standards Board (CDSB, 2018).
 - TCFD 2019 recommendations (TCFD, 2019).
 - The state of EU environmental disclosure (CDSB, 2020).
 - Guidance for climate-related disclosures (CDSB, 2020).
 - Scenario Analysis for Non-Financial Companies (TCFD, 2020).
 - Guidance: Risk Management Integration & Disclosure (TCFD, 2020).
 - TCFD 2021 Status Report (TCFD, 2021).
 - TCFD 2021 Annex (TCFD, 2021).
 - Guidance on Metrics, Targets, & Transition Plans (TCFD, 2021).
 - TCFD: Guidance on Metrics, Targets, and Transition Plans 2021 (TCFD, 2021).
 - TCFD 2022 Status Report (TCFD, 2022)
 - TF on Nature-related Financial Disclosures (TNFD 2023).



Joint Principles for Reporting

- Reporting on an annual basis.
- Reporting for new operations, ex-ante on basis of commitment.
- Reported forward-looking financial flows are derived from the BB1 and BB2 assessments. Financial flows not assessed or with a non-conclusive assessments will be noted.
- Reporting will become more granular and comprehensive, with portfolio considerations where appropriate, over time.

Governance and Processes

MDB Processes

- MDBs climate policies, strategies and objectives.

MDB Risk Management

- How climate risks and opportunities are integrated into risk management processes.

Conformance and Assurance

- As required by financial auditing and by sustainability reporting standards as applicable.

Key Principles & Approach

BB1 and BB2

- Sources of climate impacts.
- GHG impact metrics (BB1).
- Climate resilience impact metrics (BB2).

BB3

- Publications: climate finance & private sector mobilisation.
- Technical assistance and capacity building delivered for Climate investments/Climate programmes.

BB4

- Indicators to disclose climate contributions from policy dialogue activities.

BB6

- Sources of climate impacts.
- Impact metrics of MDB internal activities.

Reporting

Methodologies and tools

- Climate analytics and data management.
- Increased focus on climate results, outcomes and impact metrics
- Methodologies for scenario analysis.
- Specific tools used e.g., low carbon pathways or carbon shadow pricing.

Analysis and Benchmarks

- Climate performance benchmarks and indicators.

MDBs are committed to aligning their internal activities with the objectives of the Paris Agreement.

Based on the key components of alignment of internal activities, each MDB is developing its internal policies and approaches.

The BB6 WG is working on a technical note that will provide high-level guidance for MDBs on a harmonized approach for aligning internal activities with the goals of the Paris Agreement.



Step 1
Approval of BB6 Technical Note



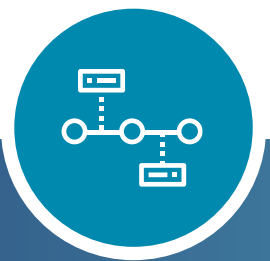
Step 2
Implementation of BB6 Action Plan



Step 3
Setup targets & KPIs



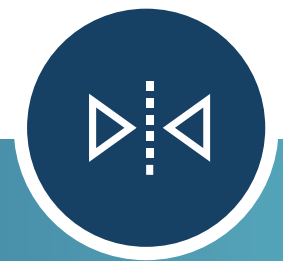
Step 4
Designing and testing assessment frameworks



Step 5
Training and awareness raising



Step 6
Streamlining with other BBs



Step 7
Measure, monitor, report, verify and compensate





Knowledge exchange on the PA implementation

- Experience sharing on the application of the 6 Building Blocks Framework.
- In particular, on the Methodological Principles for PA in new operations using sector-specific case studies, and on counterparty alignment in financed operations.



Engage on Results & Metrics

- Work together on climate results and impact metrics including mitigation and adaptation outcomes.



Scale-up Strategic Initiatives

- Scale up support to countries/clients through strategic initiatives including LTS Initiative, Just Transition, and NDC support.
- Integration of nature/biodiversity into climate activities



Country-Led Platforms

- Intensify in-country coordination and collaboration among MDBs including climate policy, climate investment programmes, climate finance delivery, and broader sustainable development.



Reporting Framework

- Share lessons and experience on climate disclosure/Paris alignment reporting.
- Continue joint MDB reporting on climate finance.



THANK YOU FOR YOUR PARTICIPATION!



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ANNEXES

Operationalisation

Joint Technical Notes

MDBs produced a joint-BB1 & BB2 technical Note to provide public information on Paris alignment assessments.

Operationalisation

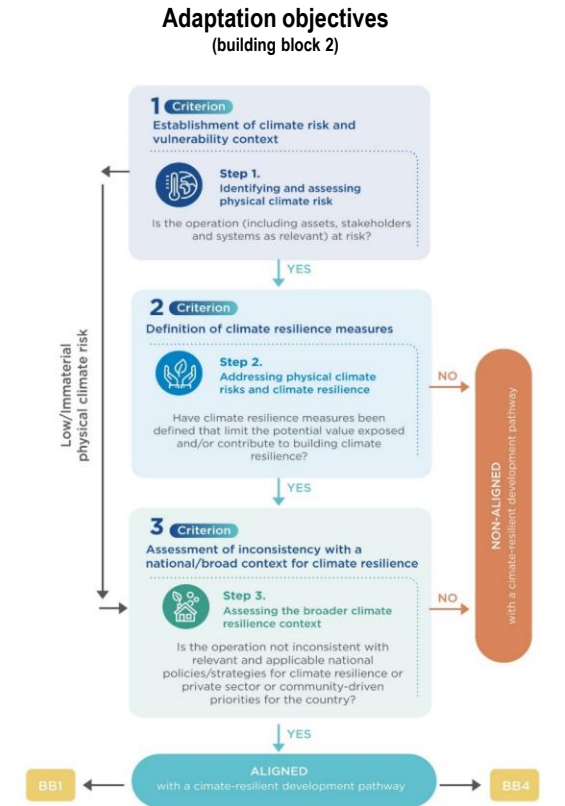
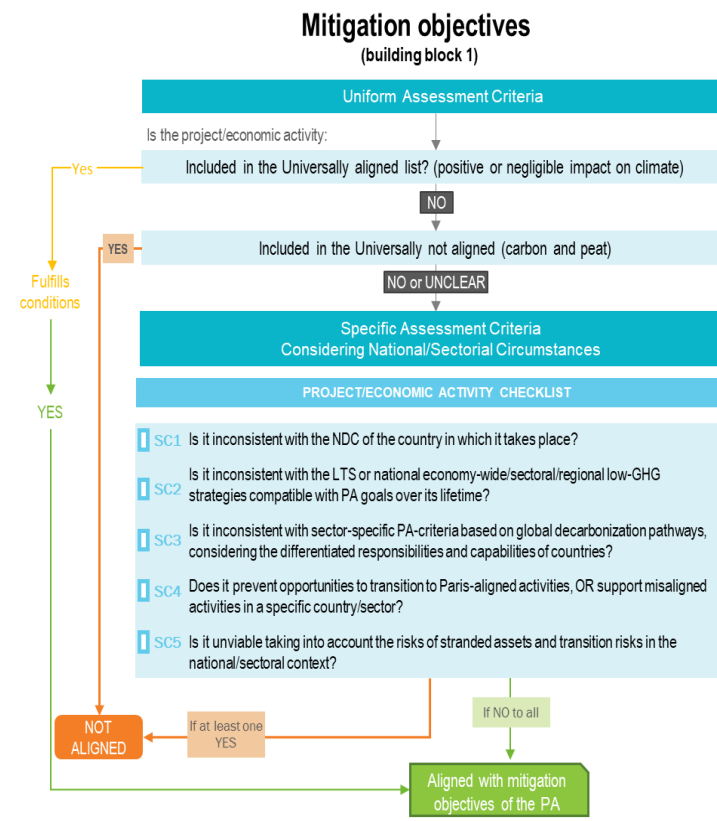
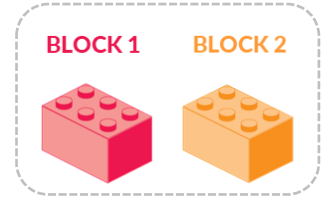
The MDBs continued to develop and operationalise the BB1 & BB2 approach for direct finance operations *within each institution*.

Exchanging experience

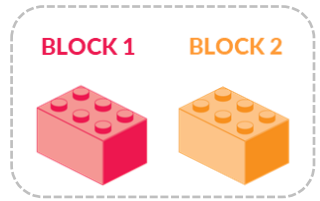
The MDBs have been exchanging experience on the application of the BB1 & BB2 approach in specific sectors.

Strengthening of the principles

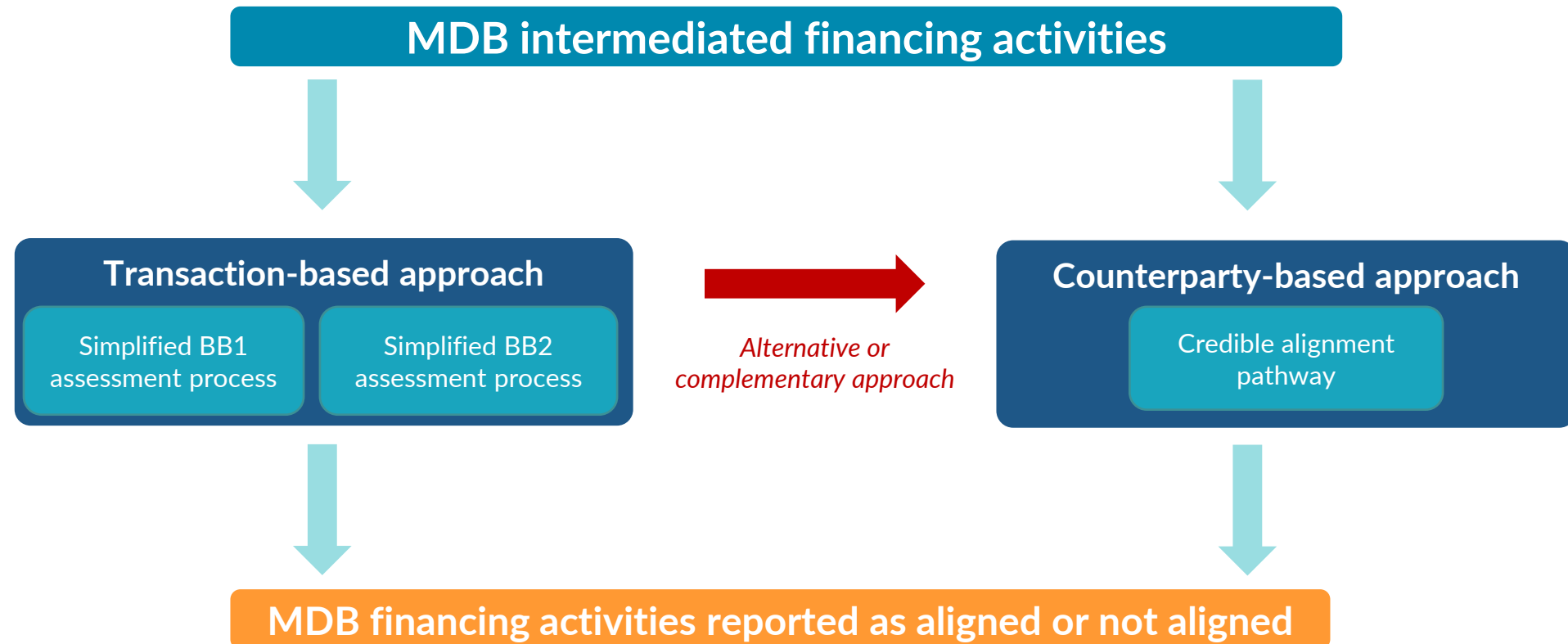
The MDBs will continue exchanges on the methodology application to address identified lessons learnt and work on strengthening of the principles in future.



INTERMEDIATED FINANCING PA ASSESSMENT PRINCIPLE



Two approaches to assess Paris alignment:



BLOCK 1

BLOCK 2

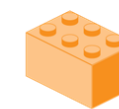
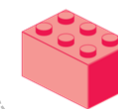


Figure 1 Broad Principles for Assessing Alignment of PBLs with Paris Agreement goals

Step A: Consistency of PBL-supported Government program with the country's priorities on climate change

Step B: Assessing the BB1 and BB2 Alignment of the PBL-supported actions

Alignment with mitigation goals (BB1)

1a: Do the PBL-supported actions actively contribute or do-no-harm to decarbonization pathways in line with the mitigation goals of the Paris Agreement in all circumstances (i.e., supports only 'universally aligned activities')? **If yes, aligned.**

1b: Do the PBL-supported actions support activities that contradict mitigation goals of the Paris Agreement (i.e., 'universally non-aligned activities')? **If yes, not aligned**

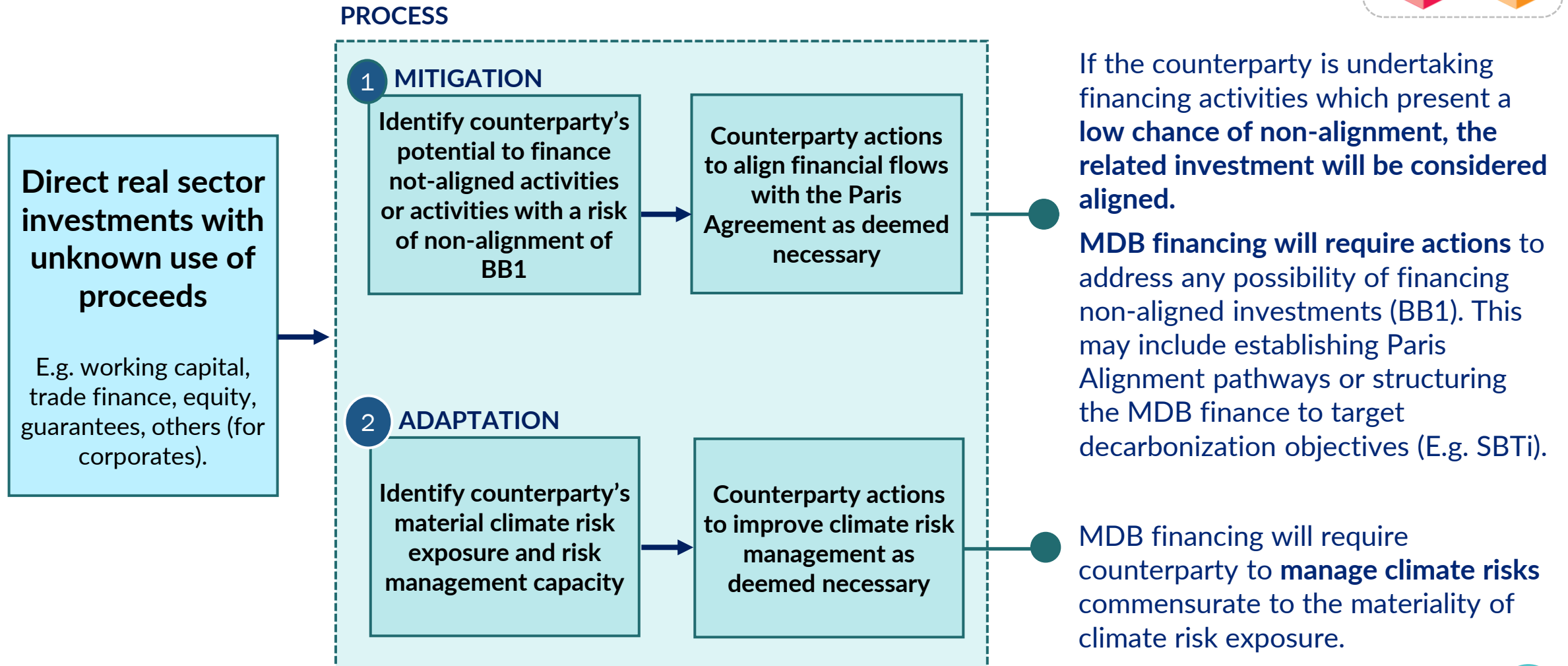
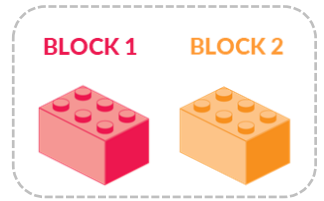
2: Do the PBL-supported actions introduce or reinforce persistent barriers to use of/ transition to lower-carbon means to achieve stated development objectives (i.e., there is a significant carbon lock-in risk). **If no, aligned.**

Alignment with adaptation and resilience goals (BB2)

1: Are the PBL-supported actions at risk from current or future physical climate change effects? **If no, aligned.**

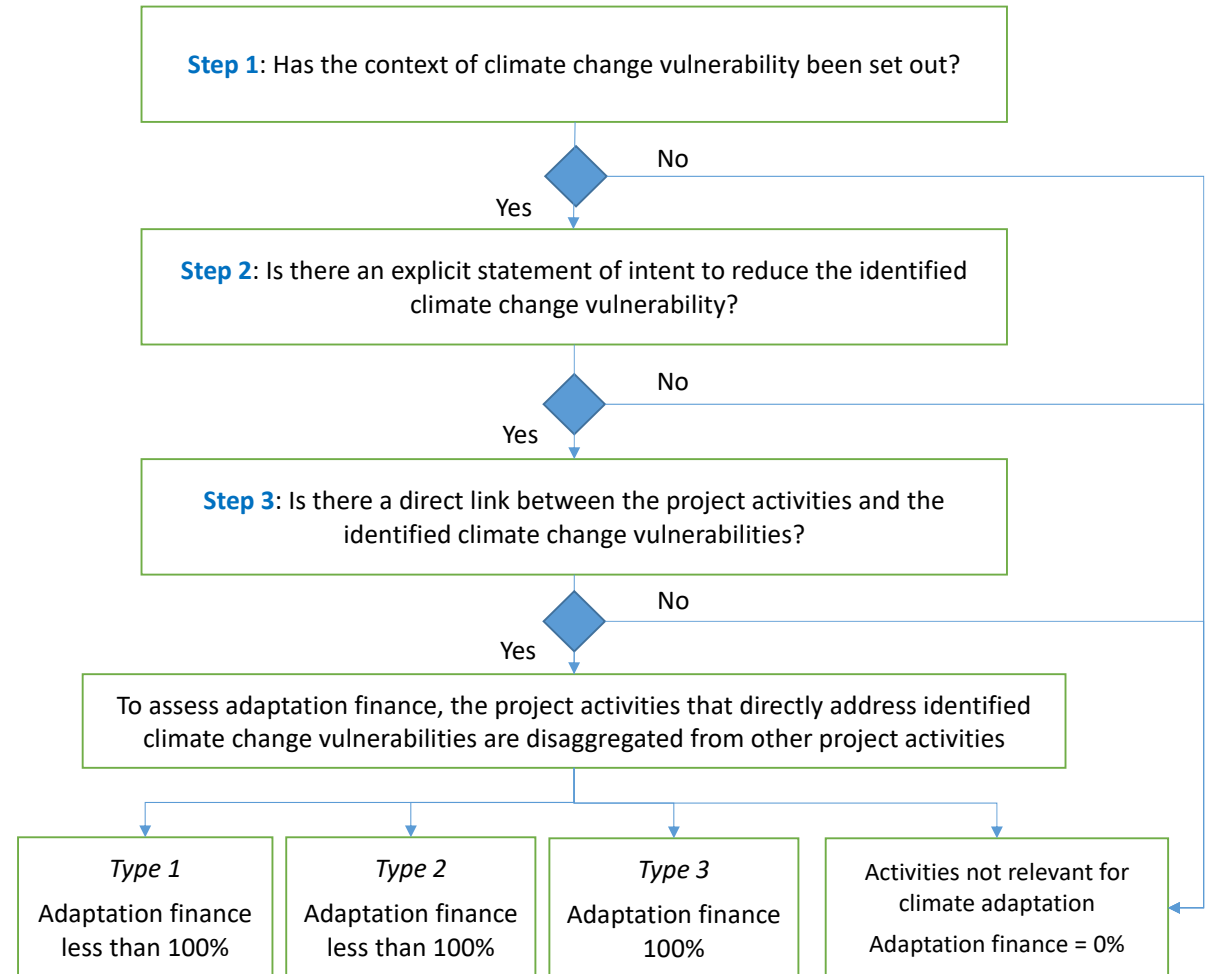
2: Will the PBL-supported actions unduly exacerbate physical climate change risks in an attributable manner? **If no, aligned.**

Counterparty approach for alignment with the Paris Agreement's mitigation and adaptation goals



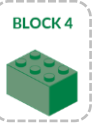
Key features

- 3 steps approach to disaggregate activities that contribute to adaptation from activities that do not made clearer.
- Definition of 3 types of activities that contribute to adaptation:
 - Type 1 “Activities that are adapted”
 - Type 2 “Activities that have shared objectives of adaptation and development”
 - Type 3 “Activities that enable adaptation”
- Tracking based on both the incremental approach and the proportional approach.
- Initial framework for tracking adaptation finance in intermediated financing, policy-based financing and working capital.



LTS SUPPORT IS ANCHORED ON HIGH-LEVEL PRINCIPLES, AGREED BY MDBs

MDBs agreed these high-level principles in 2021 to guide their support for public and private sector actors in the design and implementation of long-term strategies for low-carbon and climate-resilient development.



Principle 1

- Lay out a long-term vision for a decarbonized, climate-resilient future, with clear steps in the near and medium term to enable its achievement.

Principle 2

- Link climate goals with the Sustainable Development Goals to maximize socioeconomic benefits and support a just transition.

Principle 3

- Be aligned with the long-term goals of the Paris Agreement with clear arrangements to deliver short- and medium-term milestones towards the LTS objectives.

Principle 4

- Integrate the adaptation and climate resilience goals of the Paris Agreement.

Principle 5

- Cover key sectors and systems to capture their impact, interlinkages, and interdependencies under a range of plausible futures.

Principle 6

- Ensure country ownership by facilitating the integration of long-term objectives into development planning and budgeting all across the government.

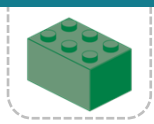
Principle 7

- Develop an inclusive and transparent stakeholder engagement process, including on approaches to a just transition.

Principle 8

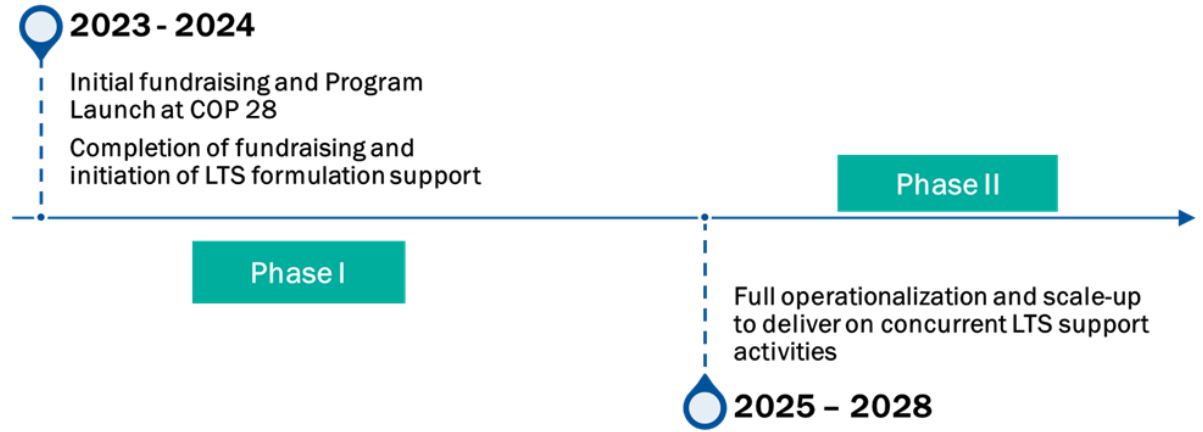
- Ensure that there is appropriate institutional capacity to implement, monitor and update the LTS.

MDBs FORGE A STRONG ALLIANCE TO LAUNCH JOINT MDB LTS PROGRAM AT COP 28



LTS Program to be housed in the WB's Climate Support Facility

Two phased implementation plan:





In 2021, MDBs jointly developed the MDB Just Transition High-level Principles. MDBs have made substantial progress on implementing these High-level Principles within their specific mandate in the following key areas:



Operational Approaches

Developed operational definitions, institutional frameworks, and internal processes.



Financing

Have established or are establishing technical and financing support facilities for just transition; mobilizing operations towards just transition.



Collaboration

Established a just transition sub-group. Conducted MDB knowledge sessions, and collaborated on activities. Engaging with diverse stakeholders.



Policy Support

Conducted dialogues, diagnostics and provided technical and capacity building support for policy and planning.



Knowledge

Developed assessment tools, methodological approaches, knowledge products.

