

— 2016 —



JOINT REPORT  
ON MULTILATERAL  
DEVELOPMENT  
BANKS'  
**CLIMATE  
FINANCE**





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This report was written by a group of multilateral development banks (MDBs), composed of the African Development Bank (AfDB), the Asian Development Bank (ADB), the European Bank for Reconstruction and Development (EBRD), the European Investment Bank (EIB), the Inter-American Development Bank Group (IDBG) and the World Bank Group (WBG). The findings, interpretations and conclusions expressed in this work do not necessarily reflect the official views of the MDBs' Boards of Executive Directors, or the governments they represent.

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## ABBREVIATIONS AND ACRONYMS

|                       |  |               |  |
|-----------------------|--|---------------|--|
| <b>ADB</b>            | Asian Development Bank   | <b>IDFC</b>   | International Development Finance Club   |
| <b>AfDB</b>           | African Development Bank   | <b>IFC</b>    | International Finance Corporation  |
| <b>CCF</b>            | climate co-finance   | <b>IIC</b>    | Inter-American Investment Corporation  |
| <b>CIF</b>            | Climate Investment Funds   | <b>MDBs</b>   | multilateral development banks   |
| <b>CO<sub>2</sub></b> | carbon dioxide   | <b>MIGA</b>   | Multilateral Investment Guarantee Agency   |
| <b>EBRD</b>           | European Bank for Reconstruction and Development                   | <b>NAMAs</b>  | Nationally Appropriate Mitigation Actions  |
| <b>EIB</b>            | European Investment Bank   | <b>NDCs</b>   | Nationally Determined Contributions  |
| <b>EU</b>             | European Union   | <b>UNFCCC</b> | United Nations Framework Convention on Climate Change  |
| <b>€</b>              | euro   | <b>US\$</b>   | United States dollar   |
| <b>FY</b>             | fiscal year  | <b>WB</b>     | World Bank, composed of the International Bank for Reconstruction and Development, and the International Development Association |
| <b>GCF</b>            | Green Climate Fund   | <b>WBG</b>    | World Bank Group, composed of the WB, IFC and MIGA   |
| <b>GEF</b>            | Global Environment Facility  |               |  |
| <b>GHG</b>            | greenhouse gas   |               |  |
| <b>IDB</b>            | Inter-American Development Bank                                    |               |  |
| <b>IDBG</b>           | Inter-American Development Bank Group, composed of the IDB and IIC |               |  |



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# PREFACE

The *Joint Report on Multilateral Development Banks' Climate Finance* is a collaborative effort to make MDB climate finance figures in developing countries and emerging economies public on an annual basis, together with a clear explanation of the joint methodologies for tracking this climate finance.

This 2016 edition was prepared by the European Bank for Reconstruction and Development, together with MDB partners the African Development Bank, the Asian Development Bank, the European Investment Bank, the Inter-American Development Bank Group and the World Bank Group.

Since the first Joint Report, for 2011, the basis of the reporting has been a climate change finance tracking methodology developed as a joint exercise by the MDB climate finance tracking group. The methodology has been gradually updated and detailed. This work has included introducing an approach to reporting on climate co-finance along with MDB climate finance.

In recent years, these MDBs have aligned their principles for tracking climate mitigation activities with those of the International Development Finance Club (IDFC), agreed on initial principles for tracking adaptation finance and taken the next steps to harmonise their approaches to tracking adaptation finance. In future, stakeholders should promote these Common Principles as their starting point and ensure that all differences in reporting are dealt with transparently.

The Paris Agreement of December 2015 further directs how the methodology of climate finance tracking might be developed. For instance, article 2.1c calls for “making finance flows consistent with a pathway towards low greenhouse gas emissions and climate-resilient development.”

To address future challenges, in 2016 the joint MDB climate finance tracking group formalised the coordination of two existing work streams to further enhance tracking methodologies for (i) climate change mitigation and (ii) climate change adaptation, taking account of the Paris Agreement. These work streams are coordinated by the European Investment Bank and the Inter-American Development Bank, respectively. The methodology used in this Joint Report contains a number of incremental improvements and clarifications compared with the 2015 edition.

Download this report at:

[www.ebrd.com/2016-joint-report-on-mdbs-climate-finance.pdf](http://www.ebrd.com/2016-joint-report-on-mdbs-climate-finance.pdf)

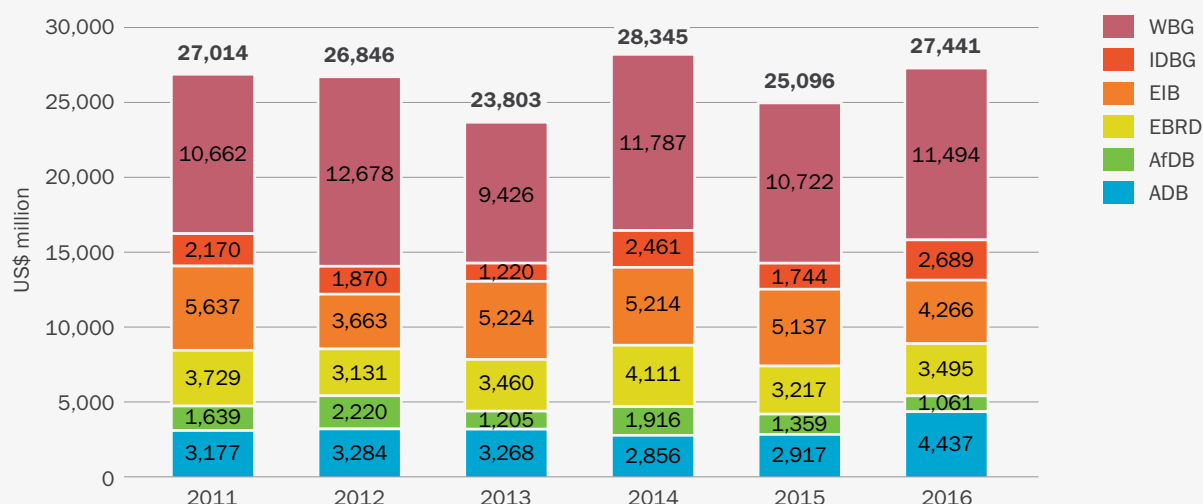
# EXECUTIVE SUMMARY

This sixth edition of the *Joint Report on Multilateral Development Banks' Climate Finance* provides an overview of financing committed by 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 Group (IDBG), and the World Bank Group (WBG), to climate change mitigation and adaptation projects and activities in 2016.

The MDBs have reported jointly on climate finance since 2011, with the first edition, published in 2012, reporting figures for 2011. Collectively, the banks have committed over US\$ 158 billion in climate

finance during the past six years in developing countries and emerging economies. Figure 1 shows the reported climate finance commitments from 2011-16.

**Figure 1: Reported MDB climate finance commitments, 2011-16 (in US\$ million)**



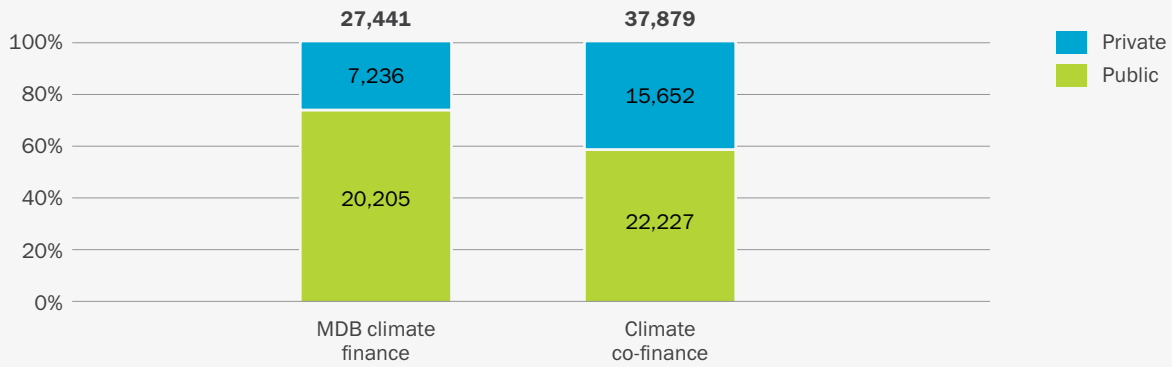
**Notes:**

1. In the years 2011-14 the numbers for WBG only included IFC and WB, and IFC included short-term finance (such as trade finance). In 2015 and 2016, IFC short-term finance has not been included. MIGA finance has been included since 2015.
2. EIB climate finance figures (in this and in all previous editions of the *Joint Report on MDBs' Climate Finance*) are restricted to developing and emerging economies in transition. In the years 2011-15 this excluded the EU-15. For 2016 the data is for the "EU-12" (see Annex F), thereby excluding a number of EU Member States (including the Czech Republic and Malta), where the EIB is also active. In 2016, the numbers for the EBRD and EIB also include Greece.
3. IDBG numbers in the MDB joint reports include activity of the IIC only since 2015. IDBG corporate reports provide information for the corresponding year of approval by the respective Board of Executive Directors.
4. Numbers in the tables and figures in this report may not add up to the totals shown, due to rounding.

The data and statistics presented in this year's report result from the uniform application of the methodologies developed by the MDBs for their portfolios. In this report, the term "MDB climate finance" refers to the financial resources (own account and MDB-managed external resources) committed by MDBs to development operations and components thereof, which deliver climate change mitigation and adaptation activities in developing and emerging economies.

Collectively, the MDBs committed US\$ 27,441 million in climate finance in 2016 — US\$ 21,217 million or 77 per cent of this total for mitigation finance and US\$ 6,224 million or 23 per cent of this total for adaptation finance. The net total climate co-finance committed during 2016 alongside MDB resources was US\$ 37,879 million. When combined with the MDB climate finance, the year's total climate finance is US\$ 65,320 million. This is the second edition of the *Joint Report on MDBs' Climate Finance* to include climate co-finance.

**Figure 2: Total MDB climate finance and net climate co-finance, 2016 (in US\$ million)**



MDBs track and report climate finance in a granular manner. In other words, the climate finance reported covers only those components and/or subcomponents or elements/proportions of projects that directly contribute to or promote adaptation and/or mitigation. The banks calculate adaptation finance using the Joint MDB Methodology for Tracking Climate Change Adaptation Finance. This Methodology is based on a context- and location-specific approach and captures the amounts associated with activities directly linked to climate change vulnerability. Mitigation finance is calculated in accordance with the Joint MDB Methodology for Tracking Climate Mitigation Finance, which is based on a list of activities that have been classified according to type and are compatible with low-emission pathways.

The MDBs' methodologies for climate finance tracking align with the Common Principles for Climate Change Mitigation Finance Tracking<sup>1</sup> jointly agreed by the MDBs and by the International Development Finance Club (IDFC) and first published in March 2015. The MDBs and the IDFC agreed on the Common Principles for Climate Change Adaptation Finance Tracking<sup>2</sup> in July 2015. The organisations have begun taking the next steps to harmonise their approaches in tracking adaptation finance.



<sup>1</sup> Common Principles for Climate Change Mitigation Finance Tracking set out in Annex C : [http://www.eib.org/attachments/documents/mdb\\_idfc\\_mitigation\\_common\\_principles\\_en.pdf](http://www.eib.org/attachments/documents/mdb_idfc_mitigation_common_principles_en.pdf)

<sup>2</sup> Common Principles for Climate Change Adaptation Finance Tracking set out in Annex B : [https://www.afdb.org/fileadmin/uploads/afdb/Documents/Generic-Documents/Common\\_Principles\\_for\\_Climate\\_Change\\_Adaptation\\_Finance\\_Tracking\\_-\\_Version\\_1\\_02\\_July\\_2015.pdf](https://www.afdb.org/fileadmin/uploads/afdb/Documents/Generic-Documents/Common_Principles_for_Climate_Change_Adaptation_Finance_Tracking_-_Version_1_02_July_2015.pdf)

# OVERVIEW OF MDB CLIMATE FINANCE TRACKING METHODOLOGIES

In this report, the term “MDB climate finance” refers to the amounts committed by MDBs to finance climate change mitigation and adaptation activities in development projects. Tracking of MDB climate finance is based on harmonised principles and jointly agreed methodologies, which are detailed in Annexes B and C. Total MDB climate finance includes commitments from the MDBs’ own account, and from external resources channelled through and managed by the banks.

## 1.1 CLIMATE ADAPTATION FINANCE

Climate change adaptation aims to lower the current and expected risks or vulnerabilities posed by climate change. For a project to be counted towards MDB adaptation finance, it must:

- a. set out the climate vulnerability context of the project
- b. make an explicit statement of intent to address climate vulnerability as part of the project, and
- c. articulate a clear and direct link between the climate vulnerability context and the specific project activities.

The MDB methodology for tracking adaptation finance follows a context- and location-specific, conservative and granular approach. It tracks MDB financing only of those components (and/or subcomponents) or elements/proportions of projects that directly contribute to or promote adaptation. It is important to note the following:

- a. The reported adaptation finance might not capture activities that may contribute significantly to resilience, but cannot always be tracked in quantitative terms (for example, adaptive operational procedures) or may not have associated costs (such as siting assets outside flood-prone areas).
- b. Climate adaptation finance, as defined by the methodology, is not intended to capture the value of the entire project or investment that may increase resilience as a consequence of specific adaptation activities within the project.

## 1.2 CLIMATE MITIGATION FINANCE

Climate change mitigation promotes efforts to reduce, limit, or sequester greenhouse gas (GHG) emissions to reduce the risk of climate change. However, not all activities that reduce GHGs are eligible to be counted towards MDB mitigation finance. Mitigation finance is based on a list of activities that are compatible with low-emission pathways.

The Joint Methodology for Tracking Climate Mitigation Finance recognises the importance of long-term structural changes, such as the shift in energy production to renewable energy technologies, and the modal shift to low-carbon modes of transport. Consequently, both greenfield and brownfield renewable energy projects and modal-shift projects in transport are included. For energy efficiency projects 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 prevention of a long-term lock-in to high-carbon infrastructure. When considering brownfield energy efficiency investments as climate finance, old technologies must be replaced well before the end of their lifetime with new technologies that are substantially more efficient. Alternatively, new technologies or processes are required to be substantially more efficient than those normally used in greenfield projects.

The methodology has some explicit exclusions in certain sectors. Examples are: hydropower plants with high methane emissions from reservoirs that exceed associated GHG reductions from the plant’s use of renewable energy; geothermal power plants with high carbon dioxide (CO<sub>2</sub>) content in the geothermal fluid that cannot be reinjected; or biofuel projects that deplete carbon pools more than they reduce GHG emissions, due to high emissions in production, processing and transportation. The Joint Methodology for Tracking Climate Mitigation Finance is contained in Annex C of this report.

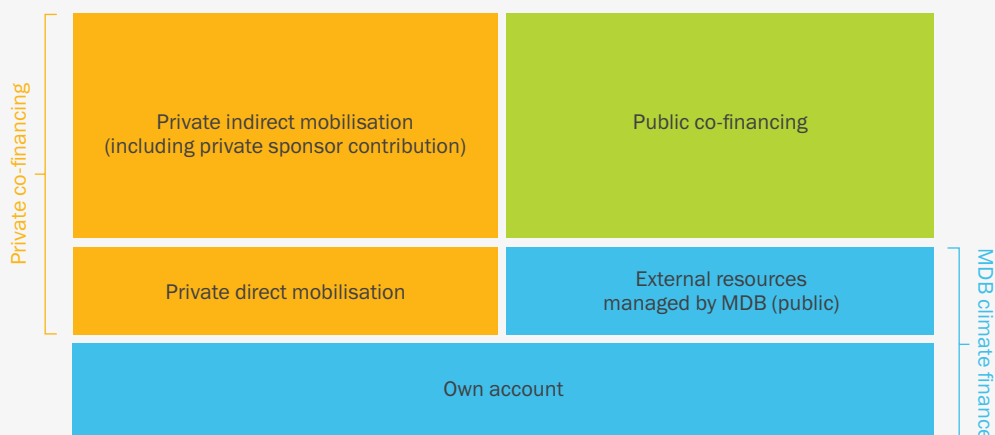


### 1.3. CLIMATE CO-FINANCE

Total financing of climate activity also includes climate co-finance, that is, the amount of financial resources that external entities contribute. The MDBs are implementing the definitions and recommendations

of the MDB Taskforce on Private Investment Catalyzation<sup>3</sup> for tracking the private share of climate co-finance. This methodology focuses on assessing the private finance mobilised by an MDB, on a project-by-project basis, such as private direct mobilisation and private indirect mobilisation.

Figure 3: Total activity financing, by type of finance



<sup>3</sup> <http://documents.worldbank.org/curated/en/495061492543870701/pdf/114403-WP-PUBLIC-cedvp-14p-JointMDBReportingonPrivateInvestmentMobilizationMethodologyReferenceGuide.pdf>

## MDB CLIMATE FINANCE, 2016

### 2.1. TOTAL MDB CLIMATE FINANCE, 2016

In 2016, MDBs committed a total of US\$ 27,441 million from their own account and funding from external resources channelled through the MDBs to climate finance in developing and emerging economies.

Mitigation finance totalled US\$ 21,217 million, or 77 per cent, of the total commitments, while adaptation finance represented 23 per cent of total commitments, or US\$ 6,224 million. Table 1 shows the adaptation and mitigation finance commitments of each MDB.

**Table 1: MDB climate finance, 2016 (in US\$ million)**

| MDB          | Adaptation finance | Mitigation finance | MDB climate finance |
|--------------|--------------------|--------------------|---------------------|
| ADB          | 1,187              | 3,250              | 4,437               |
| AfDB         | 388                | 673                | 1,061               |
| EBRD         | 225                | 3,269              | 3,495               |
| EIB          | 290                | 3,976              | 4,266               |
| IDBG         | 580                | 2,109              | 2,689               |
| WBG          | 3,555              | 7,939              | 11,494              |
| <b>Total</b> | <b>6,224</b>       | <b>21,217</b>      | <b>27,441</b>       |

**Note:**

In certain cases, MDBs finance activities with simultaneous benefits for mitigation and adaptation. In prior years the amount of dual-benefit finance may have merited disaggregation. However, the 2016 figure of US\$ 100 million of climate finance with dual benefits is best presented under the sub-heading of mitigation or adaptation finance (based on the most relevant elements of the project) to simplify reporting. For the EBRD, all dual-benefit finance is included in the adaptation finance commitment reported in Table 1.

**Table 2: Total MDB climate finance, climate co-finance and MDB finance, 2016**

|  | ADB          | AfDB         | EBRD         | EIB           | IDBG         | WBG           | Total         |
|--|--------------|--------------|--------------|---------------|--------------|---------------|---------------|
| <b>Climate change finance commitment (US\$ million)</b>                                      |              |              |              |               |              |               |               |
| Own account  | 3,736        | 974          | 3,288        | 4,226         | 2,406        | 10,852        | 25,482        |
| MDB-managed external resources   | 701          | 87           | 206          | 40            | 283          | 642           | 1,959         |
| <b>MDB climate finance</b>   | <b>4,437</b> | <b>1,061</b> | <b>3,495</b> | <b>4,266</b>  | <b>2,689</b> | <b>11,494</b> | <b>27,441</b> |
| Climate co-finance   | 5,295        | 681          | 5,312        | 14,061        | 4,596        | 13,847        | 43,792        |
| Correction for multiple MDB financing  | -131         | -48          | -276         | -897          | -36          | -4,525        | -5,913        |
| <b>Total MDB climate activity finance</b>  | <b>9,601</b> | <b>1,693</b> | <b>8,531</b> | <b>17,430</b> | <b>7,250</b> | <b>20,816</b> | <b>65,320</b> |
| <b>MDB finance (US\$ million)</b>  |              |              |              |               |              |               |               |
| MDB operations from MDB own account  | 17,624       | 10,640       | 10,394       | 19,683        | 11,619       | 61,275        | 131,235       |
| Total MDB operations   | 20,503       | 11,173       | 12,268       | 20,180        | 12,249       | 64,185        | 140,558       |
| <b>Climate finance ratios</b>  |              |              |              |               |              |               |               |
| Climate finance from MDB own account, as a percentage of MDB operations from MDB own account | 21%          | 9%           | 32%          | 21%           | 21%          | 18%           | 19%           |
| MDB climate finance as a percentage of total MDB operations                                  | 22%          | 9%           | 28%          | 21%           | 22%          | 18%           | 20%           |

**Notes:**

- MDB climate finance refers to the sum of the climate finance from the MDBs' own accounts and the MDB-managed external resources.
- Total MDB operations refer to the sum of the MDBs' own accounts and MDB-managed external resources.
- EIB climate finance and overall MDB finance figures in all previous editions of the *Joint Report on MDBs' Climate Finance* have been restricted to developing and emerging economies in transition. The figures in previous years' reports have therefore excluded the EU-15, where the EIB was also active. For this 2016 report, the figures provided are for the "EU-12" (see Annex F), excluding the Czech Republic and Malta, and including Greece (an EU-15 country). In 2016, the EIB's global climate action financing was €19,500 million, representing over 26 per cent of total EIB lending.
- IDBG Climate Finance includes all approvals — loans, grants, technical cooperation, guarantees and equity — for public and private sector operations during the reporting year. Such reporting parameters correspond to the IDBG Board of Governors' resolution (April 2016) to double climate finance to 30 per cent of combined IDB and IIC approvals by 2020. For reference, loan signatures of the IIC (own account plus MDB-managed external resources) for 2016 totalled US\$ 1,439 million of which US\$ 393.2 million (or 27 per cent) is considered to be climate finance according to the joint MDB approach.
- The World Bank uses the term "climate co-benefits" for development finance that promotes climate mitigation and/or adaptation according to the MDB climate finance methodology.
- WBG climate finance (including own-account and managed external resources) for IFC, MIGA, and the World Bank are US\$ 2,055 million, US\$ 314 million, and US\$ 9,125 million, respectively.
- Gross climate co-finance for IFC, MIGA and WB is US\$ 5,020 million, US\$ 211 million and US\$ 8,615 million, respectively.
- IFC numbers capture long-term finance own-account commitments only. Total own-account long-term finance commitments in the financial year 2016 (FY16) were US\$ 11,117 million. As such, in FY16, IFC reached an 18 per cent commitment level on long-term finance own-account climate commitments (US\$ 1,986 million of US\$ 11,117 million). Internally, the format used by IFC to report on climate finance is primarily based on own-account US\$ 2.0 billion and core mobilisation (private direct mobilisation) US\$ 1,300 million for a total of US\$3,300 million. In FY16 the institution's total commitments, including core mobilisation (private direct mobilisation) and own account, was US\$ 18,856 million. As such, climate penetration of IFC's total commitments (own-account and core mobilisation), was 17 per cent (US\$ 3,300 million/US\$ 18,900 million).

Sources of MDB climate finance are split between the MDBs' own account and external resources channelled through and managed by the MDBs. External resources include trust-funded operations, such as those funded by bilateral agencies and dedicated climate-finance funds such as the CIF, and climate-related funds under the GEF. As some external resources may already be covered in bilateral reporting, external resources managed by the MDBs are presented separately from the MDBs' own account.

Total 2016 MDB climate finance from the MDBs' own account was US\$ 25,482 million and US\$ 1,959 million from external resources channelled through the MDBs.

## 2.2. MDB CLIMATE FINANCE BY TYPE OF RECIPIENT OR BORROWER

MDBs report on the nature of first recipients or borrowers<sup>4</sup> of MDB climate finance (those to whom finance will flow directly from the MDBs), differentiating between public and private recipients or borrowers. Total commitment varies significantly between MDBs' own accounts and MDB-managed external resources, as illustrated in Table 3. Table 4 shows the split by type of recipient or borrower for the MDBs' own accounts and MDB-managed external resources.

<sup>4</sup> See Definitions and Clarifications in Annex A for the definition of recipients or borrowers.

**Table 3: MDB climate finance by source of funds and by recipient/borrower type, 2016 (in US\$ million)**

| Recipient/borrower type    | Mitigation finance |                                |               | Adaptation finance |                                |              |
|----------------------------|--------------------|--------------------------------|---------------|--------------------|--------------------------------|--------------|
|                            | MDB own account    | MDB-managed external resources | Subtotal      | MDB own account    | MDB-managed external resources | Subtotal     |
| Public recipient/borrower  | 13,095             | 1,083                          | 14,178        | 5,737              | 290                            | 6,027        |
| Private recipient/borrower | 6,497              | 542                            | 7,039         | 152                | 45                             | 197          |
| <b>Total</b>               | <b>19,592</b>      | <b>1,625</b>                   | <b>21,217</b> | <b>5,889</b>       | <b>335</b>                     | <b>6,224</b> |

**Table 4: MDB climate finance from MDB own account and MDB-managed external resources, split by recipient/borrower type, 2016 (in US\$ million)**

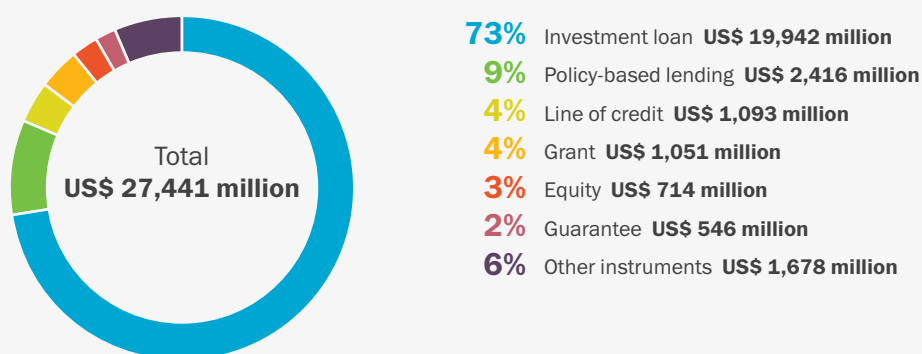
| MDB          | Private         |                                | Public          |                                |
|--------------|-----------------|--------------------------------|-----------------|--------------------------------|
|              | MDB own account | MDB-managed external resources | MDB own account | MDB-managed external resources |
| ADB          | 635             | 242                            | 3,100           | 459                            |
| AfDB         | 209             | 16                             | 765             | 70                             |
| EBRD         | 2,368           | 42                             | 921             | 165                            |
| EIB          | 478             | 38                             | 3,748           | 2                              |
| IDBG         | 724             | 203                            | 1,682           | 80                             |
| WBG          | 2,235           | 46                             | 8,617           | 596                            |
| <b>Total</b> | <b>6,649</b>    | <b>586</b>                     | <b>18,832</b>   | <b>1,373</b>                   |

### 2.3. MDB CLIMATE FINANCE BY TYPE OF INSTRUMENT

For the third consecutive year, MDBs reported climate finance by the type of financial instrument, including equity, grants, loans, guarantees and other

instruments such as purchase agreements for carbon finance projects. MDBs reported that 73 per cent of total climate finance was committed through investment loans. Figure 4 provides information on the breakdown of total MDB climate finance by instrument type.

**Figure 4: Total MDB climate finance split by instrument type, 2016**



**Notes:**

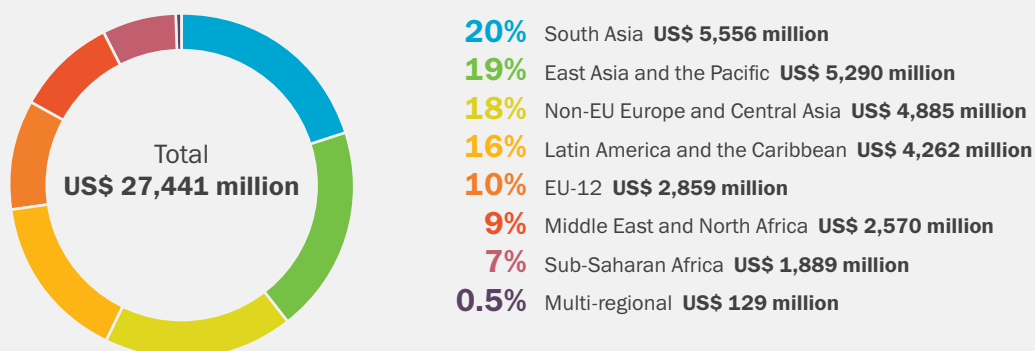
1. Investment loans: loans are transfers for which repayment is required. Investment loans, in particular, finance the creation and rehabilitation of social and economic infrastructure and institutional development.
2. Policy-based lending (PBL) provides rapidly disbursing financing to help a borrower address actual or anticipated requirements for development financing of domestic or external origins. This financing supports a programme of policy and institutional actions for a particular theme or sector of national policy, for instance actions to improve the investment climate for renewable energy. While there is no direct link between lending resources and the cost of policy actions undertaken, the disbursements of PBL are conditional on the borrower's fulfilment of its policy commitments in the lending agreement.
3. Lines of credit: lines of credit provide a guarantee that funds will be made available but no financial asset exists until funds are actually advanced.
4. Grants: transfers made in cash, goods or services for which no repayment is required. Grants are provided for investment support and/or policy-based support.
5. Equity: ownership interest in an enterprise that represents a claim on the assets of the entity in proportion to the number and class of shares owned.
6. Guarantees: finance provided by an MDB to cover commercial and/or political risk.
7. Other instruments: other, unspecified types of financial instruments including MDB advisory services that are not covered by one of the other categories, for example if these are not part of an investment loan or financed by external resources.

## 2.4. MDB CLIMATE FINANCE BY REGION

This report covers climate finance committed by the MDBs in developing and emerging economies only.<sup>5</sup> In addition to the geographical distribution of climate commitments by region as shown in Figure 5,

distribution to small island states and to the least developed countries is presented in Table 5. Table 6 shows climate commitments by country income classification, which follows the World Bank definition dated December 2016.

Figure 5: MDB climate finance by region, 2016



Notes:

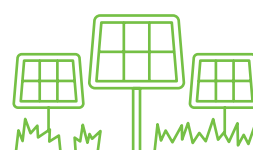
1. EIB climate finance figures (in this and in all previous editions of the *Joint Report on MDBs' Climate Finance*) are restricted to developing countries and emerging economies in transition, including the EU-12 (EU-13 excluding the Czech Republic and Malta, and including Greece), and hence exclude a number of EU Member States where the EIB is also active.
2. In 2016, the numbers for the EBRD and EIB also include Greece.

Table 5: MDB climate finance to least-developed countries and small island states, 2016 (in US\$ million)

|   | Mitigation finance | Adaptation finance | Total        |
|---|--------------------|--------------------|--------------|
| Least-developed countries                         | 1,841              | 1,041              | 2,882        |
| Small island developing states                    | 207                | 91                 | 298          |
| Least-developed countries and small island states | 17                 | 72                 | 90           |
| <b>Total</b>                                      | <b>2,066</b>       | <b>1,205</b>       | <b>3,270</b> |

Table 6: MDB climate finance by economies, 2016 (in US\$ million)

| Total MDB finance            | High income  | Upper-middle income | Lower-middle income | Low income   | Multi-regional or global | Total         |
|------------------------------|--------------|---------------------|---------------------|--------------|--------------------------|---------------|
| Mitigation                   | 2,483        | 9,745               | 7,798               | 801          | 390                      | 21,217        |
| Adaptation                   | 284          | 1,259               | 4,054               | 479          | 149                      | 6,224         |
| <b>Total climate finance</b> | <b>2,767</b> | <b>11,004</b>       | <b>11,852</b>       | <b>1,280</b> | <b>538</b>               | <b>27,441</b> |



<sup>5</sup> For the purposes of this report, a complete country list, together with the regional and country income groupings are defined in Annex F.

## MDB ADAPTATION FINANCE, 2016

In 2016, MDBs reported a total of US\$ 6,224 million in commitments for climate adaptation finance. Table 7 presents the 2016 adaptation finance by MDB. The data reported corresponds to the financing of adaptation projects or of those project components, sub-components, or elements, or proportions of projects, which provide adaptation benefits that specifically address climate change vulnerabilities.

Total 2016 MDB adaptation finance was US\$ 6,224 million, with US\$ 5,889 million coming from MDBs' own account and US\$ 335 million from MDB-managed external resources. Table 7 provides a breakdown of climate adaptation finance committed by the MDBs from their own accounts and from MDB-managed external resources. Figure 6 shows a breakdown by recipient/borrower type.

MDBs reported that 78 per cent of total adaptation finance was committed through investment loans. Figure 7 gives a breakdown of MDB adaptation finance by instrument type.

Figure 8 shows total adaptation finance by region: the largest proportions of adaptation finance were in East Asia and the Pacific and South Asian regions.

Figure 9 reports MDB adaptation finance by sectoral grouping, that is, sector groups for which some adaptation finance has been reported. The sectoral split of regional adaptation finance appears in Figure 10.

**Table 7: MDB adaptation finance by MDB according to source of funds, 2016 (in US\$ million)**

|                                | ADB          | AfDB       | EBRD       | EIB        | IDBG       | WBG          | Total        |
|--------------------------------|--------------|------------|------------|------------|------------|--------------|--------------|
| MDB own account                | 1,081        | 330        | 208        | 281        | 537        | 3,452        | 5,889        |
| MDB-managed external resources | 106          | 58         | 17         | 9          | 42         | 103          | 335          |
| <b>Total</b>                   | <b>1,187</b> | <b>388</b> | <b>225</b> | <b>290</b> | <b>580</b> | <b>3,555</b> | <b>6,224</b> |

**Figure 6: MDB adaptation finance by recipient/borrower type and MDB, 2016 (in US\$ million)**

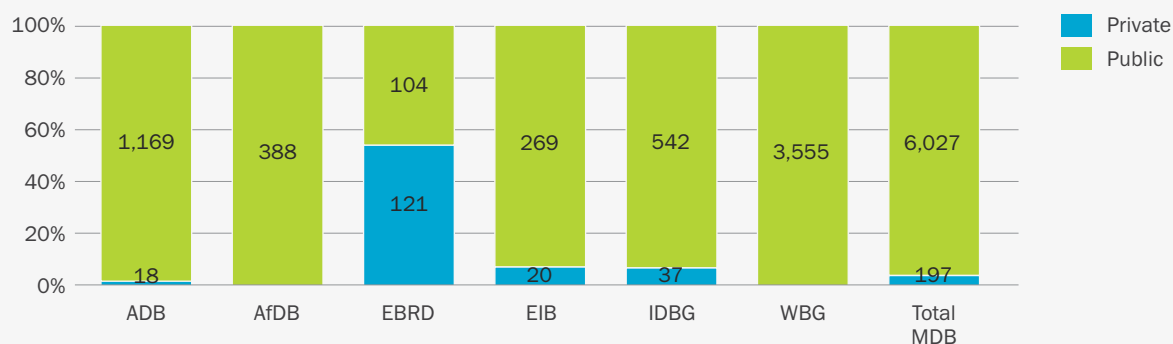
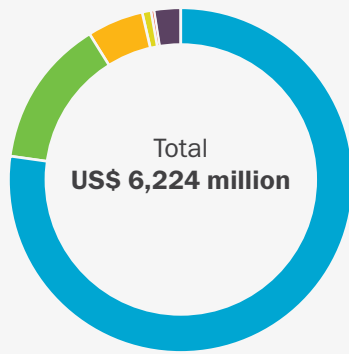
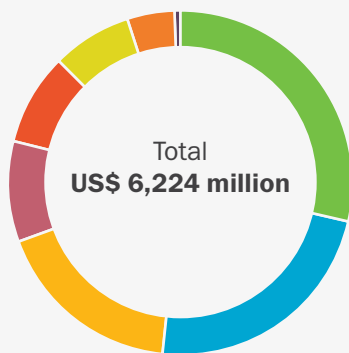


Figure 7: MDB adaptation finance by instrument type, 2016



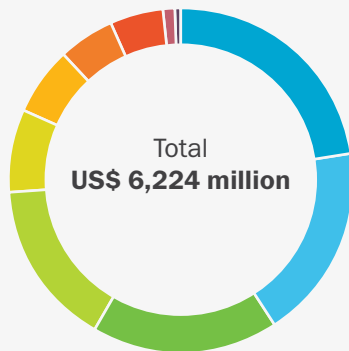
- 78%** Investment loan **US\$ 4,826 million**
- 14%** Policy-based lending **US\$ 863 million**
- 5%** Grant **US\$ 335 million**
- 1%** Line of credit **US\$ 54 million**
- 0.1%** Equity **US\$ 3 million**
- 2%** Other instruments **US\$ 143 million**

Figure 8: MDB adaptation finance by region, 2016



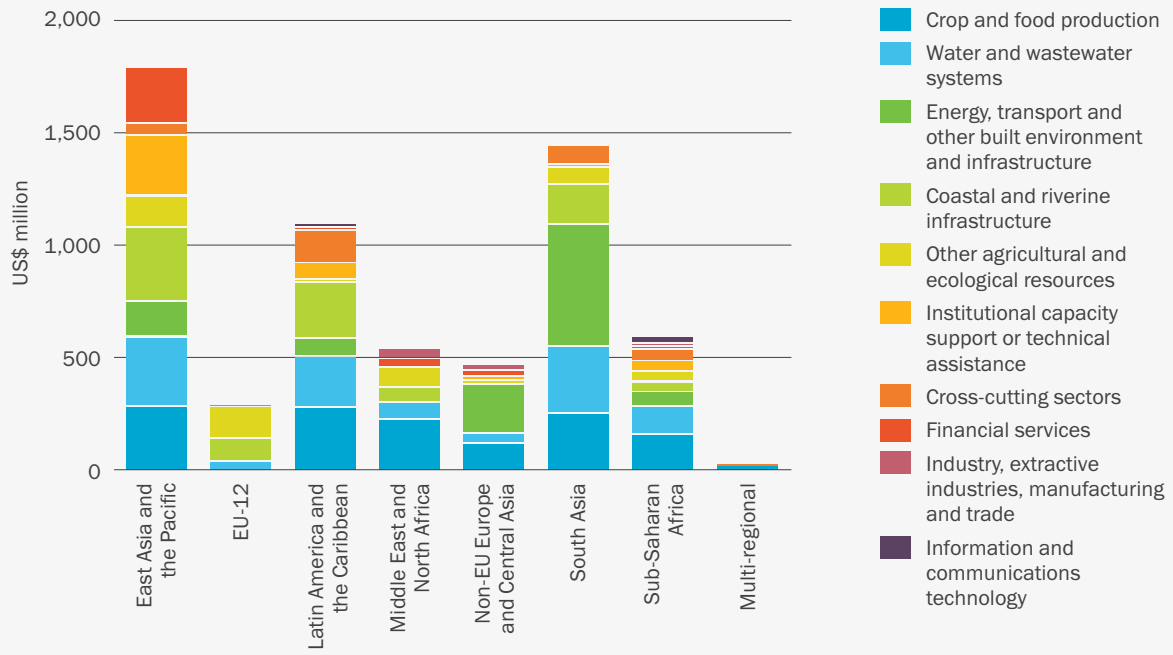
- 29%** East Asia and the Pacific **US\$ 1,791 million**
- 23%** South Asia **US\$ 1,442 million**
- 18%** Latin America and the Caribbean **US\$ 1,091 million**
- 10%** Sub-Saharan Africa **US\$ 592 million**
- 9%** Middle East and North Africa **US\$ 536 million**
- 7%** Non-EU Europe and Central Asia **US\$ 462 million**
- 5%** EU-12 **US\$ 286 million**
- 0.4%** Multi-regional **US\$ 24 million**

Figure 9: MDB adaptation finance by sector grouping, 2016



- 23%** Crop and food production **US\$ 1,417 million**
- 18%** Water and wastewater systems **US\$ 1,129 million**
- 18%** Energy, transport and other built environment and infrastructure **US\$ 1,093 million**
- 16%** Coastal and riverine infrastructure **US\$ 973 million**
- 8%** Other agricultural and ecological resources **US\$ 488 million**
- 6%** Institutional capacity support or technical assistance **US\$ 395 million**
- 5%** Cross-cutting sectors **US\$ 328 million**
- 5%** Financial services **US\$ 308 million**
- 1%** Industry, extractive industries, manufacturing and trade **US\$ 60 million**
- 1%** Information and communications technology **US\$ 34 million**

**Figure 10: MDB adaptation finance by sector grouping and by region, 2016**





## MDB MITIGATION FINANCE, 2016

In 2016, MDBs reported a total of US\$ 21,217 million in commitments in climate mitigation finance. Data reported corresponds to the financing of mitigation projects or of those components, sub-components, or elements, or proportions of projects that provide mitigation benefits (rather than the entire project cost). Figure 11 shows a breakdown by recipient/borrower type.

MDB mitigation finance was US\$ 21,217 million in 2016, with US\$ 19,592 million from the MDBs' own account and US\$ 1,625 million from MDB-managed external resources. Table 8 provides a breakdown of climate mitigation finance committed by the MDBs during 2016 from own account and external resources.

MDBs reported that 71 per cent of total mitigation finance was committed through investment loans. Figure 12 breaks down MDB mitigation finance by instrument type.

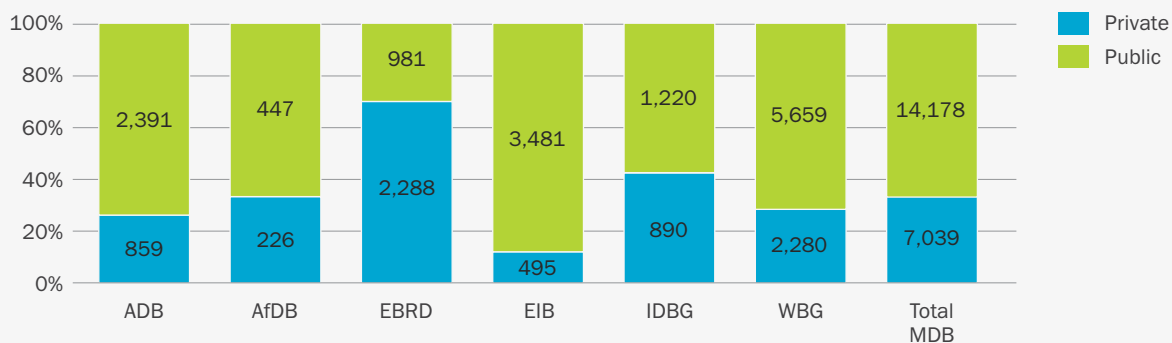
Figure 13 shows total mitigation finance by region: the largest proportions of mitigation finance were in Non EU Europe and Central Asia and South Asian regions.

Figure 14 reports MDBs' mitigation finance by sectoral grouping, that is, sector groups for which some mitigation finance has been reported. The sectoral split of regional mitigation finance is presented in Figure 15.

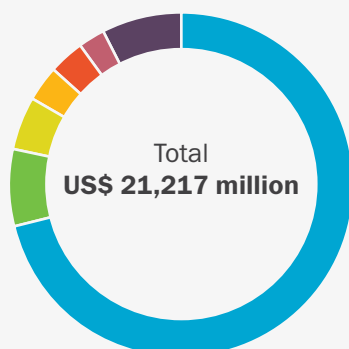
**Table 8: MDB mitigation finance by MDB according to source of funds, 2016 (in US\$ million)**

|                                | ADB          | AfDB       | EBRD         | EIB          | IDBG         | WBG          | Total         |
|--------------------------------|--------------|------------|--------------|--------------|--------------|--------------|---------------|
| MDB own account                | 2,655        | 643        | 3,080        | 3,945        | 1,869        | 7,400        | 19,592        |
| MDB-managed external resources | 595          | 29         | 189          | 31           | 241          | 539          | 1,625         |
| <b>Total</b>                   | <b>3,250</b> | <b>673</b> | <b>3,269</b> | <b>3,976</b> | <b>2,109</b> | <b>7,939</b> | <b>21,217</b> |

**Figure 11: MDB mitigation finance by recipient/borrower type and MDB, 2016 (in US\$ million)**

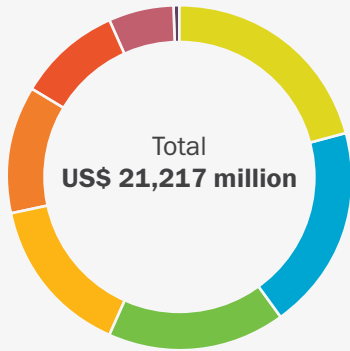


**Figure 12: MDB mitigation finance split by instrument type, 2016**



|            |                      |                            |
|------------|----------------------|----------------------------|
| <b>71%</b> | Investment loan      | <b>US\$ 15,116 million</b> |
| <b>7%</b>  | Policy-based lending | <b>US\$ 1,553 million</b>  |
| <b>5%</b>  | Line of credit       | <b>US\$ 1,039 million</b>  |
| <b>3%</b>  | Grant                | <b>US\$ 716 million</b>    |
| <b>3%</b>  | Equity               | <b>US\$ 711 million</b>    |
| <b>3%</b>  | Guarantee            | <b>US\$ 546 million</b>    |
| <b>7%</b>  | Other instruments    | <b>US\$ 1,535 million</b>  |

Figure 13: MDB mitigation finance by region, 2016



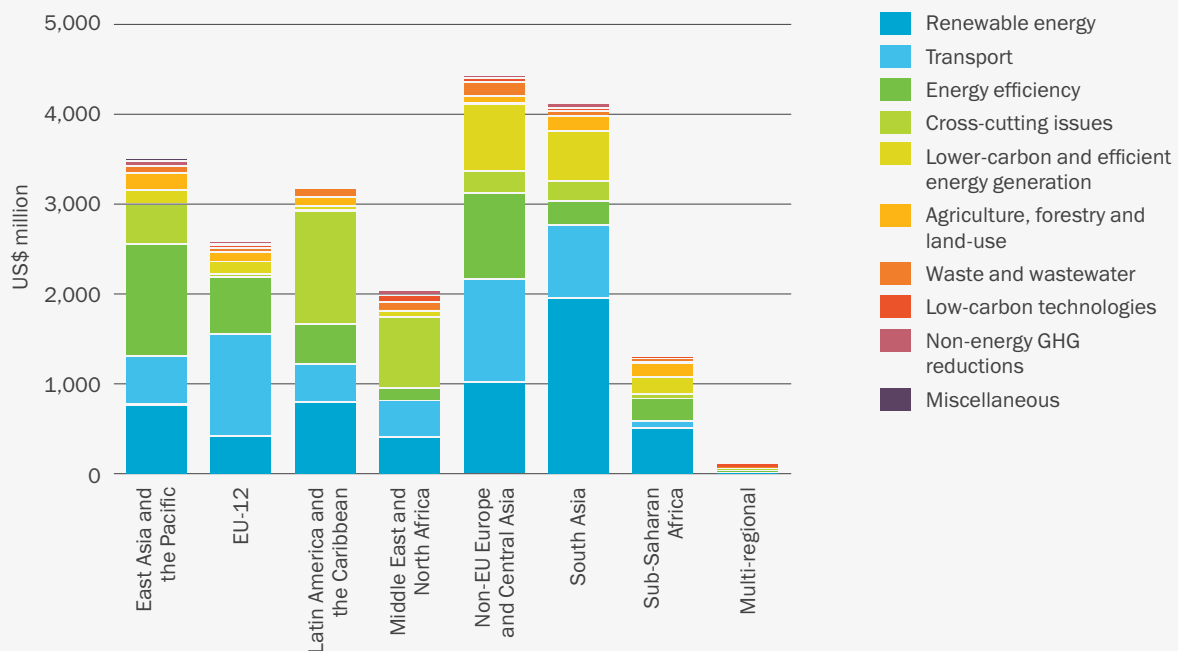
- 21%** Non-EU Europe and Central Asia **US\$ 4,423 million**
- 19%** South Asia **US\$ 4,114 million**
- 16%** East Asia and the Pacific **US\$ 3,499 million**
- 15%** Latin America and the Caribbean **US\$ 3,171 million**
- 12%** EU-12 **US\$ 2,572 million**
- 10%** Middle East and North Africa **US\$ 2,035 million**
- 6%** Sub-Saharan Africa **US\$ 1,297 million**
- 0.5%** Multi-regional **US\$ 105 million**

Figure 14: MDB mitigation finance by sector type, 2016



- 29%** Renewable energy **US\$ 6,194 million**
- 22%** Transport **US\$ 4,667 million**
- 19%** Energy efficiency **US\$ 4,060 million**
- 15%** Cross-cutting issues **US\$ 3,079 million**
- 9%** Lower-carbon and efficient energy generation **US\$ 1,850 million**
- 3%** Agriculture, forestry and land-use **US\$ 697 million**
- 2%** Waste and wastewater **US\$ 418 million**
- 1%** Low-carbon technologies **US\$ 149 million**
- 0.5%** Non-energy GHG reductions **US\$ 101 million**
- 0.02%** Miscellaneous **US\$ 3 million**

Figure 15: MDB mitigation finance by sector grouping and by region, 2016



## CLIMATE CO-FINANCE, 2016

From 2015 the MDBs started to report on climate co-financing (CCF) flows in line with the harmonised definitions and indicators that were established to estimate CCF. Tracking of climate co-finance aims to estimate the volume of financial resources invested by public and private external parties alongside MDBs for climate mitigation and adaptation activities. The approach categorises CCF sources of funds as: (i) other MDBs; (ii) IDFC member institutions, including bilateral and multilateral members; (iii) other international public entities such as donor governments; (iv) other domestic public entities such as recipient-country governments; and (v) all private entities (defined as those with at least 50 per cent privately held shares) split by private direct mobilisation and private indirect mobilisation. This level of granularity enables MDBs to present an increasingly nuanced picture of co-finance flows to climate change interventions.

In April 2017, MDBs published a reference guide (*From Billions to Trillions: Transforming Development Finance*)<sup>6</sup> to explain how they calculate and jointly report private investment mobilisation beyond climate finance. The purpose of the methodology is to recognise and measure the private capital mobilised in MDB project activities. The guide outlines the

MDBs' joint commitment to mobilising increased investment from the private sector and institutional investors. In order to be coherent with this new methodology, the *2016 Joint Report on MDBs' Climate Finance* has adopted the agreed terminology and Table 9 introduces the terms “private direct<sup>7</sup> mobilisation” and “private indirect<sup>8</sup> mobilisation”. Added together, these two forms of mobilisation represent the private share of climate co-finance.

Table 9 shows 2016 CCF flows as reported by each institution, segmented by the source of co-financing. These CCF figures are the best estimation of resource flows based on available information at the time of board approval and/or commitment to each project. In some cases, two or more MDBs jointly finance a project, which results in some overlap between the gross co-finance figures reported by the different MDBs. Table 10 shows CCF flows by adaptation and mitigation. In order to avoid double-counting, the last column of Tables 9 and 10 nets out potentially double-counted co-financing by considering only the proportion of co-financing for every project that features co-financing from another MDB. Such CCF figures are also listed in Table 2, alongside each MDB's own climate finance flows.

<sup>6</sup> <http://documents.worldbank.org/curated/en/495061492543870701/pdf/114403-WP-PUBLIC-cedvp-14p-JointMDBReportingonPrivateInvestmentMobilizationMethodologyReferenceGuide.pdf>

<sup>7</sup> Private direct mobilisation is financing from a private entity on commercial terms due to the active and direct involvement of an MDB leading to commitment. Evidence of active and direct involvement includes mandate letters, fees linked to financial commitment or other validated or auditable evidence of an MDB's active and direct role leading to commitments by other private financiers. Private direct mobilisation financing does not include sponsor financing. A sponsor is an entity or individual responsible for the technical and financial success of an activity.

<sup>8</sup> Private indirect mobilisation is financing from private entities provided in connection with a specific activity for which an MDB is providing financing, where no MDB is playing an active or direct role that leads to the commitment of the private entity's finance. Private indirect mobilisation includes sponsor financing, if the sponsor qualifies as a private entity.

**Table 9: Climate co-finance flows by institution and source, 2016 (in US\$ million)**

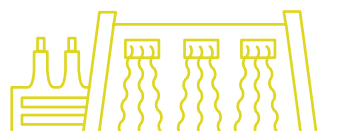
|                               | ADB          | AfDB       | EBRD         | EIB           | IDBG         | WBG           | Total climate co-finance | Correction for multiple MDB financing |
|-------------------------------|--------------|------------|--------------|---------------|--------------|---------------|--------------------------|---------------------------------------|
| <b>Public co-finance</b>      |              |            |              |               |              |               |                          |                                       |
| Other MDBs                    | 780          | 158        | 635          | 1,108         | 4            | 844           | 3,528                    | 2,786                                 |
| IDFC members                  | 288          | 29         | 112          | 657           | 11           | 920           | 2,017                    | 1,127                                 |
| Other international public    | 337          | 26         | 542          | 4,126         | 366          | 223           | 5,620                    | 5,508                                 |
| Other domestic public         | 1,861        | 398        | 130          | 7,326         | 436          | 5,071         | 15,221                   | 12,806                                |
| <b>Private mobilisation</b>   |              |            |              |               |              |               |                          |                                       |
| Private direct mobilisation   | 822          | –          | 488          | 323           | 515          | 1,466         | 3,615                    | 3,615                                 |
| Private indirect mobilisation | 1,207        | 69         | 3,407        | 521           | 3,264        | 5,323         | 13,791                   | 12,037                                |
| <b>Total</b>                  | <b>5,295</b> | <b>681</b> | <b>5,312</b> | <b>14,061</b> | <b>4,596</b> | <b>13,847</b> | <b>43,792</b>            | <b>37,879</b>                         |

Note:

The level of co-financing flows related to the EIB was significantly higher in 2015 compared with 2016. This was due to a number of large EU structural programme loans financed in 2015 which are allocated in five-year cycles.

**Table 10: Climate co-finance flows by institution and thematic focus, 2016 (in US\$ million)**

|              | ADB          | AfDB       | EBRD         | EIB           | IDBG         | WBG           | Total climate co-finance | Correction for multiple MDB financing |
|--------------|--------------|------------|--------------|---------------|--------------|---------------|--------------------------|---------------------------------------|
| Adaptation   | 897          | 170        | 1,383        | 357           | 148          | 977           | 3,933                    | 3,691                                 |
| Mitigation   | 4,398        | 511        | 3,929        | 13,703        | 4,448        | 12,870        | 39,859                   | 34,188                                |
| <b>Total</b> | <b>5,295</b> | <b>681</b> | <b>5,312</b> | <b>14,061</b> | <b>4,596</b> | <b>13,847</b> | <b>43,792</b>            | <b>37,879</b>                         |



## ANNEX A: DEFINITIONS AND CLARIFICATIONS

**Financing instruments:** This report accounts for climate finance through the largest and most relevant development-finance instruments of MDBs, including grants, loans, guarantees, equity, and performance-based instruments.

**Granularity:** MDBs report climate finance by taking only those components and/or subcomponents or elements/proportions of projects with activities that contribute directly to or promote climate change adaptation and/or mitigation.

**Investments and technical assistance:** Refers to vehicles used by MDBs to channel specific investments to finance capital and recurrent expenditures for goods and services, as well as specialised advisory services and capacity-building initiatives.

**MDB-managed external resources:** Refers to operations supported by bilateral institutions through dedicated climate finance entities such as GEF and CIF, or other donor funds such as EU blending facilities, which may also be reported to the Development Assistance Committee of the Organisation for Economic Co-operation and Development by contributor countries.

**Point of reporting:** Data reported in this publication reflects financial commitments at the time of Board approval or financial agreement signature and is therefore based on ex ante estimations. All efforts have been made to prevent double-counting. No revisions will be issued in cases where a project's scope changes later to either increase or decrease climate financing.

**Private direct mobilisation:** Financing from a private entity on commercial terms due to the active and direct involvement of an MDB leading to commitment. Evidence of active and direct involvement includes mandate letters, fees linked to financial commitment or other valid or auditable evidence of an MDB's active and direct role leading to commitments by other private financiers. Private direct mobilisation does not include sponsor financing.

**Private indirect mobilisation:** Financing from private entities supplied in connection with a specific activity for which an MDB is providing financing, where no MDB is playing an active or direct role that leads to the commitment of the private entity's finance. Private indirect mobilisation includes sponsor financing, if the sponsor qualifies as a private entity.

**Public and private sector operations:** This determination is based on the status of the first recipient or borrower of MDB finance. The first recipient or borrower is considered to be public when at least 50 per cent of the stakes or shares of the recipient or borrower are publicly owned.

**Recipient/borrower:** Refers to the first borrower or beneficiary to whom finance will flow directly. The MDBs acknowledge that this classification is neither simple nor straightforward and that the characteristics of the first recipient or borrower may not be the same as those of the final beneficiary or borrower. An example would be a loan to a national development bank (the first recipient) for energy efficiency in small and medium-sized enterprises (the final beneficiary). Operations through public-private partnerships add another layer of complexity to this classification.

**Reporting period:** This report's data covers the fiscal year 2016. Even though MDBs do not follow the same reporting cycle, data remains comparable across MDBs as all reporting cycles correspond to a 12-month period.

**Resources covered:** MDBs' own accounts as well as a range of external resources managed by the MDBs and various sources of co-financing.

**Values of zero and “—”:** Reporting is complete for all fields and tables. A value of 0 in a table means the value is below US\$ 0.5 million while a “—” means no amount was reported. As all financial figures are rounded to the nearest US\$ million, calculations contained in a table or figure may vary slightly and may not always add up to 100 per cent or to the total shown.

# ANNEX B: JOINT METHODOLOGY FOR TRACKING CLIMATE ADAPTATION FINANCE

## BACKGROUND AND GUIDING PRINCIPLES

The MDB adaptation finance tracking methodology applies a context-specific, location-specific and granular approach. It aims to identify specific adaptation activities within the development operations of MDBs. This conservative approach reduces the scope for over-reporting of adaptation finance to establish the differentiating elements of development operations carried out in response to perceived or expected climate change impacts.

MDBs and the [International Development Finance Club](#) are fully committed to promoting and supporting climate-resilient development as an essential element of the sustainability of their investments. With this shared commitment, MDBs and the IDFC work together towards improved definitions and understanding of the different approaches and principles for climate change adaptation finance tracking. As a result, in July 2015 these institutions agreed on the [Common Principles for Climate Change Adaptation Finance Tracking](#) as an essential first step. The MDB-IDFC Common Principles define the context of adaptation finance in development. They also lay the basis for further joint work that includes increasing the comparability of reported figures on climate adaptation finance and key concepts related to reporting guidelines and processes.

Climate resilience and adaptation are intrinsically linked to development. This makes it challenging to identify clearly the adaptation finance elements in development operations. In line with the MDB-IDFC Common Principles and the overall MDB climate finance tracking methodology, the MDB adaptation finance tracking methodology considers the sub-project level or project-element level as appropriate. The joint MDB approach also seeks to identify the links between adaptation activities and the project's explicit intent to reduce vulnerability to climate change. Thus the volume of reported adaptation finance is an estimation of total project finance for specific project activities which contribute to overall project outcomes in the process of adapting to climate change.

The estimated climate finance according to the MDB approach may not express the full value of project finance that contributes to climate resilience. For instance, the granular approach would capture financing for improved drainage of a newly constructed road to withstand heavy rainfall or storm surges that in turn contributes to overall road and investment resilience. The granular approach does not capture the value of the entire project or investment that may increase resilience due to specific adaptation activities within the project. Other activities may not always be tracked in quantitative terms as they may not have associated incremental costs, for example, some operational procedures to ensure business continuity or the practice of siting assets outside the range of a future storm surge. MDBs are currently developing potential additional metrics to identify and report on climate resilience in their development operations.

## APPLICATION OF THE ADAPTATION FINANCE TRACKING METHODOLOGY

This methodology is applied through the following three key steps:

- setting out the climate change vulnerability context of the project
- 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 specific project activities.

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

Annex Table 1 presents the sectoral groupings used to track MDB adaptation finance, while Annex Table 2 presents cases that illustrate how MDBs applied the adaptation finance tracking approach to their recent MDB development operations.

## Context of vulnerability to climate 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. Project documents may refer to existing analysis and reports or to original, bespoke assessments of climate vulnerability such as those carried out as part of project preparation. Good practice in the use of existing analyses or reports includes citing authoritative, preferably peer-reviewed sources, such as academic journals, national communications to the UNFCCC, Nationally Determined Contributions (NDCs), reports of the Intergovernmental Panel on Climate Change, or strategic programmes for climate resilience. Good practice in conducting original, bespoke analysis entails the use of records from trusted sources which document the vulnerability of communities or ecosystems to climate change, as well as the use of recent climate trends including any departures from historic means. These may be combined with climate change projections drawn from a range of climate change models, with high and low greenhouse gas (GHG) emission scenarios, to explore the full array of projected outcomes and uncertainties. Climate projection uncertainties should be presented and interpreted in a transparent way. The timescale of the projected climate change impacts should match the intended lifespan of the assets, systems or institutions being financed through the project (for example, a time horizon of 2030, 2050, 2080, and so on).

## Statement of purpose or intent

The project should set out the explicit intention to address the context- and location-specific climate change vulnerabilities in response to the project's climate vulnerability assessment. An explicit objective to reduce climate vulnerability is important, to distinguish between a development project contributing to climate change adaptation and a standard development project. The methodology is flexible about the location and form of this statement of intent in the document, as long as the MDB is able to record and track the rationale for each adaptation element linked to the climate vulnerability context described. MDB projects with adaptation finance usually state the intention to reduce vulnerability in final technical documents, documents for Board approval, internal memos or other associated project documents.

## Clear and direct link between climate vulnerability and project activities

In line with the principles of the overall MDB climate finance tracking methodology, adaptation finance estimations are based on finance allocated to specific project activities which are clearly linked to the project's climate vulnerability context. Where climate change adaptation activities are planned in projects that have additional objectives, the adaptation finance tracking is based on the estimated incremental cost or investment associated with discrete project components or elements of project design that address risk and vulnerabilities under conditions of current and future climate change, in comparison with a project design that does not consider such conditions. When it is not possible to estimate incremental cost or investment directly from project budgets — for example, when using policy instruments or balance-sheet lending, equity investments or credit-line lending through financial intermediaries — a proportion of the project cost or investment corresponding to adaptation activities may be used to represent the incremental amount. This approach may be applied also to project preparation activities if appropriate, depending on the standard practices of the respective MDB.

## **ADAPTATION FINANCE TRACKING AMONG DEVELOPMENT FINANCE INSTITUTIONS**

A growing number of institutions and initiatives have been working on the methodologies for tracking climate adaptation finance and are making increasing efforts to harmonise these approaches. The MDB-IDFC Common Principles result from such joint work. These institutions continue their efforts for greater harmonisation, comparability and transparency of their reported climate finance. In addition, the OECD Development Assistance Committee (DAC) and the MDBs have worked jointly to align the OECD-DAC Rio Markers with the MDB methodology to track climate adaptation finance. This effort has resulted in improved guidance for tracking bilateral official development assistance targeting climate change adaptation as of April 2016.

**Annex Table 1: Examples of potential adaptation activities in some sectoral groupings**

| Sector/topic  | Sub-sectors/topics   | Possible vulnerability to climate change   | Potential adaptation activities to address stated vulnerability   |
|---|--|--|---|
| 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 resource management  | 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 <sup>9</sup>                                      | Primary agriculture and food production  | Increased variability in crop productivity due to increased climate variability  | Investments in research and development of crops that are more resilient to climate extremes and change   |
| Other agricultural and ecological resources   | Agricultural irrigation  | Increasing drought, including seasonal droughts and shorter rainy seasons  | Supplemental irrigation, multi-cropping systems, drip irrigation, levelling and other approaches and technologies that reduce the risk of large crop failures |
|   | Forestry   | Increased frequency of forest fires and pest or disease outbreaks  | Improved management of forest fires and pest or disease outbreaks   |
|   | Livestock production   | Decrease in forage quantity or quality due to the effects of increasing extreme weather events   | Increased production of adequate fodder crops to supplement rangeland foraging  |
|   | Fisheries  | Loss of marine/lake/river fish stocks due to changes in water flows, water temperatures, acidity levels or other climate-induced pressures | Adoption of sustainable fisheries and aquaculture techniques to compensate for the reduction in local fish supplies   |
|   | Ecosystems or biodiversity (including ecosystem-based flood-protection measures) | Drought leading to loss of wetlands and livelihoods or biodiversity  | Establishment of core protected areas and buffer zones for sustainable use of biodiversity and water to meet livelihood needs in more extreme droughts        |
| Industry, manufacturing and trade   | Manufacturing  | Historic standards for the key parts of equipment which are rendered inappropriate under new climate conditions                            | Design of climate-resilient equipment, such as more stable cranes for harbours in cyclone zones   |
|   | Food processing, distribution and retail   | Increased risk of food poisoning and/or spoilage due to increased temperatures   | 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 to main route   |
| Coastal and riverine infrastructure (including built flood-protection infrastructure) | Coastal defences or flood-protection barriers                                    | Increased storm damage along coastline due to sea level rise and increased storm surges  | Physical or natural reinforcement of coastline and/or additional coastal structures or vegetation   |
|   | River flood protection measures  | Increased risk of riverine flooding due to heavier and/or more frequent rainfall events  | Increased river dredging programmes, reinforcement of levees, re-establishment of natural flood plains and vegetation in upstream areas or river banks        |
| Energy, transport, and other built environment and infrastructure                     | Construction   | Shift in zones affected by typhoons, hurricanes or storm surges  | More robust building regulations and improved enforcement   |
|   | Transport  | Torrential rains, more extreme river flows and flooding cause erosion of embankments and loss of roads or bridges                          | Use of revised codes for infrastructure design that consider increased frequency or severity of extreme events  |

(Continued overleaf)

<sup>9</sup> Formerly labelled as “Primary agriculture and food production” under “Agricultural and ecological resources”.



**Annex Table 1: Examples of potential adaptation activities in some sectoral groupings (continued)**

| Sector/topic  | Sub-sectors/topics                                      | Possible vulnerability to climate change  | Potential adaptation activities to address stated vulnerability   |
|---|---|---|---|
| Energy, transport, and other built environment and infrastructure (continued) | Urban development                                       | Increased risk of floods  | Improved solid waste management and collection, increased capacity and other changes in drainage systems  |
|   | Tourism (generally referring to tourism infrastructure) | Storms disrupt tourist season, damage tourism infrastructure  | 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 floods   | 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 leading to loss of generation from a hydroelectric plant   | Optimisation of the design of hydro infrastructure 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   |
| Information and communications technology (ICT)                               | ICT hardware and software to beneficiary organisations  | Damage to key national data centres 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 sector as climate-sensitive clients (such as utility companies, manufacturers, retailers susceptible to supply-chain disruptions associated with extreme weather events) experience climate impacts that affect their business continuity | Creation of infrastructure and “hubs” that would support improved business continuity during and after extreme weather events                       |
|   | Insurance   | Traditional risk assessment falls short or becomes obsolete in the face of a new climate reality  | Development of risk assessment which integrates climate change considerations, for example, expansion of agricultural insurance market and coverage |
| Institutional capacity support or technical assistance                        | Technical services or other professional support        | Increase in the demand for professional services, such as for climate risk assessment due to increased impacts related to climate change  | Provision of finance to small and medium-sized enterprises providing relevant services, such as the engineering of adaptation solutions             |
| Cross-cutting sectors   | Education   | Climate change results in outdated curriculum and technical syllabus, particularly in science, technology, engineering and mathematics  | Technical capacity-building for training of trainers in water and agricultural sectors; development of sustainability curricula in schools          |
|   | Health  | Changing patterns of disease as a result of changing climate conditions; potable water scarcity as a direct threat to human health  | Monitoring of changes in disease outbreaks; development of national response plans; measures to secure access to potable water                      |
|   | Cross-sector policy and regulation                      | Rapidly outdated policy and regulation regimes due to climate change impacts  | Institutional reforms and strengthening to include climate aspects in policies and regulations, in public investment prioritisation criteria        |
|   | Disaster risk management                                | Increased frequency and intensity of hydro-meteorological disasters   | Integration of climate change scenarios and climate risk assessments into disaster risk plans and preparedness                                      |

**Annex Table 2: Adaptation finance tracking case studies**

| Sector                            | Financial services  | Coastal and riverine infrastructure  |
|-----------------------------------|---|--|
| Brief description of project      | The facility supports private sector green investments (energy, water and resource efficiency) across a range of sectors including the residential sector, industry, agriculture and renewable energy. It enables local financial Institutions to increase the scope of their green financing activities. This project refers to a specific sub-loan to one of the participating financial institutions under the facility.   | The project focuses on the “hot spots” in the river basins and aims to enhance flood protection through the construction of bank-protective works and strengthening institutional capacity and emergency preparedness.   |
| Climate vulnerability context     | The country is one of the Central Asian countries most vulnerable to climate change. In 2009, the Second National Communication to the UNFCCC identified impacts on water resources as one of the country’s most severe climate-change risks. In the short- to medium-term, the melting of glaciers is projected to increase river flows with a heightened risk of river flooding, mudflows, avalanches and glacial lake overflows. In the longer term and under all probable climate change scenarios, glacial retreat would decrease glacial water flows to rivers, which would bring about a net decrease in long-term flows of surface water. Therefore, helping businesses and households to reduce water consumption and manage water scarcity risks is an important adaptation priority. | The country has an intrinsic vulnerability to flooding caused by the mountainous and hilly landscape and by decades of neglect. Most dike systems and much of the river infrastructure date back to the early 20th century. Meanwhile, land use has altered to the point of exacerbating the generation of flood waves and causing more and costlier damage from floods. This vulnerability to climate change is projected to increase as the country and this particular area are subjected to increasing temperatures, summers that are likely to be drier, and more concentrated and intense precipitation. |
| Statement of purpose or intent    | The project aims to help businesses and households in the country manage climate change risks related to water resource scarcity by facilitating access to water-efficient technologies and practices, through the provision of accessible finance and technical support.   | The project will finance flood management infrastructure and related measures in three geographic locations: (i) the middle and lower river; (ii) the valley; and (iii) selected parts of the upper river, including notably the heavily populated areas of long-established cities. The region in the direct proximity of the proposed works and measures is home to an estimated population of 15.1 million, in counties that are reported to be either historically subject to significant flood damages and losses or at high risk of floods.  |
| Link to project activities        | The list of eligible technologies under the project includes a range of water-efficient technologies that are intended to help businesses and households to cope with the increased water stress associated with the anticipated changes in climate in the region. The project includes a list of eligible materials and equipment. The list consists of an indicative set of criteria and minimum performance characteristics for assessing the eligibility of water-efficient technologies for financing in each of the given technology categories.  | Adaptation finance was identified in the component on institutional strengthening and enhanced forecasting. The description of this component clearly lays out that institutional strengthening activities will support deeper analysis of the consequences of long-term changes in the basins, including climate variability and climate change.  |
| Type of financial instrument      | Non-concessional loan (plus some technical cooperation grant resources)   | Specifically, the component will support the strengthening of institutional capacity in priority areas such as: (i) improving the emergency preparedness along the main rivers and their tributaries by enhancing forecasting and the operational capacity for water management; and (ii) strengthening the procedures and capacity to prepare river-basin management plans and investment prioritisation plans that comply with the EU Water Framework Directive and Flood Directive.   |
| Calculation of adaptation finance | It is estimated, on an ex ante basis, that around 10 per cent of the project resources will be used to finance water-efficient technologies. Therefore, 10 per cent (US\$ 0.2 million) is counted as adaptation finance.  | 17 per cent of the loan was identified as adaptation finance. US\$ 66 million was allocated to the institutional strengthening component of the project (see above) out of a total of US\$ 396 million in project financing from the MDB.  |
| Type of adaptation finance        | Non-concessional loan finance from the MDB’s resources, plus some technical cooperation grant resources from donor trust funds.   | Investment loan, MDB’s own resource  |
| Specific features                 | Not applicable  | Not applicable   |

(Continued overleaf)

**Annex Table 2: Adaptation finance tracking case studies (continued)**

| Sector                         | Crop production and food production  | Water and wastewater management   |
|--------------------------------|--|---|
| Brief description of project   | <p>The project has several objectives: (i) to provide six agricultural cooperatives with a package of climate-resilient technologies for small farmers, aimed at protecting production from climate shocks; (ii) to train relevant stakeholders in the appropriate application of this package; (iii) to train agricultural cooperatives in the management of adaptation loans; and (iv) to build capacity in selected credit cooperatives in the form of a pilot fund to develop practical financial methodologies that will facilitate on-lending to farmers who are reducing their climate risks. Overall, the project seeks to build climate resilience among small farmers and the sustainability of their agricultural cooperatives in this poorest, semi-arid region of the country</p>   | <p>The programme aims to contribute to the sustainable use of water in drought-stricken areas through the adoption of an integrated approach which combines small- to medium-scale water storage facilities with the use of ground water to increase water availability. Water scarcity is one of the causes of conflict among rural communities in this country. Furthermore, the project includes additional measures to foster peace-building in the communities. Effective adaptation to climate change in fragile states requires: (i) building the capacity of governance institutions, including mediation and arbitration bodies that resolve disputes over natural resources under stress; (ii) developing opportunities for fragile states to build their technical capacity to respond to climate change; and (iii) consistently designing and implementing climate-proof peacebuilding and development initiatives.</p> |
| Climate vulnerability context  | <p>The region's inhabitants are among the country's populations most vulnerable to climate change. Since the early 1960s, average temperatures in the region have increased by around 2°C and annual rainfall has decreased by about 350 mm. Over the same period, farm productivity has declined significantly, largely due to increasing drought and heat. For example, the average productivity of smallholder dairy farms has fallen, while across non semi-arid areas in the country the rate of milk production has increased dramatically.</p>  | <p>The region is predominantly water-stressed due to low levels of precipitation. However, climate change and prolonged and more intense droughts, compounded by a lack of rain in 2014 and 2015, have exacerbated water scarcity to the level of fuelling community conflict. According to the country's national adaptation programme of action, the El Niño events of 2014-15 delayed the onset of rainfall and reduced rainfall at certain times of the year. Extreme climate events such as this one may also become more frequent and severe in their effect.</p>   |
| Statement of purpose or intent | <p>The project's main objective is to improve small farmers' climate resilience in semi-arid regions. Ultimately, this will improve the reliability of their supply of agricultural products to distribution channels. The project will also provide farmers, farmers' cooperatives, policy-makers and local and regional financial institutions with technical assistance and an adaptive, climate-smart agricultural production system.</p>  | <p>Project documentation indicates that project activities will contribute to address climate change resilience in the affected area.</p>   |
| Link to project activities     | <p>The model employed in this project will address low levels of capacity, productivity and access to credit among climate-vulnerable small farms in this region. It will provide technical assistance and training for poor farmers through six farmer cooperatives to implement the model. In addition, the project will provide training to participating financial institutions to develop tailored credit products and to better assess the climate risks in their portfolios as well as the benefits of climate resilience among farmers.</p> <p>The project's specific activities include:</p> <ul style="list-style-type: none"> <li>• a mapping of climate vulnerability and risks for the participating farmers' cooperatives and engagement of stakeholders in a dialogue about the long-term economic impacts of climate change on the farming activity in the region</li> <li>• training farmers in the implementation of integrated climate-resilient production system for their farms; training agricultural technicians, rural extension services, credit cooperatives and financial institutions, and public institutions related to agriculture</li> <li>• developing a climate risk methodology for financial institutions that will foster on-lending to farmers' cooperatives to enable the use of the project's toolkit.</li> </ul> | <p>All project components which include water supply and storage infrastructure, capacity-building in water conservation and project management aim to address water scarcity due to increasing occurrence of droughts in the country.</p>  |
| Type of financial instrument   | Technical cooperation grant  | Grant   |

(Continued overleaf)

**Annex Table 2: Adaptation finance tracking case studies (continued)**

| Sector                            | Agriculture and climate resilience  | Water and wastewater management   |
|-----------------------------------|---|---|
| Calculation of adaptation finance | As all of the MDB finance is allocated to adaptation activities described above, 100 per cent of MDB finance, or US\$ 1.3 million, is considered to be adaptation finance.  | <p>The entire grant amount of US\$ 7,560,000 is considered to be adaptation finance.</p> <p>The fragility assessment in the country indicated that competition between pastoral, semi-pastoral, and agricultural clan groups for water points is a key source of serious and recurring violence. Thus, the project aims to help alleviate water stress and includes a component on building governance capacity to arbitrate in possible community conflicts arising due to competition over water resources. All interventions are deemed incremental due to climate change and hence are counted as adaptation.</p> |
| Type of adaptation finance        | Grant: MDB's own account  | Grant: own account plus MDB-externally managed resources.   |
| Specific features                 | <p>Smallholder farmers lack access to the credit needed to purchase climate-resilient technologies. In addition, their agricultural cooperatives lack the know-how and business models to help them address these threats. Financial institutions remain highly risk-averse and lack the ability to assess climate risk in their loan portfolios, or to calculate the benefits of reducing such risks through robust programmes to build climate resilience. A specific but related technical cooperation project of this MDB will create a tool that enables financial institutions to include climate risk analysis in their credit policies, thus improving the evaluation of agricultural practices (crops or cultivars) and livestock (species or breeds), sowing seasons, and cultivation techniques more adapted to each region.</p> |   |

## ANNEX C: JOINT METHODOLOGY FOR TRACKING CLIMATE MITIGATION FINANCE

The 2016 tracking of mitigation finance is based on the Common Principles for Climate Change Mitigation Finance Tracking,<sup>10</sup> henceforth referred to as the Common Principles. The Common Principles were developed by the joint climate finance group of MDBs and the IDFC, based on their experience of the topic and with the intention of sharing them with other institutions that are seeking common approaches to tracking and reporting.

The Principles consist of a set of common definitions and guidelines, including the list of activities. However, they do not cover aspects related to their implementation, including quality control procedures, which remain the sole responsibility of each institution and/or group. The Common Principles reflect the approach that both groups (the MDBs and IDFC) have been following for tracking climate change mitigation activities for the past five years, and are based on the application of harmonised terms. While the MDBs and the IDFC continue to report through their respective group-based efforts, the Joint MDB Approach for Mitigation Finance Reporting is closely aligned with the Common Principles, and is based on the following attributes:

- 1. Additionality:** This approach, as well as the Common Principles, is activity-based. It focuses on the type of activity to be executed, and not on its purpose, the origin of the financial resources or the actual results.
- 2. Timeline:** Project reporting is ex ante project implementation at Board approval or at the time of financial commitment.
- 3. 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.
- 4. Granularity:** The tracking only covers mitigation activities that are to be disaggregated from non-mitigation activities as far as reasonably possible. If such disaggregation is needed and not possible using project-specific data, a more qualitative or experience-based assessment can be used to identify the proportion of the project that covers climate mitigation activities, consistent with the principle of conservativeness. This applies to all categories, but is of particular significance for energy efficiency projects.

**5. Scope:** Mitigation activities or projects can consist of a standalone project, multiple standalone projects under a larger programme, a component of a standalone project or a programme financed through a financial intermediary. For example, a project with a total cost of US\$ 100 million may have a US\$ 10 million documented component for energy-efficiency improvement; in this case, only the US\$ 10 million would be reported. Another example may be a US\$ 100 million credit line to a financial intermediary for renewable energy and pollution control investments, where it is foreseen that at least 60 per cent of the resources would flow into renewable energy investments; in such a case, only US\$ 60 million would be reported.

**6. Mitigation results:** Reporting according to this methodology and the Common Principles does not imply evidence of climate change impacts. Moreover, 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.

**7. Eligibility:** Climate mitigation promotes efforts to reduce, limit or sequester GHG emissions to reduce the risk of climate change. Mitigation finance is based on a list of activities that are compatible with low-emission pathways.<sup>11</sup> As a consequence, not all activities that reduce GHGs in the short term are eligible to be counted towards MDB mitigation finance.

The Joint Methodology for Tracking Climate Change Mitigation Finance recognises 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. For energy efficiency projects 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 help prevent a long-term lock-in to high-carbon infrastructure.

<sup>10</sup> <https://www.ifc.org/wps/wcm/connect/65d37952-434e-40c1-a9df-c7bdd8ffcd39/MDB-IDFC+Common-principles-for-climate-mitigation-finance-tracking.pdf?MOD=AJPERES>

<sup>11</sup> Paris Agreement, December 2015 (FCCC/CP/2-15/L9/Rev.1, Article 2c).

When considering brownfield energy efficiency investments as climate finance, old technologies must be replaced well before the end of their lifetime with new technologies that are substantially more efficient. Alternatively, new technologies or processes must be substantially more efficient than those normally used in greenfield projects.

**8. Exclusions:** The methodology assumes that care will be taken to identify projects that are included in the typology list but do not mitigate emissions due to their specific circumstances. For example, hydropower plants with high methane emissions from reservoirs exceeding associated renewable energy GHG reductions; geothermal power plants with high CO<sub>2</sub> content in the geothermal fluid that cannot be reinjected; or biofuel projects with net high emissions taking into account production, processing and transportation.

**9. Avoiding double-counting:** Where the same project, sub-project or project element contributes to mitigation and adaptation, an 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.

Annex Table 3 lists the activities eligible to be classified as climate mitigation finance, as agreed by the MDBs. The table is based on a previous list developed by the MDBs and IDFC in the Common Principles for Tracking Climate Change Mitigation Finance, with a number of additional clarifications. MDBs apply the list of eligible activities to financing through all types of financial instruments. Annex Table 4 introduces case studies that illustrate how MDBs have used the mitigation tracking approach recently.

**Annex Table 3: List of activities eligible for classification as climate mitigation finance**

| Category  | Sub-category   | Eligible activities  |
|---|--|--|
| 1. Renewable energy   | 1.1 Electricity generation   | Wind power   |
|   |  | Geothermal power (only if net emission reductions can be demonstrated)   |
|   |  | Solar power (concentrated solar power, photovoltaic power)   |
|   |  | Biomass or biogas power (only if they result in net reductions in emissions, taking into account production, processing and transportation)  |
|   |  | Ocean power (wave, tidal, ocean currents, salt gradient, and so on)  |
|   |  | Hydropower plants (only if net emission reductions can be demonstrated)  |
|   |  | Renewable energy power plant retrofits   |
|   | 1.2 Heat production or other renewable energy application  | Solar water heating and other thermal applications of solar power in all sectors   |
|   |  | Thermal applications of geothermal power in all sectors  |
|   |  | Wind-driven pumping systems or similar applications  |
| 1.3 Measures to facilitate integration of renewable energy into grids | Thermal applications of sustainably produced bioenergy in all sectors  |  |
|   | New, expanded and improved transmission systems (lines, substations)   |  |
|   | Storage systems (battery, mechanical, pumped storage) that facilitate integration of renewables, or increase renewable energy production |  |
| 2. Lower-carbon and efficient energy generation                       | 2.1 Transmission and distribution systems  | New information and communication technology, smart-grid and mini-grid   |
|   |  | Retrofit of transmission lines or substations and/or distribution systems to reduce energy use and/or technical losses including improving grid stability/reliability (in case of capacity expansion, only the portion of the investment that is reducing existing losses is included) |
|   |  | Thermal power plant retrofit to fuel switch from a more GHG-intensive fuel to a different and less GHG-intensive fuel type <sup>12</sup>   |
|   | 2.2 Power plants   | Conversion of existing fossil-fuel-based power plant to co-generation <sup>13</sup> technologies that generate electricity in addition to providing heating or cooling   |
|   |  | Energy efficiency improvement in existing thermal power plant  |

(Continued overleaf)

<sup>12</sup> Excluding replacement of coal by coal.

<sup>13</sup> In all co-generation projects energy efficiency is required to be substantially higher than separate production of electricity and heat.

**Annex Table 3: List of activities eligible for classification as climate mitigation finance (continued)**

| Category                               | Sub-category   | Eligible activities  |  |
|--|--|--|--|
| 3. Energy efficiency <sup>14</sup>     | 3.1 Energy efficiency in industry in existing facilities   | Industrial energy efficiency improvements through the installation of more efficient equipment, changes in processes, reduction of heat losses and/or increased waste heat recovery and/or resource efficiency |  |
|  |  | Installation of co-generation plants that generate electricity in addition to providing heating/cooling  |  |
|  |  | Replacement of an older facility (old facility retired) with a more efficient facility   |  |
|  | 3.2 Energy efficiency improvements in existing commercial, public and residential buildings  | Energy efficiency improvement in lighting, appliances and equipment  |  |
|  |  | Substitution of existing heating/cooling systems for buildings by co-generation plants that generate electricity in addition to providing heating/cooling <sup>15</sup>  |  |
|  |  | Retrofit of existing buildings: architectural or building changes that enable reduction of energy consumption  |  |
|  | 3.3 Energy efficiency improvements in the utility sector and public services   | Energy efficiency improvement in utilities and public services through the installation of more efficient lighting or equipment  |  |
|  |  | Rehabilitation of district heating and cooling systems   |  |
|  |  | Reduction of heat loss in utilities and/or increased recovery of waste heat  |  |
|  | 3.4 Vehicle fleet energy efficiency  | Improvement in utility-scale energy efficiency through efficient energy use, and loss reduction, or resource efficiency improvements   |  |
|  |  | 3.4 Vehicle fleet energy efficiency  | Existing vehicles, rail or boat fleet retrofit or replacement (including the use of lower-carbon fuels, electric or hydrogen technologies, and so on)  |
|  |  | 3.5 Energy efficiency in new commercial, public and residential buildings  | Use of highly efficient architectural designs, energy efficient appliances and equipment, and building techniques that reduce building energy consumption, exceeding available standards and complying with high energy efficiency certification or rating schemes                                   |
| 3.6 Energy audits                      |  | Energy audits to energy end-users, including industries, buildings, and transport systems  |  |
| 4. Agriculture, forestry and land-use  |  | 4.1 Agriculture  | Reduction in energy use in traction (such as efficient tillage), irrigation, and other agricultural processes  |
|  |  |  | Agricultural projects that improve existing carbon pools (such as rangeland management, collection and use of bagasse, rice husks, or other agricultural waste, reduced tillage techniques that increase carbon contents of soil, rehabilitation of degraded lands, peatland restoration, and so on) |
|  | Reduction of non-CO <sub>2</sub> GHG emissions from agricultural practices and technologies (for example, paddy rice production, reduction in fertiliser use)                |  |  |
|  | 4.2 Afforestation and reforestation, and biosphere conservation  | Afforestation (plantations) and agroforestry on non-forested land  |  |
|  |  | Reforestation on previously forested land  |  |
|  |  | Sustainable forest management activities that increase carbon stocks or reduce the impact of forestry activities   |  |
|  | 4.3 Livestock  | Biosphere conservation and restoration projects (including payments for ecosystem services) seeking to reduce emissions from the deforestation or degradation of ecosystems                                    |  |
|  |  | 4.3 Livestock  | Livestock projects that reduce methane or other GHG emissions (for example, manure management with biogasifiers, and improved feeding practices to reduce methane emissions)   |
|  |  | 4.4 Biofuels   | Production of biofuels, including biodiesel and bioethanol (only if net emission reductions can be demonstrated)   |
|  | 5. Non-energy GHG reductions   | 5.1 Fugitive emissions   | Reduction of gas flaring or methane fugitive emissions in the oil and gas industry   |
|  |  |  | Coal-mine methane capture  |
|  |  | 5.2 Carbon capture and storage   | Projects for carbon capture and storage technology that prevent the release of large quantities of CO <sub>2</sub> into the atmosphere from fossil fuel use in power generation, and process emissions in other industries   |
| 5.3 Air conditioning and refrigeration |  | Retrofit of existing industrial, commercial and residential infrastructure to switch to cooling agent with lower global warming potential  |  |
| 5.4 Industrial processes               | Reduction in GHG emissions resulting from industrial process improvements and cleaner production (for example, of cement or chemicals), excluding carbon capture and storage |  |  |

(Continued overleaf)

<sup>14</sup> 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) the new technologies or processes are substantially more efficient than those normally used in greenfield projects.

<sup>15</sup> Ibid.

**Annex Table 3: List of activities eligible for classification as climate mitigation finance (continued)**

| Category   | Sub-category   | Eligible activities   |
|--|--|---|
| 6. Waste and wastewater  | 6.1 Wastewater   | Portion of treatment of wastewater that reduces methane emissions (only if net GHG emission reductions can be demonstrated and if not a compliance requirement to meet, for example, a performance standard or safeguard requirement)   |
|  | 6.2 Solid waste management   | Waste management projects that capture or combust methane emissions<br>Waste-to-energy projects<br>Waste collection, recycling and management projects that recover or reuse materials and waste as inputs into new products or as a resource (only if net emission reductions can be demonstrated)   |
| 7. Transport   | 7.1 Urban transport modal change   | Urban mass transit<br>Non-motorised transport (bicycles and pedestrian mobility)  |
|  | 7.2 Transport-oriented urban development   | Integration of transport and urban development planning (dense development, multiple land-use, walking communities, transit connectivity, and so on), leading to a reduction in the use of passenger cars<br>Transport and travel demand-management measures dedicated to reducing pollutant emissions, including GHG emissions (such as high-occupancy vehicle lanes, congestion charging or road pricing, parking management, restriction or auctioning of license plates, car-free city areas, low-emission zones) <sup>16</sup> |
|  | 7.3 Inter-urban transport  | 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)<br>Waterways transport ensuring a modal shift of freight and/or passenger transport from road or air to waterways (improvement of existing infrastructure or construction of new infrastructure)  |
|  | 7.4 Infrastructure for low-carbon transport  | Charging stations and other infrastructure for electric vehicles, hydrogen or dedicated biofuel fuelling  |
| 8. Low-carbon technologies   | 8.1 Products or equipment  | Projects producing components, equipment or infrastructure dedicated to the renewable and energy efficiency sectors, or low-carbon technologies   |
|  | 8.2 Research and development   | Research and development of renewable energy or energy efficiency technologies, or low-carbon technologies  |
| 9. Cross-cutting issues  | 9.1 Support for national, regional or local policy, through technical assistance or policy lending | National, sectoral or territorial policies/planning/action plans/planning/institutions dedicated to mitigation such as NDCs, NAMAs and plans for scaling up renewable energy  |
|  |  | Energy sector policies and regulations leading to climate change mitigation or the mainstreaming of climate action such as energy efficiency standards or certification schemes; energy efficiency procurement schemes; renewable energy policies, power market reform to enable renewable energy   |
|  |  | Systems for monitoring the emissions of greenhouse gases  |
| Efficient pricing of fuels and electricity (such as subsidy rationalisation, efficient end-user tariffs, and efficient regulations on electricity generation, transmission or distribution, and on carbon pricing) |  |   |
|  |  | Education, training, capacity-building and awareness-raising on climate change mitigation or sustainable energy or sustainable transport; mitigation research   |
|  |  | Other policy and regulatory activities, including those in non-energy sectors, leading to climate change mitigation or mainstreaming of climate action, such as fiscal incentives for low-carbon vehicles, sustainable afforestation standards  |
|  | 9.2 Carbon finance   | Carbon markets and finance (purchase, sale, trading, financing and other technical assistance); includes all activities related to compliance-grade carbon assets and mechanisms  |
|  | 9.3 Supply chain   | Measures in existing supply chains dedicated to improvements in energy efficiency or resource efficiency upstream or downstream, leading to an overall reduction in GHG emissions   |
| 10. Miscellaneous  | 10.1 Other activities with net greenhouse-gas reduction  | Any other activity if agreed by MDBs may be added to the Joint Typology of Mitigation Activities when the results of ex ante GHG accounting (undertaken according to commonly agreed methodologies) show emission reductions that are higher than a commonly agreed threshold, and are consistent with a pathway towards low greenhouse gas emissions development.  |

<sup>16</sup> General traffic management is not included. This category is for demand management to reduce GHG emissions, assessed on a case-by-case basis.



**Annex Table 4: Case studies in mitigation finance tracking**

| Project focus   | Resource efficiency in industry   | Support for policy reform in the energy sector   |
|---|---|--|
| Sector  | Non-metallic mineral product manufacturing  | Energy   |
| <b>Brief description of project</b>   | <p>Client is a manufacturer of glass products as well as soda ash and chromium-based chemicals. This project will finance the resource efficiency and glass recycling investments.</p> <p>The project is composed of two main investments:</p> <ol style="list-style-type: none"> <li>1. Machinery and equipment purchase for resource efficiency. MDB support helps replace old processing technology (which lowers the quality of cullet produced) with state-of-the-art equipment, hence enabling the company to cut the costs of energy and raw materials.</li> <li>2. Glass recycling investment: the project is expected to increase the quantity and quality of the cullet produced by the glass recyclers.</li> </ol> | <p>The programme's general objective is to contribute to the sustainability of the country's energy sector through a process of policy reforms that include technical, economic, social, and environmental aspects and take account of both national and regional needs and interests. The specific objectives are to: (i) develop a long-term energy policy endorsed by key stakeholders that ensures competitiveness and efficiency of the energy market, and builds the sector's institutional capacity; (ii) promote diversification of sources and increase the share of renewable energy sources in the energy mix; (iii) foster efficient energy use; and (iv) increase international energy trading and transfers.</p> |
| <b>Classification: (1) Category (2) Sub-category and (3) Eligible activity (as in Annex C, Table 3)</b> | <ol style="list-style-type: none"> <li>(1) 3. Energy efficiency</li> <li>(2) 3.1. Energy efficiency in industry in existing facilities</li> <li>(3) Industrial energy efficiency improvements through the installation of more efficient equipment, changes in processes, reduction of heat losses and/or increased waste heat recovery and/or resource efficiency</li> </ol> <p>The energy efficiency investments are substantially more efficient than old, replaced technologies.</p>  | <ol style="list-style-type: none"> <li>(1) 9. Cross-cutting issues</li> <li>(2) 9.1 Support to national, regional or local policy, through technical assistance or policy lending</li> <li>(3) Energy sector policies and regulations leading to climate change mitigation or mainstreaming of climate action such as energy efficiency standards or certification schemes; energy efficiency procurement schemes; renewable energy policies, power market reform to enable renewable energy</li> </ol>  |
| <b>Type of financial instrument</b>   | The MDB will provide a long-term unsecured loan to finance the resource (energy, materials) efficiency and glass recycling investments, and the Climate Technology Fund will provide a concessional loan.   | Policy-based loan  |
| <b>Calculation of mitigation finance, including basis (for example, eligible components)</b>            | The MDB will provide a €38 million long-term loan to fund the entire project for resource and energy efficient equipment, along with €2 million in portage equity to help the company set up recycling initiatives with cullet suppliers. Of the €38 million, 100 per cent is counted as mitigation finance.  | A loan disbursement of US\$ 100 million is contingent on the country's fulfilment of the policy reform measures described in the policy matrix of the loan proposal. Accordingly, half of the policy commitments which underpin the programme are directly related to the promotion of renewable energy and energy efficiency. Thus, proportionally, 50 per cent of the total loan amount, or US\$ 50 million, is considered to be mitigation finance.   |
| <b>Type of mitigation finance</b>   | MDB's own resources and external resources managed by the MDB   | MDB's own resources  |
| <b>Specific features</b>  | The MDB assistance increases corporate structure and financial strength to make the necessary capital expenditure investments for modern machinery and equipment, hence decreasing the relative energy and raw material costs thanks to the high quality of recycling.  | The loan supports policies that promote diversification of energy sources, increase the share of renewable energy sources in the country's energy matrix, and foster efficient energy use.   |

**Annex Table 4: Case studies in mitigation finance tracking**

| Project focus   | Sustainable forest management  | Energy efficiency   |
|---|--|---|
| Sector  | Agriculture, forestry and other land use   | Retail  |
| <b>Brief description of project</b>   | The general objective of the project is to recover and maintain forest ecosystem services in priority watersheds affected by the bark beetle. The specific objectives are: (i) to restore the areas affected by the bark beetle in both public and private forests; (ii) to strengthen the government's forest health system and create forest management alternatives adapted to the impacts of climate change and climate variability; and (iii) to expand access to climate financing to foster sustainable forest management | The client is a food retail chain group that constructs and upgrades retail stores. The project will finance advanced energy and resource efficiency practices in existing stores. The project focuses on following components: <ul style="list-style-type: none"> <li>1. Reduction in refrigerant use: Non-energy GHG reduction is based on the use of cascade cooling, which requires substantially fewer refrigerants and uses CO<sub>2</sub> as a cooling agent for a lower-temperature circuit.</li> <li>2. Reduction of energy use through energy efficient lighting, refrigeration and heat recovery systems: Use of low-carbon technologies which allows significant energy saving via waste heat recovery from refrigeration system and LED lighting.</li> </ul> |
| <b>Classification:</b><br>(1) Category<br>(2) Sub-category and<br>(3) Eligible activity<br>(as in Annex C, Table 3) | (1) 4. Agriculture, forestry and land-use<br>(2) 4.2. Afforestation and reforestation, and biosphere conservation<br>(3) Sustainable forest management activities that increase carbon stocks or reduce the impact of forestry activities  | (1) 3. Energy efficiency<br>(2) 3.2. Energy efficiency improvements in existing commercial, public and residential buildings<br>(3) Energy efficiency improvement in lighting, appliances and equipment<br><br>The energy efficiency investments are substantially more efficient than old, replaced technologies.  |
| <b>Type of financial instrument</b>   | Investment loan  | Investment loan   |
| <b>Calculation of mitigation finance, including basis (for example, eligible components)</b>                        | Of the project financing, 85.7 per cent, or US\$ 21.4 million, is classified as mitigation finance. The components considered to be mitigation finance include the restoration of forests infested by the bark beetle, the design and implementation of new incentives for sustainable forest management, and the promotion of sustainable forest management by improving access to climate finance.   | The client company has received €100 million in debt from the MDB and 52 per cent of this amount counted as mitigation finance  |
| <b>Type of mitigation finance</b>   | MDB's own resources  | MDB's own resources   |
| <b>Specific features</b>  | Given the importance of conserving fresh water resources and other natural resources in the face of climate change, activities such as restoration of forests and new mechanisms promoting sustainable forest management are considered to be investments in adaptation to climate change as well. Therefore, an estimated 75 per cent of project finance is considered to have dual benefits, in terms of reducing emissions as well as reducing vulnerability to climate change.   | The MDB made a significant contribution to setting standards for corporate governance and business conduct, by applying advanced industry standards of energy efficiency and resource management. The practices apply to other sectors, so the expected demonstration impact of the project is likely to be beyond the retail sector.   |

## ANNEX D: FINANCE WITH DUAL ADAPTATION AND MITIGATION BENEFITS

The MDBs identify some components and/or sub-components, or elements or proportions within projects, which contribute to GHG reductions and simultaneously reduce climate vulnerability, thereby delivering dual benefits of both mitigation and adaptation. 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 report projects where

the same components or elements/proportions contribute to both mitigation and adaptation as a separate category (see Annex Table 5). The MDBs are continuing to work on the best reporting method for such projects.

For 2016, the EBRD and IDBG 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.

**Annex Table 5: MDB adaptation, mitigation and dual-benefit climate finance (in US\$ million)**

| MDB          | Adaptation finance | Mitigation finance | Dual-benefit finance | Total         |
|--------------|--------------------|--------------------|----------------------|---------------|
| ADB          | 1,187              | 3,250              | –                    | 4,437         |
| AfDB         | 388                | 673                | –                    | 1,061         |
| EBRD         | 154                | 3,269              | 71                   | 3,495         |
| EIB          | 290                | 3,976              | –                    | 4,266         |
| IDBG         | 551                | 2,109              | 29                   | 2,689         |
| WBG          | 3,555              | 7,939              | –                    | 11,494        |
| <b>Total</b> | <b>6,124</b>       | <b>21,217</b>      | <b>100</b>           | <b>27,441</b> |

Note:  
Numbers may not add up due to rounding.

Annex Table 6 includes more detail on the instrument types used in adaptation, mitigation and dual-benefit finance.

**Annex Table 6: MDB adaptation, mitigation and dual-benefit climate finance (in US\$ million)**

| Instrument type      | Adaptation finance | Mitigation finance | Dual-benefit finance | Total         |
|----------------------|--------------------|--------------------|----------------------|---------------|
| Investment loan      | 4,737              | 15,116             | 89                   | 19,942        |
| Policy-based lending | 863                | 1,553              | –                    | 2,416         |
| Grant                | 334                | 716                | 1                    | 1,051         |
| Guarantee            | –                  | 546                | –                    | 546           |
| Equity               | 1                  | 711                | 2                    | 714           |
| Line of credit       | 54                 | 1,039              | –                    | 1,093         |
| Other                | 135                | 1,535              | 8                    | 1,678         |
| <b>Total</b>         | <b>6,124</b>       | <b>21,217</b>      | <b>100</b>           | <b>27,441</b> |

Note:  
Numbers may not add up due to rounding.

## ANNEX E: INSTRUMENT TYPES

The types of financial instruments containing climate finance as reported for 2016 include the following:

- a) Advisory services:** MDB advisory services work includes advising national and local governments on a variety of topics, for instance how to improve their investment climate and strengthen basic infrastructure. The MDB tracks and reports the costs of managing advisory programmes, which may consist of staff time, studies, and training with clients. Similar to investments, some programmes are 100 per cent climate-related and some have a climate component tracked in the overall programme budget. In the case of IFC,<sup>17</sup> for simplicity's sake, the Joint Report records all climate finance flows through IFC's advisory services as "external resources managed by IFC" and because of the difficulties in collecting data and defining the boundary of IFC's impact, advisory services are not included in the IFC climate co-finance analysis.
- b) Equity:** Ownership interest in an enterprise that represents a claim on the assets of the entity in proportion to the number and class of shares owned.
- c) Grants:** Transfers made in cash, goods or services for which no repayment is required. Grants are provided for investment support, policy-based support and/or technical assistance and advisory.
- d) Guarantees:** Finance provided by an MDB to cover commercial and/or political risk.
- e) Investment loans:** Loans are transfers for which repayment is required. Investment loans, in particular, finance the creation and rehabilitation of social and economic infrastructure and institutional development.
- f) Lines of credit:** Lines of credit provide a guarantee that funds will be made available but no financial asset exists until funds are actually advanced.
- g) Policy-based lending (PBL):** PBL provides rapidly disbursing financing to help a borrower address actual or anticipated requirements for development financing of domestic or external origins. This financing supports a programme of policy and institutional actions in a particular theme or sector of national policy, for instance, actions to improve the investment climate for renewable energy. While there is no direct link between lending resources and the cost of policy actions undertaken, the disbursements of PBLs are conditional on the borrower's fulfilment of its policy commitments in the lending agreement.

<sup>17</sup> IFC climate finance is included in the climate finance reported by WBG.

## ANNEX F: GEOGRAPHICAL COVERAGE OF THE REPORT

Inclusion of countries in Annex F does not imply official recognition of country names or borders or associations by any of the MDBs.

**Annex Table 7: List of countries covered by at least one of the MDBs and taken into account for climate finance data presented in this report.**

### East Asia and the Pacific

|                            |                                  |                  |             |
|----------------------------|----------------------------------|------------------|-------------|
| Cambodia                   | Lao People's Democratic Republic | Nauru            | Thailand    |
| People's Republic of China | Malaysia                         | Palau            | Timor-Leste |
| Cook Islands               | Marshall Islands                 | Papua New Guinea | Tonga       |
| Fiji                       | Micronesia (Federated States of) | Philippines      | Tuvalu      |
| Indonesia                  | Mongolia                         | Samoa            | Vanuatu     |
| Kiribati                   | Myanmar                          | Solomon Islands  | Vietnam     |

### EU12

|          |         |           |                 |
|----------|---------|-----------|-----------------|
| Bulgaria | Estonia | Latvia    | Romania         |
| Croatia  | Greece  | Lithuania | Slovak Republic |
| Cyprus   | Hungary | Poland    | Slovenia        |

### Latin America and the Caribbean

|                                   |                    |                  |                                    |
|-----------------------------------|--------------------|------------------|------------------------------------|
| Anguilla                          | Colombia           | Haiti            | Saint Kitts and Nevis              |
| Antigua and Barbuda               | Costa Rica         | Honduras         | Saint Lucia                        |
| Argentina                         | Dominica           | Jamaica          | Saint Vincent and the Grenadines   |
| Bahamas                           | Dominican Republic | Mexico           | Suriname                           |
| Barbados                          | Ecuador            | Montserrat       | Trinidad and Tobago                |
| Belize                            | El Salvador        | Nicaragua        | Uruguay                            |
| Bolivia (Plurinational State of)  | Grenada            | Panama           | Venezuela (Bolivarian Republic of) |
| Bonaire, Saint Eustatius and Saba | Guadeloupe         | Paraguay         |                                    |
| Brazil                            | Guatemala          | Peru             |                                    |
| Chile                             | Guyana             | Saint-Barthélemy |                                    |

### Middle East and North Africa

|                            |         |                    |                |
|----------------------------|---------|--------------------|----------------|
| Algeria                    | Israel  | Morocco            | Western Sahara |
| Egypt                      | Jordan  | Syria              | Yemen          |
| Iran (Islamic Republic of) | Lebanon | Tunisia            |                |
| Iraq                       | Libya   | West Bank and Gaza |                |

### South Asia

|             |        |          |           |
|-------------|--------|----------|-----------|
| Afghanistan | Bhutan | Maldives | Pakistan  |
| Bangladesh  | India  | Nepal    | Sri Lanka |

(Continued overleaf)

**Annex Table 7: List of countries covered by at least one of the MDBs and taken into account for climate finance data presented in this report. (continued)**

**Non-EU Europe and Central Asia<sup>18</sup>**

|                        |                                       |            |              |
|------------------------|---------------------------------------|------------|--------------|
| Albania                | Former Yugoslav Republic of Macedonia | Moldova    | Tajikistan   |
| Armenia                | Georgia                               | Montenegro | Turkmenistan |
| Azerbaijan             | Kazakhstan                            | Russia     | Ukraine      |
| Belarus                | Kyrgyz Republic                       | Serbia     | Uzbekistan   |
| Bosnia and Herzegovina | Kosovo                                | Turkey     |              |

**Sub-Saharan Africa**

|                                  |                   |                       |                             |
|----------------------------------|-------------------|-----------------------|-----------------------------|
| Angola                           | Djibouti          | Mali                  | Seychelles                  |
| Benin                            | Equatorial Guinea | Mauritania            | Sierra Leone                |
| Botswana                         | Eritrea           | Mauritius             | Somalia                     |
| Burkina Faso                     | Ethiopia          | Mayotte               | South Africa                |
| Burundi                          | Gabon             | Mozambique            | South Sudan                 |
| Cameroon                         | Ghana             | Namibia               | Sudan                       |
| Cape Verde                       | Guinea            | Niger                 | Swaziland                   |
| Central African Republic         | Guinea-Bissau     | Nigeria               | The Gambia                  |
| Chad                             | Kenya             | Réunion               | Togo                        |
| Comoros                          | Lesotho           | Rwanda                | Uganda                      |
| Congo                            | Liberia           | Saint Helena          | United Republic of Tanzania |
| Côte d'Ivoire                    | Madagascar        | São Tomé and Príncipe | Zambia                      |
| Democratic Republic of the Congo | Malawi            | Senegal               | Zimbabwe                    |

**Multi-regional** refers to MDB operations implemented across two or more of the regions above, including activities with a global scope.

<sup>18</sup> Reported as "(OTHER) Europe and Central Asia" in the 2011 and 2012 reports.

Least-developed countries are defined according to the UNFCCC list and small island states are defined according to the Alliance of Small Island States (AOSIS) list, excluding developed countries. Note that some least-developed countries are also small island states, as shown in Annex Table 8.

**Annex Table 8: Countries categorised as least-developed countries, small island states, or both**

**Least-developed country**

|                          |                                  |              |                             |
|--------------------------|----------------------------------|--------------|-----------------------------|
| Afghanistan              | Democratic Republic of Congo     | Malawi       | Somalia                     |
| Angola                   | Djibouti                         | Mali         | South Sudan                 |
| Bangladesh               | Equatorial Guinea                | Mauritania   | Sudan                       |
| Benin                    | Eritrea                          | Mozambique   | The Gambia                  |
| Bhutan                   | Ethiopia                         | Myanmar      | Togo                        |
| Burkina Faso             | Guinea                           | Nepal        | United Republic of Tanzania |
| Burundi                  | Lao People's Democratic Republic | Niger        | Uganda                      |
| Cambodia                 | Lesotho                          | Rwanda       | Yemen                       |
| Central African Republic | Liberia                          | Senegal      | Zambia                      |
| Chad                     | Madagascar                       | Sierra Leone |                             |

**Small island state**

|                     |                                |                  |                                  |
|---------------------|--------------------------------|------------------|----------------------------------|
| American Samoa      | Cuba                           | Martinique       | Saint Kitts and Nevis            |
| Anguilla            | Dominica                       | Mauritius        | Saint Lucia                      |
| Antigua and Barbuda | Dominican Republic             | Micronesia       | Saint Vincent and the Grenadines |
| Aruba               | Federated States of Micronesia | Montserrat       | Samoa                            |
| Bahamas             | Fiji                           | Nauru            | Seychelles                       |
| Barbados            | Grenada                        | New Caledonia    | Suriname                         |
| Belize              | Guyana                         | Niue             | Tonga                            |
| Cape Verde          | Jamaica                        | Palau            | Trinidad and Tobago              |
| Cayman Islands      | Maldives                       | Papua New Guinea |                                  |
| Cook Islands        | Marshall Islands               | Puerto Rico      |                                  |

**Both least-developed country and small island state**

|               |                       |             |  |
|---------------|-----------------------|-------------|--|
| Comoros       | Kiribati              | Timor-Leste |  |
| Guinea Bissau | São Tomé and Príncipe | Tuvalu      |  |
| Haiti         | Solomon Islands       | Vanuatu     |  |

**Annex Table 9: Countries categorised by economies in accordance with World Bank groupings, dated December 2016**
**High income**

|                        |                      |                          |                            |
|------------------------|----------------------|--------------------------|----------------------------|
| Andorra                | Denmark              | Luxembourg               | Saint Martin (French part) |
| Antigua and Barbuda    | Estonia              | Macao SAR, China         | San Marino                 |
| Aruba                  | Faroe Islands        | Malta                    | Saudi Arabia               |
| Australia              | Finland              | Monaco                   | Seychelles                 |
| Austria                | France               | Nauru                    | Singapore                  |
| Bahamas, The           | French Polynesia     | Netherlands              | Sint Maarten (Dutch part)  |
| Bahrain                | Germany              | Korea, Rep.              | Slovak Republic            |
| Barbados               | Gibraltar            | Kuwait                   | Slovenia                   |
| Belgium                | Greece               | Latvia                   | Spain                      |
| Bermuda                | Greenland            | Liechtenstein            | Sweden                     |
| British Virgin Islands | Guam                 | New Caledonia            | Switzerland                |
| Brunei Darussalam      | Hong Kong SAR, China | New Zealand              | Taipei China               |
| Canada                 | Hungary              | Northern Mariana Islands | Trinidad and Tobago        |
| Cayman Islands         | Iceland              | Norway                   | Turks and Caicos Islands   |
| Channel Islands        | Ireland              | Oman                     | United Arab Emirates       |
| Chile                  | Isle of Man          | Poland                   | United Kingdom             |
| Croatia                | Israel               | Portugal                 | United States of America   |
| Curaçao                | Italy                | Puerto Rico              | Uruguay                    |
| Cyprus                 | Japan                | Qatar                    | Virgin Islands (US)        |
| Czech Republic         | Lithuania            | Saint Kitts and Nevis    |                            |

**Lower-middle income**

|               |                              |                       |                      |
|---------------|------------------------------|-----------------------|----------------------|
| Armenia       | Guatemala                    | Mongolia              | Swaziland            |
| Bangladesh    | Honduras                     | Morocco               | Syrian Arab Republic |
| Bhutan        | India                        | Myanmar               | Tajikistan           |
| Bolivia       | Indonesia                    | Nicaragua             | Timor-Leste          |
| Cabo Verde    | Kenya                        | Nigeria               | Tonga                |
| Cambodia      | Kiribati                     | Pakistan              | Tunisia              |
| Cameroon      | Kosovo                       | Papua New Guinea      | Ukraine              |
| Congo         | Kyrgyz Republic              | Philippines           | Uzbekistan           |
| Côte d'Ivoire | Lao PDR                      | Samoa                 | Vanuatu              |
| Djibouti      | Lesotho                      | São Tomé and Príncipe | Vietnam              |
| Egypt         | Mauritania                   | Solomon Islands       | West Bank and Gaza   |
| El Salvador   | Micronesia, Federated States | Sri Lanka             | Yemen                |
| Ghana         | Moldova                      | Sudan                 | Zambia               |

(Continued overleaf)



**Annex Table 9: Countries categorised by economies in accordance with World Bank groupings, dated December 2016  
(continued)**

**Upper-middle income**

|                        |                        |                  |                                  |
|------------------------|------------------------|------------------|----------------------------------|
| Albania                | Jamaica                | Iraq             | Paraguay                         |
| Algeria                | Costa Rica             | Jordan           | Peru                             |
| American Samoa         | Cuba                   | Kazakhstan       | Romania                          |
| Angola                 | Dominica               | Lebanon          | Russia                           |
| Argentina              | Dominican Republic     | Libya            | Saint Lucia                      |
| Azerbaijan             | Ecuador                | Malaysia         | Saint Vincent and the Grenadines |
| Belarus                | Equatorial Guinea      | Maldives         | Serbia                           |
| Belize                 | Fiji                   | Marshall Islands | South Africa                     |
| Bosnia and Herzegovina | FYR Macedonia          | Mauritius        | Suriname                         |
| Botswana               | Gabon                  | Mexico           | Thailand                         |
| Brazil                 | Georgia                | Montenegro       | Turkey                           |
| Bulgaria               | Grenada                | Namibia          | Turkmenistan                     |
| China                  | Guyana                 | Palau            | Tuvalu                           |
| Colombia               | Iran, Islamic Republic | Panama           | Venezuela                        |

**Low income**

|                                  |                                     |            |              |
|----------------------------------|-------------------------------------|------------|--------------|
| Afghanistan                      | Eritrea                             | Madagascar | Sierra Leone |
| Benin                            | Ethiopia                            | Malawi     | Somalia      |
| Burkina Faso                     | Gambia, The                         | Mali       | South Sudan  |
| Burundi                          | Guinea                              | Mozambique | Tanzania     |
| Central African Republic         | Guinea-Bissau                       | Nepal      | Togo         |
| Chad                             | Haiti                               | Niger      | Uganda       |
| Comoros                          | Korea, Democratic People's Republic | Rwanda     | Zimbabwe     |
| Democratic Republic of the Congo | Liberia                             | Senegal    |              |





