Climate change, and the parallel crisis of environmental degradation, are critical factors affecting the development prospects of countries, businesses, and households, and threatening to reverse years of development progress. Multilateral Development Banks (MDBs) have proven to be essential partners in global efforts to manage the urgent transitions climate change will involve, through the financial, technical, and knowledge support we provide, tailored to our clients’ unique domestic and international circumstances.

To set the world on a sustainable development path requires a significant expansion and acceleration of climate action across countries and economic sectors, taking into account the findings of the Sixth Assessment Report (AR6) of the Intergovernmental Panel on Climate Change (IPCC) released in August 2021.

We welcome the growing ambition reflected in the new Nationally Determined Contributions (NDCs) and we will continue to support the delivery of these plans in developing countries, building on our track records of supporting low-carbon, climate-resilient, and nature-based solutions for sustainable development. We will also contribute more broadly through our joint and individual efforts to align our financing flows with the Paris Agreement and in our work supporting our clients to develop ambitious Long Term Strategies (LTs).

MDBs ARE DELIVERING

- Since the Paris Agreement was signed in 2015, MDBs have significantly scaled up their activity to address the climate crisis.
- Total MDB climate finance reached US$66 billion in 2020, of which US$38 billion was for low- and middle-income countries.
- Since 2011, total MDB support for climate action in low- and middle-income countries has totalled over US$300 billion, and in 2019 MDBs provided 46% of public climate finance.
- MDB adaptation finance to low- and middle-income countries increased to US$13 billion in 2020 from US$5 billion in 2015, with the adaptation share rising from 20% to 35% over this period.
- Since 2015, MDBs have mobilised over US$100 billion in climate co-finance from the private sector. Climate co-finance for low- and middle-income countries from public and private sources reached US$36 billion in 2020.
- In 2017, MDBs committed to align their financial flows with the goals of the Paris Agreement, and at COP24 they published their joint approach, to put that commitment into action. Since then, MDBs have outlined a framework to assess the alignment of their investment projects with the goals of the Paris Agreement, and as of COP26, most have announced target dates for their Paris alignment commitments.
- MDBs are actively supporting their client countries in developing their NDCs, and integrating climate factors in the formulation of country and sector development plans.

MDBs RAISING CLIMATE ACTION AMBITION FOR COP26 AND BEYOND

Reflecting our individual mandates, approaches and capabilities:

- MDBs are increasing climate finance, including the amount of finance available to support adaptation initiatives.
• MDBs will aim to increase the level of private capital mobilised in support of mitigation and adaptation investments, using platforms, investment vehicles, and blended finance instruments, that are fit for purpose.

• MDBs will promote natural capital, biodiversity, and nature-based solutions, as well as gender-smart solutions, which support client climate and environmental goals.

• MDBs will support Just Transitions in communities, regions, and sectors directly impacted by the low-carbon energy, transport and industrial transitions.

• In addition, MDBs are working to develop dedicated approaches to assess the Paris Alignment of policy-based lending, real sector operations and lending through financial intermediaries, and will soon begin to test these parts of the MDBs Paris alignment frameworks.

• MDBs are also working and collaborating to enhance support to countries for the formulation of robust and ambitious NDCs, LTSs, and National Adaptation Plans (NAPs) in line with the Paris Agreement goals. This includes enhancing synergies between these instruments and ensuring they are mainstreamed into national development plans. MDBs are working together to increase the level of funding and coordination of their support at national, sub-national and sector level to facilitate the development and implementation of LTSs, including by exploring the potential establishment of a joint MDB LTS Facility.

• MDBs are working with clients to develop plans to integrate the transition to a net-zero emissions and climate-resilient economy with development programs in key sectors such as energy, cities, food and land use, water, and industry.

• MDBs are prioritising the development of cost-effective and equitable approaches to decommissioning coal and other high-GHG emission systems, taking into account socio-economic trade-offs.

• MDBs are working to accelerate climate finance for cities, reflecting their key role in developing and implementing climate action at the local level.

• MDBs are supporting their client countries to design, pilot and implement carbon pricing instruments, including carbon taxes and fossil fuel subsidy reduction.

**COORDINATION**

The effective implementation of MDB climate action and Paris alignment relies first and foremost on the quality and depth of engagement with countries of operations and clients. The necessary acceleration in MDB climate action to address the climate and environmental emergencies, also depend on broad shareholder and donor support, in terms of strategy and resources. In implementing their climate strategies, MDBs will pursue an active coordination and partnership approach with organisations and coalitions, working to achieve the goals of the Paris Agreement.

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