



## COP27 MULTILATERAL DEVELOPMENT BANKS JOINT STATEMENT<sup>1</sup>

**Across continents, climate change is having increasingly severe environmental, social and economic impacts posing a significant and urgent challenge to development and the achievement of the SDGs.** The current global context of multiple shocks, elevated risks, and stretched public resources are exacerbating the challenge, particularly for developing countries. **Achieving true momentum on climate action requires the identification of impactful programs and projects, adequate public policies, and significantly increased funding from multiple sources.** Transformational results and systemic impacts at sector level depend on comprehensive efforts by countries, MDBs and all public, private and civil society partners, local communities and indigenous people.

In 2021, **MDBs sustained their efforts on climate finance** and delivered \$51 billion in Low and Middle Income Countries, of which \$33 billion (65%) was for mitigation and \$18 billion (35%) for adaptation; and \$31 billion in High Income Countries, of which 95% was for mitigation and 5% for adaptation. In addition \$41 billion of private finance was mobilised in parallel. In doing so MDBs reached in 2021 the climate finance levels they anticipated reaching by 2025, announced at the UN Climate Action Summit in 2019. The MDBs have also worked collaboratively on a range of topics, such as Paris Alignment approaches and recent updates of mitigation and adaptation finance tracking methodologies.

Recognising the **interconnected challenges of sustainable development, climate change and nature loss**, MDBs have committed to address these challenges in an integrated manner, maximising co-benefits while minimising trade-offs, notably by continuing to address the direct and indirect drivers of nature and biodiversity loss.

**In this urgent and complex context, the MDBs affirm their commitment to expanding their support to countries in their low-carbon, climate-resilient transition to:**

- **Undertake sound analysis** integrating climate and development to identify priority mitigation and adaptation actions, including support to countries in: the formulation of their Long Term Strategies, Nationally Determined Contributions and National Adaptation Plans; sectoral and subnational transition pathways; drawing on sound evidence-based diagnostics.

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<sup>1</sup> African Development Bank, Asian Development Bank, Asian Infrastructure Investment Bank, Council of Europe Development Bank, European Bank for Reconstruction and Development, European Investment Bank, Inter-American Development Bank Group, Islamic Development Bank, New Development Bank, World Bank Group.

- **Formulate policies** to spur systemic change and provide the legal and regulatory certainty to attract investment, going from green projects to greening economies.
- **Define specific investment plans** and prepare impactful projects and programs.
- **Mobilise financing sources** including public (local and concessional), private and blended finance.

Accordingly, MDBs are working with an increasing number of countries, regions and cities to develop mitigation, adaptation and “nature-positive” programs. Applied at scale, this programming approach can mobilise significant financing to implement the actions, plans and policies needed to drive the global transition. These efforts will also require additional resources in terms of MDB lending capacity, project preparation, advisory outreach and staffing.

While efforts will be tailored to individual country and client needs and priorities within individual MDB mandates, the following are critical priorities to deliver high impact outcomes:

- **Implementing Paris Alignment approaches:** All the MDBs are currently on track to meet their individual Paris Alignment commitments, with institutions at different stages of piloting or implementation.
- **Mainstreaming Just Transition efforts:** Reflecting the sharp social issues arising from the current context, the MDBs are including just transition and social inclusion considerations in relevant policies, plans and projects. MDBs are also working to advance inclusion and equality of opportunity for women and vulnerable groups, and to improve their resilience to the impacts of climate change.
- **Boosting Adaptation Finance:** The MDBs are boosting support to build climate-resilience and will provide particular attention and support to Low Income Countries, Small Island Developing States, and disadvantaged populations where the gap between adaptation finance requirements and capacity is the widest, noting that concessional finance is critical to catalyse both public and private sector investment in adaptation.
- **Supporting Efforts on Nature:** Following upon their Joint Statement on Nature, People and Planet at COP26, MDBs are developing definitions of nature-positive actions to support developing projects and programs, business models and financing instruments addressing the drivers of nature and biodiversity loss. In parallel, MDBs are developing methodologies to identify, monitor and track nature positive investments in support of biodiversity and ecosystems services.
- **Increasing Concessional Finance:** Concessional finance will remain a decisive element to achieve a broad range of high impact outcomes, including for the private sector and in Middle Income Countries. Significantly higher funding is needed from the global community to respond to the high demand for upstream policy support and to support approaches such as results-based climate finance.
- **Scaling up Private Sector Mobilisation:** To reach the scale of action required, MDBs will enhance support to countries to strengthen the enabling environment for private climate investment, including:
  - market creation, for instance generating market confidence through new green business opportunities;
  - project pipeline development including support to corporates and early-stage finance to step-up the generation of projects;
  - direct or indirect finance mobilisation including innovative MDB private finance mobilisation, risk-sharing and de-risking instruments supporting adoption of new technologies; and
  - catalysing markets through asset class and market infrastructure development, greening and strengthening local banking sectors and capital markets, blending and refinancing.

- **Voluntary Cooperative Approaches:** As recognised under Article 6 of the Paris Agreement, the MDBs are supporting the development of market and non-market instruments, such as monetisation of adaptation benefits and verified emissions reductions.

Taken together this suite of actions, encompassing investment, mobilisation, policy support, market reform and innovation, delivered by MDBs in a coordinated but diverse manner, reflects our collective efforts to support our countries of operations in addressing their most urgent development and climate challenges.