



LESSONS IN MULTILATERAL EFFECTIVENESS

Accelerating Climate Action: Multilateral Development Banks' Readiness and Performance

BRIEF

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Capitalising on the Network's unique cross-multilateral system perspective and expertise, MOPAN members¹ work together to deliver relevant, impartial, high-quality and timely performance information as a public good through an inclusive and transparent approach.

MOPAN's performance information mitigates risks, informs decision making and supports change, helping to increase knowledge and trust among all stakeholders and ultimately achieve a stronger and better-performing multilateral system.

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¹ As of 1 March 2024: Australia, Belgium, Canada, Denmark, Finland, France, Germany, Ireland, Italy, Japan, Korea, Luxembourg, the Netherlands, Norway, Qatar, Spain, Sweden, Switzerland, the United Kingdom and the United States are members; New Zealand and Türkiye are observers.

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Abbreviations & Acronyms

ADB	Asian Development Bank	LIC	Low-Income Country
AIMM	Anticipated Impact Measurement and Monitoring System	LTS	Long-term Strateg
CCDR	Country Climate and Development Report	MDB	Multilateral Development Bank
CIF	Climate Investment Funds	MIC	Middle-Income Country
DELTA	Development Effectiveness Learning, Tracking and Assessment	MO	Multilateral Organisation
EBRD	European Bank for Reconstruction and Development	MOPAN	Multilateral Organisation Performance Assessment Network
GCF	Green Climate Fund	MRV	Monitoring, Reporting and Verification
GHG	Greenhouse Gas	NDC	Nationally Determined Contribution
IDA	International Development Association	TOMS	Transition Objective Measurement System
IDB	Inter-American Development Bank	UN	United Nations
JETP	Just Energy Transition Partnerships	VF	Vertical Fund

Climate action is urgent. The outcome of the first Global Stocktake recognises that human activities have undeniably caused global warming of 1.1°C and that climate change impacts are being felt across the globe, particularly by the most vulnerable. Some greenhouse gas (GHG) emissions continue to rise and are expected to increase further.² The risks and projected impacts of climate change are increasingly complex and unpredictable and becoming more difficult to manage with every degree of warming. Left unmitigated, climate change could push 132 million more people into extreme poverty by 2030.³ The world's most vulnerable people will be disproportionately affected.⁴ Climate change is interlinked with a range of different development issues.

The COP28 Global Stocktake calls for scaled-up climate action. At COP28, in response to the worsening impacts of climate change globally the Global Stocktake called for accelerating emissions reductions significantly. Over 200 Parties endorsed “transitioning away from fossil fuels in energy systems in a just, orderly and equitable manner”, tripling investments in renewable energy, doubling the rate of energy efficiency improvements globally by 2030 and including phasing out of inefficient fossil fuel subsidies.⁵

Multilateral development banks, or MDBs, have an important role. MDBs have a unique comparative advantage in supporting net-zero transition, adaptation and resilience by providing solutions through their country- and client-driven business models. They provide solutions that include policy dialogue, knowledge and technical assistance, institutional capacity support, lending and guarantees. Together, these support the public infrastructure investment needed to achieve emissions reductions, promote an investment-enabling environment and mobilise private sector climate investment.⁶ In addition, they support adaptation and resilience across a broad range of sectors, reflecting the interconnectedness of climate and development. MDBs were called upon to scale up their climate action and to work more closely together as a system, in the context of their larger reform agenda.

The MDBs have responded to these calls to scale up climate action. In response to the COP28 Global Stocktake, ten MDBs issued a joint statement. They announced over USD 180 billion in new climate finance commitments through multi-year programmes and committed to increase climate finance further over the next decade, including by mobilising additional private capital. Furthermore, they committed to: (i) scale up their analytical support to countries to help them address climate change; (ii) strengthen in-country collaboration by, among other things, working as part of country-led co-ordination mechanisms; and (iii) increase their reporting on climate results through a harmonised approach.

² 12% between 2010 and 2019 alone – faster than during any other decade. See Intergovernmental Panel on Climate Change (2023) “AR6 Synthesis Report: Climate Change 2023” [AR6 Synthesis Report: Climate Change 2023 — IPCC](#); Intergovernmental Panel on Climate Change (2022) “Climate Change 2022: Impacts, Adaptation and Vulnerability” [Climate Change 2022: Impacts, Adaptation and Vulnerability | Climate Change 2022: Impacts, Adaptation and Vulnerability \(ipcc.ch\)](#)

³ World Bank Group (2020) “Revised Estimates of the Impact of Climate Change on Extreme Poverty by 2030” [World Bank Document](#)

⁴ [Ibid.](#)

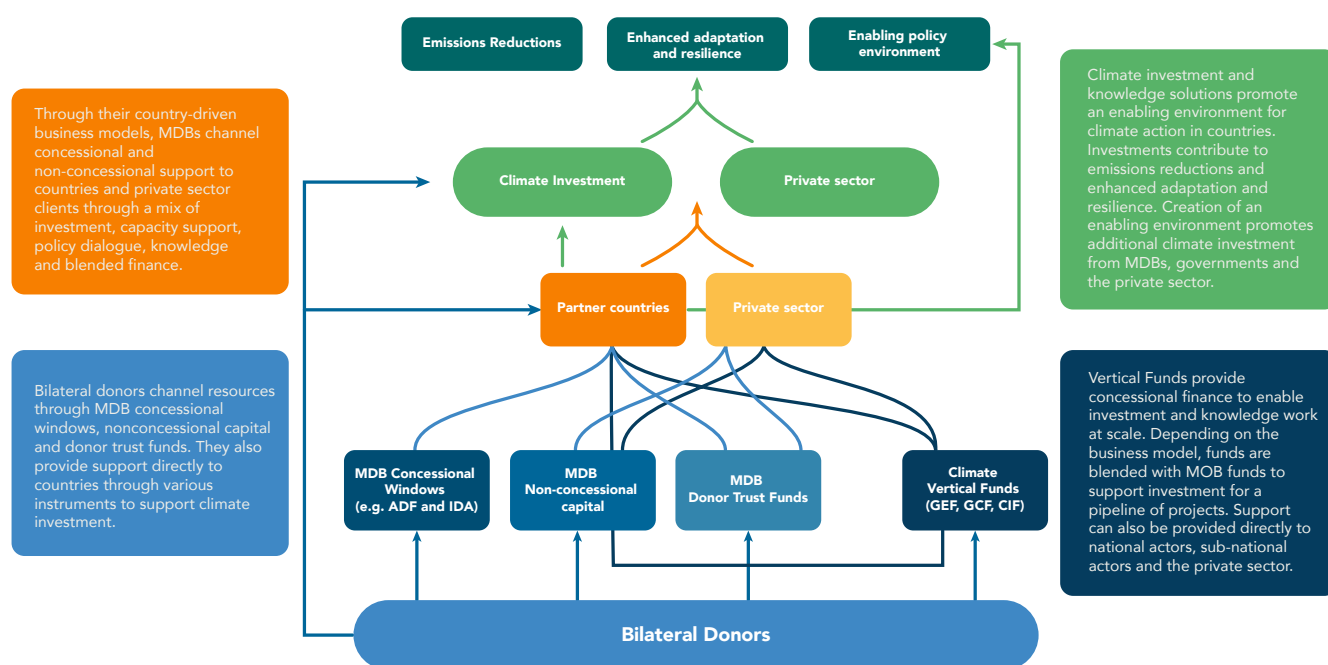
⁵ UNFCCC (2023) “Outcome of the First Global Stocktake” [Outcome of the first global stocktake. Draft decision -/CMA.5. Proposal by the President \(unfccc.int\)](#)

⁶ [Ibid.](#)

MOPAN, a network of 22 member countries with a shared concern for promoting the effectiveness of the multilateral system, regularly implements assessments and analytical work against a standard framework of indicators to assess how well multilateral organisations (MOs) are positioned to deliver inclusive, and sustainable development results in an efficient manner.⁷ This report aims to support dialogue and decision-making by taking a holistic look at the readiness of MDBs to deliver on the COP28 joint statement. This report draws upon eight MOPAN assessments of MDBs⁸ and previous analytical work on climate change⁹, alongside other evidence.

In the context of MDB reform, this report considers how MDBs and their shareholders can enhance the implementation of their joint commitments at COP28, building on the lessons from its assessments. It also provides considerations for MDBs to enhance delivery on their commitments based on good practices. Key assumptions underlying this assessment are presented in Figure 1.

Figure 1: Assumptions underlying MDB support to climate mitigation, adaptation, and resilience.



Source: MOPAN

⁷ European Investment Bank (2023) "COP28 Multilateral Development Banks (MDB) Joint Statement" [COP28: Multilateral Development Banks boost joint action on climate and development \(eib.org\)](https://www.mopanonline.org/assessments/)

⁸ <https://www.mopanonline.org/assessments/>

⁹ "Lessons in Multilateral Effectiveness Reports on Climate Change" <https://www.mopanonline.org/analysis/items/lesson-simultilateraleffectivenessclimatechange.htm> and the response of multilateral organisations to COVID-19.

Efforts by MDBs to scale-up climate change action

Climate change is an important strategic issue for MDBs. MOPAN assessments have shown that MDBs have increasingly embedded climate change into their institutional missions and visions, creating the incentive to address climate mitigation, adaptation and resilience in operations. This trend reflects the importance attached to resilience and sustainable development results. For example, the new World Bank mission and vision to “end extreme poverty and boost shared prosperity on a liveable planet”.¹⁰ MDBs have also raised the ambition of their institutional climate change strategies to target a broader range of sectors and integrate climate change into national policies to yield transformative impacts.

MDBs’ climate finance has been scaled up significantly. The climate finance provided by MDBs has more than doubled since 2015 to USD 60.7 billion in 2022, with an increasing share (37%) going to fund adaptation.¹¹ Public sector entities continue to receive the vast majority of MDB climate finance for LICs and MICs (80.2% in 2022). A range of standalone and multi-donor trust funds provide the means for grants, guarantees and other risk-sharing instruments that support diagnostic work and help mobilise private capital. Blended concessional resources for climate have more than tripled since 2019.¹²

Efforts are underway to increase MDBs’ resource base to support climate investment. MDBs have played a leading role in developing and issuing proceeds-based green, blue, and disaster bonds, mobilising billions of dollars to support climate investment. They have also made notable progress in expanding usable capital for climate investment by adjusting their capital adequacy frameworks, identifying mechanisms for hybrid capital and implementing risk transfers to the private sector. For example, the European Bank for Reconstruction and Development (EBRD) and Asian Development Bank (ADB) have recently introduced key changes to their capital adequacy frameworks to expand their lending capacity.¹³

MDBs are mainstreaming climate considerations into their operations. Climate change teams have grown in size over time and they implement increasingly diverse activities. They engage country and sector teams to help integrate climate change considerations throughout operations. These teams also contribute to channelling concessional finance to scale up climate change action through donor trust funds and Vertical Funds (VF). They increasingly produce in-depth knowledge and diagnostics, such as the World Bank’s Country Climate and Development Report (CCDR), which help integrate climate change into country strategies and support the development of long-term low greenhouse gas emission development strategies (LT-LEDS - to be referred to as LTS)

¹⁰ World Bank Group (2023) “Ending Poverty on a Livable Planet: Report to Governors on World Bank Evolution” <https://www.devcommittee.org/content/dam/sites/devcommittee/doc/documents/2023/Final%20Updated%20Evolution%20Paper%20DC2023-0003.pdf>

¹¹ European Bank for Reconstruction and Development (2023) “Joint Report on Multilateral Development Banks’ Climate Finance” <https://www.ebrd.com/documents/climate-finance/2022-joint-report-on-multilateral-development-banks-climate-finance.pdf>; By comparison, the [OECD reports](#) that total public climate financing through multilateral and bilateral channels was USD 89.6 billion in 2021.

¹² International Finance Corporation (2020) “DFI Working Group on Blended Concessional Finance for Private Sector Projects – Joint report” <https://www.ifc.org/content/dam/ifc/doc/mgrt/dfi-blended-concessional-finance-working-group-joint-report-october-2019-v13-report.pdf>; European Investment Bank (2023) “DFI Working Group on Blended Concessional Finance for Private Sector Projects – Joint Report” [2022-dfi-bcf-working-group-joint-report.pdf](https://www.eib.org/~/media/DFI-Working-Group-on-Blended-Concessional-Finance-for-Private-Sector-Projects-Joint-Report-2022/2022-dfi-bcf-working-group-joint-report.pdf) ([eib.org](https://www.eib.org))

¹³ MOPAN (2024) “MOPAN Assessment – EBRD” (forthcoming); [New Capital Adequacy Framework | Asian Development Bank](https://www.adb.org/publications/new-capital-adequacy-framework) ([adb.org](https://www.adb.org))

Mainstreaming approaches have also matured. Climate and disaster risk screening (CDRS) and GHG accounting help promote the consideration of climate impacts and hazards in new investments and planning. Biodiversity risks are considered through environmental and social risk management and new joint nature-positive finance principles. For private sector operations, project selection tools help prioritise projects likely to yield climate change results. MDBs have made progress toward Paris-alignment for all new operations and guarantees, identifying common principles for Paris-alignment assessments. This also helps mainstream climate adaptation considerations.

New instruments are being used in innovative ways. For example, contingent disaster financing, the World Bank's results-based financing, and debt-for-climate swaps are being applied increasingly to enable countries to respond to climate disasters, promote an enabling environment for climate action and address climate change risks and opportunities in tight fiscal environments. Support for Monitoring, Reporting and Verification (MRV) is helping countries to scale climate action through emissions trading schemes such as carbon markets.¹⁴

The MDBs have enhanced their collaboration with the UN and other development partners through a wide range of global, regional, and national partnerships. These partnerships bring together developed and developing countries, UN entities, MDBs and philanthropies to help raise the quality and ambition of countries' National Direct Contributions (NDCs), mobilise resources and support implementation. Co-ordination runs through arrangements such as the UNDP Global Climate Promise, the NDC Partnership, the Global Partnership for Oceans and the Africa NDC Hub. However, as MOPAN's 2021 climate change study noted, these partnerships are quite fragmented and can strain limited national resources and absorptive capacity.¹⁵

MDBs have been working through country-led co-ordination mechanisms increasingly in recent years. Government-led partnerships at country level are providing a different model for addressing interconnected climate and development challenges. MDBs are among the key partners of emerging Just Energy Transition Partnerships (JETPs) in South Africa, Indonesia, Viet Nam, and Senegal among others.¹⁶ These partnerships scale up resources to support transition away from fossil fuels while addressing social impacts and crowding in private investment. Egypt's Nexus for Water, Food and Energy provides an alternative model, led by the government alongside a group of multilateral partners leading different sector activities.¹⁷

MDBs are likely to face challenges in delivering on the COP28 Joint Statement. Despite the progress that has been achieved, delivering on their joint commitments at COP28 will require the MDBs to adjust their ways of working to address long-standing institutional weaknesses. This paper describes the gaps in MDBs' readiness to scale up their contribution to transformative climate results and identifies practical considerations for the MDBs, building on good practice.

MDB reform is an important opportunity. In the coming years, multiple MDBs will be seeking both to replenish funds or to increase capital and implement changes to their institutional strategies. This presents a real opportunity for their shareholders to advocate for key institutional changes, create important incentives to change their ways of working, and address systemic challenges with targeted policy priorities and commitments.

¹⁴ World Bank (2022) "Climate Explainer: What You Need to Know About the Measurement, Reporting, and Verification (MRV) of Carbon Credits" [Climate Explainer: MRV \(worldbank.org\)](https://www.worldbank.org/analysis/items/climate-explainer-mrv)

¹⁵ MOPAN (2021) "Lessons in Multilateral Effectiveness – Pulling Together: The Multilateral Response to Climate Change" <https://www.mopanonline.org/analysis/items/lessons-in-multilateral-effectiveness-climate-change.htm>

¹⁶ International Institute for Sustainable Development (2022) "Just Energy Transition Partnerships: An opportunity to leapfrog from coal to clean energy" [Just Energy Transition Partnerships: An opportunity to leapfrog from coal to clean energy | International Institute for Sustainable Development \(iisd.org\)](https://www.iisd.org/publications/just-energy-transition-partnerships)

¹⁷ Government of Egypt (2022) "Joint Statement – Egypt's Country Platform for NWFE Programme"

Despite the progress made, MDBs continue to face challenges in accelerating the transition from climate finance to climate results, particularly relating to their role in creating enabling environments, channelling resources, mobilising private investment and working together as a system.

MDBs have difficulty demonstrating how their knowledge work, institutional capacity support and policy dialogue contribute to creating an enabling environment.

An enabling policy and regulatory environment is essential for delivering on national mitigation and adaptation objectives. There has been insufficient progress in strengthening NDCs and creating an enabling environment for their implementation to deliver on the Paris Agreement goals. The scope and ambition of NDCs have improved over time, including making long-term strategies (LTS) available to support implementation;¹⁸ however, they must be better integrated into national planning to ensure that the commitments to achieve specific/measurable emissions reductions are delivered and supported by credible financing and implementation arrangements.¹⁹

MDBs support development and strengthening of NDCs and LTS through their country engagement. MDBs provide knowledge, analytical support, institutional capacity development, policy dialogue and project and pipeline preparation support to help create an enabling environment for implementation, while also supporting critical policy actions such as the implementation of emissions trading schemes, support for research and development, and the elimination of fossil fuel subsidies.²⁰

But MDBs are not able to demonstrate how they contribute to transformative climate reform over time. Results-measurement remains short-term and output-driven, whereas actual uptake to inform policy may take years. Policy-based lending can play an important role, but it is difficult to monitor how funds provided align to climate goals and does not reflect the enforcement or effectiveness of new policies over time. Country-level results frameworks do not typically capture policy outcomes. Opportunities to deliver this work in partnership are rarely identified, which contributes to overlaps and lack of coherence among MDBs at the country level.

MDBs need to better demonstrate their contribution to climate action. New tools such as the World Bank's CCDR could support more co-ordinated action and plays a role in consolidating knowledge among partners. The new Joint MDB LTS Platform, announced as part of the MDBs' COP28 Joint Statement, is likely to play an important role, but opportunities to engage the UN and other partners should be considered.²¹ Delivering climate knowledge, analytics and capacity support through programmatic approaches is an important opportunity going forward.

¹⁸ UNFCCC (2023) "2023 NDC Synthesis Report" [2023 NDC Synthesis Report | UNFCCC](#)

¹⁹ Ibid.

²⁰ OECD (2023) "Climate Finance Provided and Mobilised by Developed Countries in 2013-2021: Aggregate Trends and Opportunities for Scaling Up Adaptation and Mobilised Private Finance" [Climate Finance Provided and Mobilised by Developed Countries in 2013-2021 : Aggregate Trends and Opportunities for Scaling Up Adaptation and Mobilised Private Finance | Climate Finance and the USD 100 Billion Goal | OECD iLibrary \(oecd-ilibrary.org\)](#)

²¹ European Investment Bank (2023) "COP28 Multilateral Development Banks (MDB) Joint Statement" [COP28: Multilateral Development Banks boost joint action on climate and development \(eib.org\)](#)

Concessional climate finance is fragmented, resulting in transaction costs for MDBs and missed opportunities to catalyse investment.

Concessional finance from public sources is critical in supporting climate mitigation, adaptation and resilience. This is especially true when it comes to adaptation and resilience activities that have no clear revenue streams. Concessional resources help address policy and regulatory bottlenecks for climate action and support mobilisation private climate investment through pipeline development and risk transfer. Partnerships among donors, MDBs, and Vertical Funds are essential for supporting channelling, for scaling, and for avoiding fragmentation.

Climate adaptation and mitigation finance for developing countries is still fundamentally inadequate. To address the goals of the Paris Agreement, especially as LICs contend with increasingly unsustainable debt levels, will require more than four times the current levels of concessional financing by 2030.²² MDBs must continue to leverage concessional resources with hybrid financial models, such as the IDA International Development Association (IDA) hybrid model, and ensure that concessional resources that are provided through trust funds and VFs are channelled efficiently and selectively.

Donor trust funds are still highly fragmented. Over 50 individual and multi-donor trust fund mechanisms address various aspects of climate mitigation and adaptation. Their external approval structures can introduce a wide range of administrative requirements, transaction costs, and unpredictability. Although some MDBs have tried to consolidate their donor trust funds, these efforts are still nascent across many institutions.

Vertical Funds play a critical role in financing transformational projects and catalysing investment. VFs provide over 84% of all concessional financing accessed by MICs and remain crucial for supporting climate mitigation.²³ They also provide a critical pool of funds to support adaptation and resilience among the countries most vulnerable to climate change impacts. They yield demonstration effects for innovative technology and support pipeline development in challenging sectors. Their robust evaluation and learning functions identify important lessons that can be applied at scale to better address complex climate change issues. They can make collaboration among the MDBs easier: for example, the Climate Investment Funds (CIF) works through six MDBs using a country-led programme approach that facilitates deeper co-ordination.

Collaboration with VFs can be challenging for MDBs. VFs' governance models can be more or less complex. Models that facilitate ownership, inclusion and engagement across a large number of member states can come with important trade-offs. Heavy processes can lead to high transaction burdens and run counter to the growing pressures being put on MDBs to enhance their internal efficiency.²⁴ For some VFs, having multiple partners makes it challenging to implement tailored processes, which leads to duplication. As a result, MDBs can be reluctant to engage with some VFs in some circumstances. Other partners can also face barriers created by heavy, complex processes: the countries most vulnerable to climate impacts are not the ones that receive the most adaptation finance from VFs, for example.²⁵

VFs and MDBs could better position themselves to jointly catalyse and mobilise finance. VFs support technology uptake and pipeline development in challenging sectors to generate bankable projects. Whereas concessional support from VFs often helps blend investments in renewable energy – and the

²² Bhattacharya A, Songwe V, Soubeyran E and Stern N (2023) "A climate finance framework: decisive action to deliver on the Paris Agreement – Summary" [A-Climate-Finance-Framework-IHLEG-Report-2-SUMMARY.pdf \(lse.ac.uk\)](#)

²³ Lee, Landers and Matthews (2023) "Concessional Climate Finance – Is the MDB Architecture Working?"

²⁴ The G20 Independent Expert Group (2023) "The Triple Agenda: A Roadmap for Better, Bolder and Bigger MDBs; Independent High-Level Expert Group on Climate Finance (2022) "Finance for Climate Action – Scaling Up Investment for Climate and Development"

²⁵ Ibid.

need for this support continues – there are opportunities to expand upstream support for other sectors where MDBs and the private sector cannot yet engage. Currently, grants comprise over 80% of support from VFs, which limits opportunities for mobilising finance and reducing reliance on replenishments.²⁶ Guarantees have a strong potential to scale up investment, but they remain relatively under-utilised.²⁷

MDBs are not working systematically through a “whole-of-institution” approach to mobilise private climate finance.

Private climate finance will have to be mobilised at scale to meet the Paris Agreement objectives. At 16.1% in 2021, private climate finance represents only a small share of the overall climate finance. Moreover, these levels have stagnated since 2017.²⁸ What’s more, private climate finance remains concentrated in climate mitigation projects in MICs with stronger investment environments – accounting for 67% of all private climate finance mobilised – while LICs and Small Island Developing States account for just 5% and 1% respectively.²⁹ The international community has repeatedly called on MDBs to create an enabling investment environment using technical assistance, blended finance, guarantees and de-risking instruments, a key channel through which they contribute to mobilising private investment.

Mobilising private investment for climate adaptation, including among LICs and LDCs that need it most, has been especially challenging. Adaptation projects are smaller, more fragmented and often do not have the necessary revenue streams to attract private investment.³⁰ Creating an enabling environment for investment through complementary public and private sector engagement remains essential in scaling up private sector support for adaptation alongside other climate change issues.

Most MDBs have sought to implement “whole-of-institution” approaches but these remain inadequate. The sine quo non for mobilising private climate investment is a conducive investment environment. Through their sovereign operations, MDBs engage governments to promote policy reforms that enable private investment, including to address climate change. Through their non-sovereign operations, MDBs engage the private sector to support private investment and mobilise private capital. Because private investment depends on the availability of bankable projects, there is a need for coherence: public sector activities need to help remove constraints to investment and adapt to emerging opportunities.

“Whole-of-institution” approaches help create synergies between MDBs’ public and private sector operations to scale up investment.³¹ At the country level, MDBs have tried to develop country strategies that reflect both public and private sector development perspectives. At the project level, the World Bank Group’s Cascade Approach directs teams to consider whether a potential project could be delivered through the private sector, including by enhancing the investment environment.³² Implementation of these approaches has advanced to different degrees across the MDBs.

²⁶ Ibid.

²⁷ The G20 Independent Expert Group (2023) “The Triple Agenda: A Roadmap for Better, Bolder and Bigger MDBs”

²⁸ OECD (2023) “Climate Finance Provided and Mobilised by Developed Countries in 2013/2021” [e20d2bc7-en.pdf](https://www.oecd-ilibrary.org/e20d2bc7-en.pdf) ([oecd-ilibrary.org](https://www.oecd-ilibrary.org))

²⁹ OECD (2022) “Climate Finance Provided and Mobilised by Developed Countries in 2016-2020 - Insights from disaggregated analysis” <https://www.oecd-ilibrary.org/docserver/286dae5d-en.pdf?expires=1694954855&id=id&accname=ocid84004878&checksum=8362EF873D497FBFF8F6DCDE04569856>

³⁰ Ibid.

³¹ The G20 Independent Expert Group (2023) “The Triple Agenda: A Roadmap for Better, Bolder and Bigger MDBs; Independent High-Level Expert Group on Climate Finance (2022) “Finance for Climate Action – Scaling Up Investment for Climate and Development”

³² World Bank (2018) “Optimising Finance for Development” [Optimizing finance for development \(worldbank.org\)](https://www.worldbank.org); Independent Evaluation Group (2023) “The World Bank’s Approaches to Mobilize Private Capital for Development” [The World Bank Group’s Approach to the Mobilization of Private Capital for Development](https://www.worldbank.org)

Institutional incentives currently work against “whole-of-institution” approaches. Where they do exist, they are often not implemented systematically. Save for MDBs that work predominantly with the private sector, corporate scorecards and country-level results frameworks rarely reflect whatever progress is made in promoting private climate investment. The significant differences in the processes and incentives underlying public and private sector operations thwarts greater coherence. Furthermore, there are only limited feedback loops for adjusting country strategies in light of a dynamic investment context.³³ Private capital mobilisation is rarely reflected in corporate scorecards and country-level results frameworks.³⁴ Organisations like the IDB are seeking to scale up examples of good practice and apply them more systematically through their updated institutional strategies.

MDBs report on climate finance and intentions rather than achieved climate results.

MDBs have focused primarily on measuring the scale of climate finance. Even through the scale of MDB climate finance has increased, it is unclear how it has contributed to results. This is partly because climate finance is fragmented across a range of activities that may have no tangible climate mitigation and adaptation outcomes. Highly fragmented MDB corporate scorecards reflect a wide range of indicators for climate mitigation, adaptation, and resilience, reporting based largely on outputs and “beneficiary reach” rather than on outcomes. Similarly, country-level results frameworks often do not reflect climate outcomes. Where corporate scorecards do reflect climate outcomes, these measures are ex-ante and are not revisited after projects are implemented.

MDBs have not created a credible results architecture to monitor and report on their climate mitigation, adaptation, and resilience results. Some projects labelled as having climate finance include no climate-related indicators in their results frameworks, which creates significant gaps in evidence. The emphasis on ex-ante reporting provides only a limited incentive for consistent monitoring and follow-up during implementation. MDBs’ self-evaluation tools and reporting at country-level are often streamlined to promote compliance and do not reflect sustainable outcomes.

Evaluations play an important role in assessing MDBs’ contribution to climate outcomes in countries. Climate action is fundamentally linked to country contexts and priorities. Country-level evaluations are particularly important for reflecting on adaptation results because these are context-specific and intrinsically linked to broader development challenges. When the coverage of country-level evaluations is limited, opportunities to demonstrate contributions to transformative impacts over time are missed. Many MDBs do not implement country-level evaluations on a large scale. In other MDBs, the evaluations that have been implemented tend to face challenges due to weaknesses in project-level data.

³³ MOPAN (2023) “Institutional Assessment Report – International Finance Corporation” [MOPAN | Multilateral Organisation Performance Assessment Network \(mopanonline.org\)](https://mopanonline.org/)

³⁴ IFC and EBRD are important exceptions to this. OECD (2023) “Scaling Up the Mobilisation of Private Finance for Climate Action in Developing Countries Challenges and Opportunities for International Providers” [Scaling Up the Mobilisation of Private Finance for Climate Action in Developing Countries : Challenges and Opportunities for International Providers | Green Finance and Investment | OECD iLibrary \(oecd-ilibrary.org\)](https://oecd-ilibrary.org/green-finance-and-investment/scaling-up-the-mobilisation-of-private-finance-for-climate-action-in-developing-countries-challenges-and-opportunities-for-international-providers/)

MDBs are not optimally positioned to work together as a system through government-led co-ordination mechanisms

MDBs have been called upon to work more closely together as a system. The OECD and the International Partners Group have called upon MDBs to work together coherently and systematically through “whole-of-society” mechanisms. The Heads of MDBs have likewise committed to enhancing country-level collaboration, including working through “country-led programmes”.³⁵ The MDB Joint Statement at COP28 also features more intensive, integrated country-level collaboration to address climate change and other development challenges.

Recently established country-led co-ordination mechanisms are providing a new model for engagement. They add value by mobilising concessional finance at scale alongside support from MDBs, other development partners, and the private sector.³⁶ MDBs are participating increasingly in Just Energy Transition Partnerships (JETPs) to help countries accelerate their transition away from coal energy while addressing potential social impacts. Other government-led models, such as the Egypt Food, Water and Energy Nexus, are providing a different model for accelerating climate mitigation and adaptation across different sectors.³⁷ Both approaches are grounded in strong national ownership and whole-of-society co-ordination, which are key determinants of their success.³⁸

Expanding a country-led programme approach faces real challenges. MOPAN’s previous analytical work has found that the presence, functioning, and government ownership of these mechanisms are highly uneven.³⁹ MOPAN assessments also indicate that MDB partner engagement at country level outside of government remains relatively ad hoc. Greater MDB co-ordination through country-led co-ordination mechanisms requires an agile approach but few MDBs have clear processes to assess progress and adjust country strategies and operations accordingly as the context changes. Institutional incentives are still grounded in investments rather than in co-ordination and limited country presence and resources strain the ability of some MDBs to co-ordinate with certain partners.

There are significant challenges for these mechanisms to promote “whole-of-system” and “whole-of-society” approaches. There is an additional challenge in establishing platforms that facilitate co-ordination across the MDBs, the UN, bilateral partners, and the IMF. These organisations all have different entry points to national governments and work in different ways. The CIF and the GCF are playing more and more of a role in various JETPs, providing a means of driving for system-wide co-ordination.

³⁵ Asian Infrastructure Investment Bank (2023) “Statement of the Heads of Multilateral Development Banks Group: Strengthening Our Collaboration for Greater Impact” [Statement of the Heads of Multilateral Development Banks Group: Strengthening Our Collaboration for Greater Impact - News - AIIB](#)

³⁶ Rockefeller Foundation (2024) “Scaling the JETP Model: Prospects and Pathways for Action” [Scaling-the-JETP-Model-Prospects-and-Pathways-for-Action.pdf \(rockefellerfoundation.org\)](#); ODI (2022) “Country Platforms for Climate Action: Something borrowed, something new?” [odi.cdn.ngo/media/documents/ODI_Emerging_analysis_Country_platforms_for_climate_action.pdf](#)

³⁷ Government of Egypt (2022) “Joint Statement – Egypt’s Country Platform for NWEF Programme”

³⁸ Energy Transition Partnership (2023) “JETP Experience in South Africa and Indonesia and lessons learnt for Viet Nam” [20230508_Report_on_JETP_experience_in_SA_and_Indonesia_ENG.docx \(energytransitionpartnership.org\)](#)

³⁹ MOPAN (2023) “Lessons in Multilateral Effectiveness – More than the Sum of its Parts? The Multilateral Response to COVID-19” <https://www.mopanonline.org/analysis/items/lessons-in-multilateraleffectivenesscovid-19.htm>

Joint project monitoring and co-financing is still the exception. Co-financing across the MDBs remains limited and bureaucratic. Greater streamlining and harmonisation for internal processes and systems and critical functions such as procurement are needed.⁴⁰ Instruments have been introduced to make co-financing easier, but co-financing among MDBs and institutional incentives remain limited.⁴¹ In addition to streamlining processes for co-financing, MDBs also need to harmonise how they support upstream work to create an enabling environment, which is particularly important for supporting just transition.⁴²

Country-led co-ordination mechanisms require greater harmonisation in allocating grants and blended finance. In the early stages of the JETPs, for example, enabling activities, capacity development and addressing the social impacts of transition need to be prioritised. As project pipelines become available, donors' different standards, approaches and documentation requirements can increase transaction burdens and create barriers for private investment.⁴³ There is a need for greater use of programmatic approaches and frameworks to streamline the provision of blended finance.

Considerations for MDB Reform: Scaling-up good practices to accelerate net-zero transition, build resilience, and adapt to climate change impacts.

In light of the gaps that have been identified, MOPAN proposes five key considerations for the ongoing reform of MDB institutional structures and processes.

1. Scale-up concessional finance, streamline access, and emphasise catalysation.

In addition to maximising replenishments of large-scale concessional windows such as IDA, shareholders should support MDBs in streamlining the management of donor trust funds and identifying more streamlined, harmonised processes that limit transaction costs. Framework approaches to blended finance should be applied more broadly to enhance efficiency.

Shareholders should support VFs in continuing to streamline and harmonise their processes, including identifying opportunities for collaboration and complementarity. Where possible, these efforts should identify the means to further align processes with the systems of implementing partners, adopting a risk-based approach to avoid process duplications, and benchmarking against partner timelines. The use of instruments building on the financial frameworks and support offered by MDBs, including portfolio-level and project-level guarantees, should be expanded.

VFs play an essential role in supporting new technologies and pipeline development for adaptation and in sectors without pipelines of bankable projects. Where possible, these activities should be prioritised to promote catalytic results.

⁴⁰ The G20 Independent Expert Group (2023) "The Triple Agenda: A Roadmap for Better, Bolder and Bigger MDBs

⁴¹ [Parallel Loans | International Finance Corporation \(IFC\)](#)

⁴² Rockefeller Foundation (2024) "Scaling the JETP Model: Prospects and Pathways for Action" [Scaling-the-JETP-Model-Prospects-and-Pathways-for-Action.pdf \(rockefellerfoundation.org\)](#); Energy Transition Partnership (2023) "JETP Experience in South Africa and Indonesia and lessons learnt for Viet Nam" [20230508_Report_on_JETP_experience_in_SA_and_Indonesia_ENG.docx \(energytransitionpartnership.org\)](#)

⁴³ Ibid.



Image credit: freepik

2. Strengthen the focus on climate results in the results architecture of all MDBs.

At COP28, the MDBs committed to harmonise their corporate scorecard indicators and position themselves to increasingly report on results. In implementing new approaches, MDBs should consider (i) the extent to which projects achieve their intended results, (ii) the extent to which results are being achieved in the highest emitting and most vulnerable countries; and (iii) climate change results across different sectors, rather than aggregated emissions reductions. This would create incentives for deepening climate action across different sectors to reflect “whole of economy” progress.⁴⁴ The MDBs can also jointly reflect on the extent to which country partners’ overall public investment is aligned with long-term low-carbon development pathways.

Given that climate change targets reflect each country’s unique context and circumstances, evaluation plays an important role in demonstrating contribution to transformative impacts. Ex-post country level evaluation should be strengthened and re-positioned to focus on MDBs’ contribution to the changes over time and beyond discrete strategy periods and identify lessons for future operations. Enhancing project-level data collection will play an important role.

3. Enhance project selection and prioritise projects with tangible linkages to climate outcomes and transformative impacts.

Systems such as Anticipated Impact Measurement and Monitoring System (AIMM), Development Effectiveness Learning, Tracking and Assessment (DELTA) and Transition Objective Measurement System (TOMS) help identify private sector operations that have tangible linkages to climate impacts based on sector theories of change. These systems also assess potential market-level project impacts, identifying those more likely to contribute to transformational changes. Expanding this approach to all projects – focused on climate – could create incentives to prioritise and scale up transformational approaches. These systems also facilitate results measurement throughout implementation, providing a foundation for reporting on climate results over time.

⁴⁴ World Bank Group (2023) “Measuring Climate Impact: A Draft Approach for Going from Inputs to Outcomes” [Measuring Climate Impact: A Draft Approach for Going from Inputs to Outcomes \(worldbank.org\)](https://www.worldbank.org/publications/climate-impact)

As these systems also address factors such as gender and economic inclusion, they could help MDBs examine inter-connections between climate change benefits and other development challenges such as gender and inclusion. Combining data in this way would be particularly relevant for assessing projects' potential contributions to a just transition.

4. Measure MDBs' joint contribution to creating an enabling environment for climate mitigation, adaptation and resilience and private sector climate action.

MDBs should apply existing approaches from climate and other sectors to measure progress over time in promoting an enabling policy environment and supporting partner co-ordination, building on existing tools. Examples include:

- ④ The Public Expenditure and Financial Accountability Framework (PEFA)⁴⁵ assesses the extent to which analytical, advisory and capacity support is yielding genuine changes in institutional capacity, processes and behaviour and supports joint planning;⁴⁶
- ④ OECD's Climate Actions and Policy Measurement Framework (CAPMF)⁴⁷ provides a comprehensive, harmonised database of climate policy actions and enables policy makers to identify how to expand and strengthen the effectiveness of climate mitigation policies; and
- ④ the World Bank's Climate Change Institutional Assessment (CCIA)⁴⁸ provides a structured assessment of national institutional frameworks for climate change governance in critical areas.

Country strategies and corporate scorecards should better reflect outcomes linked to promoting an enabling environment, including indicators assessing the mobilisation of private sector climate finance.

5. Reposition country engagement to facilitate country-led co-ordination mechanisms and "whole-of-system" co-ordination.

MDBs should identify clear standards and institutional incentives for ongoing country-level co-ordination with partners. This would include more agile means of adapting country programmes and operations as the context changes and implementing more flexible, programmatic approaches. Joint monitoring and joint analytics, including regular updating of CCDRs, should be prioritised and more clearly defined processes and requirements should support their use. Beyond facilitating deeper MDB co-ordination, these approaches should consider how to strengthen partnerships with other development actors, including the United Nations, to promote a more coherent "whole-of-society" approach and reduce fragmentation.


The means of providing concession finance should be harmonised among partners at country-level to ensure that critical upstream support dependent on these resources are consistently given priority. In particular, means of harmonising processes to facilitate co-ordination with other partners such as Vertical Funds and United Nations entities needs to be considered. Co-financing, including for upstream support, needs to be scaled up and made more streamlined. This could be further supported by further harmonising key institutional processes across the MDBs and renewing the emphasis on strengthening and using country systems.



⁴⁵ [Homepage | Public Expenditure and Financial Accountability \(PEFA\)](#)

⁴⁶ To apply the PEFA approach there would first need to be agreement on the characteristics, components and pillars or areas that would need to be assessed to determine the capacity of a country to deliver on their net-zero agenda. This would also be context-specific.

⁴⁷ OECD (2022) "The Climate Actions and Policies Measurement Framework: A structured and harmonised climate policy database to monitor countries' climate action" [The climate actions and policies measurement framework: A structured and harmonised climate policy database to monitor countries' mitigation action | en | OECD](#); OECD (2023) "The Climate Action Monitor: Providing information to monitor Progress toward net zero" [60e338a2-en.pdf \(oecd-ilibrary.org\)](#)

⁴⁸ World Bank Group (2021) "Climate Change Institutional Assessment" [World Bank Document](#)



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