COMMON APPROACH TO MEASURING CLIMATE RESULTS

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A. INTRODUCTION

Multilateral Development Banks (MDBs) share a collective vision for supporting countries and other public and private sector clients to transition toward an equitable low-carbon and climate-resilient future while continuing to pursue core sustainable development objectives. Central to this vision is providing a wide range of financing and advisory services, and supporting climate policies, plans, and frameworks.

The scale of investment required to achieve the ambitious mitigation and adaptation goals of the Paris Agreement is immense, with $2.4 trillion in finance a year needed by 2030 in developing countries (excluding China) if the world is to limit global warming to 1.5 degrees C and build climate resilience.2

At the 2017 One Planet Summit, MDBs announced, together with the International Development Finance Club, their vision to align financial flows with the objectives of the Paris Agreement and published at COP24 their joint framework to put this into action1. In 2023, MDBs published the Joint MDB Methodological Principles for Paris Alignment Assessment of New Operations. They have also met, or are on track to meet, their respective timelines to align their activities with the goals of the Paris Agreement and continue to work together to actively share knowledge and experience and harmonize approaches with each other and with the broader finance community.

As part of the further implementation of their COP24 Paris alignment framework, MDBs also agreed at COP28 to develop a common approach for measuring climate results, to enhance their climate-related reporting, in addition to tracking and reporting climate finance.4 This first common approach to measuring climate results represents a significant step in this direction, which aims over time to provide stakeholders with a clearer view of the climate results of MDBs related to the goals of the Paris Agreement, based on an agreed overall framework; and to enhance consistency in measuring results across MDBs for their operations and new financing. In this common approach, results include outputs, outcomes, and impacts, both positive and negative, in line with international definitions of results measurement.5

While the primary focus of this common approach is the mitigation and adaptation goals outlined in the Paris Agreement, MDBs also recognize the intricate relationship between climate action and broader development goals – including how climate efforts are intertwined with environmental sustainability and social development. Consequently, the common approach already includes some key interlinkages between climate and social objectives, and it can provide a basis for incorporating further important interconnections that relate to climate change in sustainable development frameworks, such as the Sustainable Development Goals, the Kunming-Montreal Global Biodiversity Framework, and the Sendai Framework for Disaster Risk Reduction. Additionally, MDBs note existing standards and frameworks to build on such as the International Sustainability Standards Board (ISSB), European Sustainability Reporting Standard (ESRS) and existing market guidance, such as guidance provided by the Capital Market Association (ICMA).

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1 The MDBs involved are the 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; and the International Bank for Reconstruction and Development, International Development Association, International Finance Corporation, and Multilateral Investment Guarantee Agency of the World Bank.
3 Joint Declaration MDBs Alignment Approach to the Paris Agreement, COP24
4 See Joint MDB Statement at COP28 and Statement of the MDB Climate Heads at Marrakesh.
5 Further captured in OECD Development Results: An overview of results measurement and management. MDBs note that the measurement of impacts may, particularly for adaptation and climate resilience, take a longer period to assess.
B. SCOPE OF THE COMMON APPROACH

The common approach builds on the individual systems and frameworks of MDBs that report climate results and an initial assessment of existing practices and indicators developed by each MDB. These indicators are used in various MDB documents, including regular project-level reports and corporate-level results frameworks.

The common approach (Figure 1) consists of three levels: i) global and country context; ii) results from operations; and iii) institutional efforts. It reflects a bottom-up approach that links MDB finance and wider resources to results from operations to global and country progress. A clear understanding of global and country progress also informs the responses developed by MDBs in terms of resource use and development of new initiatives and operations:

- **Level 1. Global and country context**: This level aims to take stock of the latest climate science and set the context for urgent action on global delivery of the Paris Agreement. It focuses on tracking two areas: i) Global GHG emissions to demonstrate progress to hold global temperature increase to well below 2°C above pre-industrial levels and the pursuit of efforts to limit to 1.5°C above pre-industrial levels including the latest Intergovernmental Panel on Climate Change (IPCC) and International Maritime Organization (IMO) projections on temperature levels; and ii) information on the global state of climate vulnerability and enhancements to adaptive capacity, strengthening resilience, and reducing vulnerability to climate change. While achieving these adaptation and mitigation goals relies on policies and investments that extend beyond MDB financing and support, tracking progress towards their achievement offers valuable insights to contextualize the climate efforts of MDBs at global, regional, and country levels (level 1), and the climate results achieved through MDB activities (level 2) to inform future operations.

- **Level 2. Results from operations**: This level aims to reflect results of MDB contributions to support public and private sector client progress towards equitable, low-carbon and climate-resilient development. MDBs support countries and other clients to achieve climate and wider environmental and social results across a range of sectors and have cooperated for a number of years, including with other entities, on climate results reporting. This new common approach builds on this work and on other MDB joint approaches and on joint work in key thematic areas, such as a just transition, gender equality, conflict, and fragility. Under level 2, the common approach also reflects the results of MDB financing and of their policy and advisory support to country and other public and private sector client transitions. This includes results for MDB operations supporting a just transition to wider social benefits; operations that focus on building the positive synergies from climate to other social objectives; and support for the development of national sustainable finance frameworks and systems.

- **Level 3. Institutional efforts**: This level aims to track the delivery of MDB inputs, both finance and wider resources, that MDBs deploy to achieve operational results. Institutional efforts are commonly reported within MDB Annual Reports.

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5 See [IFIs - Harmonization of Standards for GHG accounting, UNFCCC and Framework and Principles for Climate Resilience Metrics in Financing Operations](#).
6 See [MDB common principles for adaptation finance tracking, MDB common principles for mitigation finance tracking](#).
7 See [MDB Just transition high-level principles](#). Note also ongoing workstreams on gender and conflict/fragility.
8 See [MDB Just transition high-level principles](#). Note also ongoing workstreams on gender and conflict/fragility.
9 MDBs are working to align their new financing flows with the Paris Agreement, following the Joint MDB Methodological Principles on Paris Alignment Assessment.
The following sections C and D outline further details for levels 1 and 2. This includes potential sectoral areas of interest and example indicators for inclusion in the common approach.10

**C. GLOBAL AND COUNTRY CONTEXT**

The common approach recognizes the critical importance of global trends on the low-carbon and climate resilient transition, which reflect actions by governments, and private sector entities. Figure 2 outlines example indicators for the global and country context. Regional trends can also be tracked based on aggregation of country level data. MDBs do not generate such data internally and aim instead to leverage the work of other external institutions and experts.

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10 These potential sectors and example indicators will continue to be refined over time.
The global emissions profile provides valuable insights on worldwide progress towards the temperature goals outlined in the Paris Agreement and will highlight the level of urgency required to avoid dangerous climate change impacts. Similarly, having a comprehensive and robust baseline of physical climate risks and vulnerable populations and ecosystems at a global level will help countries and MDBs to better understand overall trends and urgent needs for adaptation and resilience. This information is essential for well-informed decision making and effective climate action, in line with the Global Goal on Adaptation (GGA) and facilitating the Global Stock-take process. Global indicators highlight the efforts of countries to invest in low GHG emission and adaptive technologies, and foster climate-friendly markets, thereby contributing to the fulfillment of their Nationally Determined Contributions (NDCs), National Adaptation Plans (NAPs), and Long-Term Strategies (LTS). Additionally, data on people highly vulnerable to climate risks globally will provide insights into how countries are progressing in relation to the GGA. This information will also link to the overarching UAE Framework for Global Climate Resilience" (UAE FGCR) endorsed by countries at COP28 for operationalizing the GGA.

MDBs also need to consider country transition progress to engage positively with their countries of operation. This section of the common approach aims at providing insights into countries’ climate ambition, and plans for low-carbon, climate resilient development, as outlined in their NDCs, LTS, NAPs, just transition plans and related communications, as well as the progress and status of the included actions. The data will be primarily derived from formal submissions to the UNFCCC and be supplemented by country-level diagnostics where relevant.

D. RESULTS FROM OPERATIONS

Adaptation and Resilience Results

Climate resilience is not a static attribute, but a dynamic and complex physical characteristic that changes over time and space. This makes it complex to establish universal metrics for climate adaptation and resilience. The GGA provides a foundation for the development of standard metrics and common indicators to track progress on resilience and adaptation. Recognizing that achieving resilience is a dynamic process, MDBs propose to consider a series of results that can facilitate the scaling up of climate adaptation finance and ensure that all financing flows are aligned with adaptation and resilience goals as outlined in the GGA.
### Figure 3. Potential sectors and example indicators for adaptation and resilience results

<table>
<thead>
<tr>
<th>Adaptation and Resilience Results</th>
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<tbody>
<tr>
<td><strong>Resilience Beneficiaries</strong></td>
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<tr>
<td>• Number of beneficiaries made more resilient to the impacts of climate change¹</td>
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<tr>
<td><strong>Sectoral Result Areas²</strong></td>
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<tr>
<td><strong>Water</strong></td>
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<tr>
<td>• Volume of water saved and/or provided to people in a water-stressed context</td>
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<tr>
<td><strong>Food</strong></td>
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<tr>
<td>• Support for climate smart agriculture value chains and food systems, technologies, and practices to enhance food security in the face of physical climate risk</td>
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<tr>
<td><strong>Health</strong></td>
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<tr>
<td>• Number of beneficiaries with access to health emergency management for acute and chronic physical climate-related stressors</td>
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<tr>
<td><strong>Infrastructure &amp; Human Settlements</strong></td>
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<tr>
<td>• Length of infrastructure and number of buildings incorporating climate resilient design</td>
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<tr>
<td>• Population with access to critical emergency and preparedness services</td>
</tr>
<tr>
<td>• Number of companies supported for production of adaptation enabling products</td>
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<tr>
<td>• Number of people with access to energy and/or clean cooking solutions</td>
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<tr>
<td><strong>Ecosystems and Biodiversity</strong></td>
</tr>
<tr>
<td>• Size of terrestrial and aquatic areas protected and with improved climate risk management</td>
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<tr>
<td><strong>Poverty Eradication and Livelihoods</strong></td>
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<tr>
<td>• Number of beneficiaries gaining access to social protection and climate finance products specifically targeting more climate resilient livelihoods</td>
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</tbody>
</table>

Note: 1/ The number of beneficiaries made more resilient to the impacts of climate change from activities financed through MDB operations. Beneficiaries can include but are not limited to people, firms, and ecosystems and can be disaggregated by gender, poverty level, and geographic coverage.

2/ Sectoral Results Areas reflect the key areas defined within the Global Goal on Adaptation. Several indicators measure progress on both climate adaptation and mitigation but are presented in tables above for ease of presentation.

Beneficiaries of adaptation and climate resilience projects are already tracked by many MDBs across various sectors and types of interventions. Building on this, the examples being put forward for this section of the common approach recognizes that a key impact goal for MDB activities is increasing the number of climate resilient beneficiaries. This is a complex goal that faces several challenges in definition and measurement. The common approach also includes a set of example indicators against six of the seven key areas defined within the UAE FGCR, agreed to at COP28, which contribute to the delivery of this overarching aim. The framework aims to guide the achievement of the GGA, outlining targets by 2030 across these sectoral areas.¹¹

### Mitigation Results

MDBs report on the greenhouse gas (GHG) emissions and sequestration contribution of their operations through GHG emissions data. Results indicators in this section of Level 2 cover operations for the development and financing of low carbon technologies and systems, for financing countries and private sector clients to incorporate zero-emissions technologies into operations design, and to minimize emissions through

¹¹ The seventh area, cultural heritage, has not been included as further work is needed to develop an example indicator.
low-emissions technologies where zero-emission technologies are not yet viable. Level 2 indicators aim at enhancing the ability of MDBs to identify potential transition risks and to understand how operations contribute to a country’s or client’s overall decarbonization efforts.

The potential sectors above originate from mitigation categories in existing MDB documents\textsuperscript{12} and also include financial intermediaries, emphasizing crucial areas for driving transformational change for countries and private sector clients that support decarbonization and the achievement of low-carbon pathways, as well as sequestration and protection of carbon sinks. These potential sectors are a starting point – it is expected that in the next steps sectors will be broadened and may include sectors and activities such as waste and the circular economy, buildings, agriculture, and support to private firms delivering green technologies.

**Country and Client Transition Support**

The common approach builds on the results from MDB support to public and private sector clients in planning and implementing economy-wide, sectoral, sub-national, and corporate low-GHG emission, climate-resilient, and just transitions. The initial focus is on three areas:

- **Enabling Conditions**: MDBs recognize that the low-carbon and climate resilient transition is dependent on actions by national, regional, and local level authorities, as well as public and private sector corporates and financial intermediaries to develop and deliver their respective policy, legal and regulatory frameworks, targets, and implementation plans. Through the common approach, MDBs will work to identify methods for capturing results that track support to public and private sector clients in transitioning to a low-emission and climate-resilient economy.

\textsuperscript{12} See \url{MDB common principles for mitigation finance tracking}.
- **Just Transition and wider social interlinkages:**
  - A green transition to a net-zero future is crucial for meeting the Paris Agreement’s goals. However, the associated climate and socioeconomic changes can worsen social inequality and economic competitiveness, particularly in some industries, regions, and countries. MDBs support a just transition through a multi-sectoral approach using financing, policy engagement, technical advice, and knowledge sharing that cut across support for people and communities, institutions, and the environment. In this context, MDBs will work to identify a set of indicators that track MDB just transition support and engage wider social considerations, such as social development, gender, conflict and migration, health, and economic inclusion.
  - As reflected in their COP28 Joint statement, MDBs recognize that the climate and social crises are interconnected as are their solutions. There is ample evidence that more diversity in leadership, workforces, supply chains and investment projects is associated with improved climate mitigation and resilience. At the same time women and men are impacted differently by climate change. MDBs are collaborating to expand and track climate finance that delivers gender equality goals and women’s empowerment.

- **Mobilized Finance:** MDB support extends beyond direct finance to include capacity building, risk mitigation, mobilizing private finance, and supporting clients in their access to a wide range of financial sources. The MDBs already have a joint common approach to identify the volume of finance mobilized and plan to incorporate indicators for this and related considerations into the common approach. This can include a potential indicator on the volume of climate adaptation finance resources mobilized from institutional investors through the financial market.

**E. ROADMAP: TOWARDS SYSTEM CHANGE AND TRANSFORMATIVE IMPACT**

The common approach will provide the basis for a more in-depth reflection of the impact of the MDB contribution to achieving the goals of the Paris Agreement. Given the differing mandates of individual MDBs and the evolution of their results frameworks to date, harmonization of approaches and improvement of methodologies for climate results indicators remains a work in progress.

MDBs will continue to develop and refine the common approach. This will include working towards an initial set of common indicators and, where possible, methodologies for common indicators, planned to be shared at COP29. MDBs will also continue their engagement and dialogue with relevant stakeholders, including organizations and experts active in climate action monitoring and assessment. This will inform the common approach’s design and make it responsive to the evolving international sustainability and impact measurement and disclosure landscape.

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13 To address this, MDBs introduced five principles at COP26, guiding their commitment to a just transition. These principles ensure consistency in MDB policies, integrating just transition considerations into national climate strategies and throughout MDB project development and monitoring processes. [www.adb.org/sites/default/files/related/238191/MDBs-Just-Transition-High-Level-Principles-Statement.pdf](http://www.adb.org/sites/default/files/related/238191/MDBs-Just-Transition-High-Level-Principles-Statement.pdf)