

Climate targets in public banks

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Three examples of climate targets

Inter-American Development Bank (IDB)



| Emissions avoided | No target | |
|---|---------------------------|----------------|
| New Country Strategies considering country's official commitments | 100% | 2021–25 |
| IDB Group operations aligned with the MDB methodology for Paris Alignment | 100% | 2023 |
| Projects with considerable disaster and climate change risk that applied risk analysis to identify resilience actions | 100% | 2023 |
| Climate finance in IDB Group operations | 30% | 2020–23 |
| Projects supporting climate change mitigation and/or adaptation | 65% | 2020–23 |
| Projects supporting agriculture, forestry, land use, and coastal zone management | 10% | 2020–23 |
| IDB Group facilities and fleet emissions | <9,600 tCO ₂ e | 2023 |

Source for alignment target: [COP26 Press release](#)

Source for other targets: [IDB Climate Change Action Plan 2021-2025](#)

Within the IDB Group, IDB Invest and IDB Lab have different targets for some of these indicators

Three examples of climate targets

French Development Agency (AFD)



| | | |
|--|------------------|-------------|
| Financing to projects with climate co-benefits | 50% | 2022 |
| Share of climate finance favourable to biodiversity | 30% | 2025 |
| Share of climate finance for adaptation | 30% | 2022 |
| Operations consistent with decarbonisation and resilience trajectories (“100% Paris Agreement”) | 100% | 2022 |
| Emissions avoided | No target | |
| Absolute emissions of the portfolio | No target | |

Source: [2017-2022 Climate-Development Strategy: Midterm Review](#).

Three examples of climate targets

Dutch Entrepreneurial Development Bank (FMO)



| Absolute emissions of the portfolio | Reducing year by year until 2050 |
|-------------------------------------|----------------------------------|
| Emissions avoided | 1.15MtCO2e/yr |
| Green finance | No target |

Source 1: [Deriving a 1.5°C Pathway for a Financial Institution](#)

Source 2: [Interim Report 2018](#)

New targets for emissions avoided will be published in 2022

Climate finance versus emission reductions

| Climate finance | Emission reductions |
|--|--|
| Adaptation + mitigation | Only mitigation |
| Mitigation finance tracking relies on a taxonomy of activities | Difficulties to measure emission reductions: <ul style="list-style-type: none">• Definition of baseline and boundaries• Challenges in some sectors• Challenges in a rapidly changing context |
| Focuses on an input | Focuses on an output |
| | Builds on CDM methodology corpus |

Climate finance versus 100% alignment

| Climate finance | 100% alignment |
|---|---|
| Distortions against other development objectives | |
| Required by governments to report on the \$100bn commitment | |
| Inertia of institutional targets | |
| Problems to define what counts | |
| Substantial institutional effort | |
| Volatility (importance of large projects) | |
| | Responds to the need to ensure alignment of all financial flows (Paris Agreement Article 2.1.c) |

Alignment with a pathway versus absolute emissions of the portfolio

| Alignment with a pathway | Absolute emissions of the portfolio |
|---|-------------------------------------|
| Relies on a qualitative assessment of consistency with a development pathway | Relies on a quantitative assessment |
| Recognizes that some emissions are consistent with a decarbonisation pathway | Considers all emissions equally |
| Considers decarbonisation and resilience | Only considers decarbonisation |
| Better consistency with a development mandate (i.e. where public support is required) | |

Thank you!
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