

REGIONAL

FROM DOLLARS TO IMPACT. MEASURING THE EFFECTIVENESS OF IDB CLIMATE FINANCE

(RG-T4803)

PROJECT DOCUMENT

This document was prepared by the project team consisting of: Team Leader: Acevedo Alameda, Paloma (CSD/CSD); Alternate Team Leader: Alfonso, Mariana (CSD/CCS); Attorney: Bonilla Merino, Arturo Francisco (LEG/SGO); Team Members: Avendano Paez Ana Milena (INE/INE); Barreda, Gisella (CSD/CSD); Blanco Vecchi, Candela (CSD/CCS); Chavez, Elizabeth (CSD/CSD); Dalaison Boichuk, Wilhelm Ivan (INE/INE); Doherty Bigara Rodriguez, Jennifer (CSD/CCS); Esmaeili Chinchilla, Maryam (CSD/CCS); Hernandez Segura, Claudia Yolanda (CSD/CCS); Leyva Munoz, Cesar (CSD/CSD); Mendez, Anwar Enrique (CSD/CCS); Minoja, Livia (INE/INE); Onstein Natalie (CSD/CCS); Avendano Paez Ana Milena (INE/INE); Barreda, Gisella (CSD/CSD); Blanco Vecchi, Candela (CSD/CCS); Chavez, Elizabeth (CSD/CSD); Dalaison Boichuk, Wilhelm Ivan (INE/INE); Doherty Bigara Rodriguez, Jennifer (CSD/CCS); Esmaeili Chinchilla, Maryam (CSD/CCS); Hernandez Segura, Claudia Yolanda (CSD/CCS); Leyva Munoz, Cesar (CSD/CSD); Mendez, Anwar Enrique (CSD/CCS); Minoja, Livia (INE/INE); Onstein Natalie (CSD/CCS); Avendano Paez Ana Milena (INE/INE); Blanco Vecchi, Candela (CSD/CCS); Chavez, Elizabeth (CSD/CSD); Dalaison Boichuk, Wilhelm Ivan (INE/INE); Doherty Bigara Rodriguez, Jennifer (CSD/CCS); Esmaeili Chinchilla, Maryam (CSD/CCS); Hernandez Segura, Claudia Yolanda (CSD/CCS); Leyva Munoz, Cesar (CSD/CSD); Mendez, Anwar Enrique (CSD/CCS); Minoja, Livia (INE/INE); Onstein Natalie (CSD/CCS);

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PROJECT SUMMARY

Operation Type:	Technical Cooperation
Sector:	ENVIRONMENT AND NATURAL DISASTERS
Subsector:	CLIMATE CHANGE FINANCING
TC Taxonomy:	Research and Dissemination
Project Number under the Operational Support Taxonomy:	N/A
Technical Responsible Unit:	CSD-Climate Change and Sustainable Development Sector
Unit with Disbursement Responsibility (UDR):	CSD/CSD-Climate Change and Sustainable Development Sector
Executing Agency:	Inter-American Development Bank

PROJECT OBJECTIVE

The general objective of this TC is to enhance the IDB's accountability and capacity to monitor and report on the execution of climate finance commitments, as a first step to measure climate finance results. The specific objectives are: (i) Track effectiveness and portfolio-level results of climate finance of the IDB portfolio primarily relying on existing project-cycle IDB data systems; and (ii) Strengthen institutional processes, capacity, accountability, and transparency of the development effectiveness of climate finance.

FINANCIAL INFORMATION

Financing Type	Fund	Amount in US\$
TCN - Nonreimbursable	W2A - OC SDP Window 2 - Sustainability	100,000
Total IDB Financing		100,000
Counterpart Financing		0
Total Project Budget		100,000
Donors:	N/A	
Disbursement Period:	24 months	
Execution Period:	24 months	

ADDITIONAL FINANCIAL INFORMATION

N/A

I. JUSTIFICATION AND OBJECTIVE

- 1.1 **Diagnostic.** As climate finance is set at the center of the international debate and as its commitments grow in the international arena—from the US\$100 billion Copenhagen Accord target to the US\$300 billion goal set at COP29—so does the scrutiny on the effectiveness of these funds. Multilateral Development Banks (MDBs), including the IDB, play a critical role in global climate finance, yet our ability and resources to systematically capture and report on climate results remain limited.
- 1.2 The IDB Group's Institutional Strategy establishes climate change as one of the three core development objectives. The corresponding Impact Framework aims to achieve 45% of climate finance by volume, up from 30% by 2020 set by the Board of Governors in 2016, and to finance US\$25 billion between 2024 and 2030 specifically for climate adaptation, a new commitment. As the [Common Principles for Climate Mitigation Finance Tracking](#) and the [Joint Methodology for Tracking Climate Change Adaptation Finance](#) identify climate finance at project approval, to date there is no systematic approach at the IDB to monitor the execution of the climate commitments to assess whether they are i) being executed, and ii) if executed, effectively achieving expected climate goals.
- 1.3 This technical cooperation seeks to enhance the IDB's capacity to monitor and report on the execution of climate finance commitments, as a first step to measure climate finance results. Beyond increasing accountability, this exercise will also help mitigate reputational risks and strengthen impact-driven decision-making.
- 1.4 **Request.** Following this context, the Office of the Manager of CSD along with CCS, postulated to the Development Effectiveness Intelligence Fund managed by VPS for this Technical Cooperation. The aim of this TC is to assess, ex-post, the execution of climate commitments of the Bank's operations. In other words, this TC will monitor and generate evidence on whether the climate finance commitments that projects state at approval are achieved during execution. To be efficient, the exercise will take advantage, to the extent possible, of the existing administrative data available in Bank's systems (such as Convergence). The result of this exercise will set the basis for following efforts (out of the scope of this TC) to generate evidence on the impact of climate finance.
- 1.5 **Objective.** The general objective of this TC is to enhance the IDB's accountability and capacity to monitor and report on the execution of climate finance commitments, as a first step to measure climate finance results. The specific objectives are to: (i) track effectiveness and portfolio-level results of climate finance of the IDB portfolio relying primarily on existing project-cycle IDB data systems; (ii) strengthen institutional processes, capacity, accountability, and transparency of the development effectiveness of climate finance.
- 1.6 As a result, it is expected that at the end of the TC there is a methodology designed and an estimate of the percentage of the climate finance that has been executed.
- 1.7 **Complementarity.** This exercise complements existing efforts within CCS (more specifically the Climate Finance Tracking Team, who measure climate finance at approval) on tracking climate finance during execution. Given that the Bank determines the climate finance of all operations at approval (loans, guarantees, investment grants and technical cooperations), this TC will build a methodology that

could potentially be applied to the whole portfolio of projects with climate finance. There are also synergies with the Social Infrastructure Group (GIS), since they are also tracking in a case-by-case basis the execution of the climate funds associated with the infrastructure projects they support. GIS created in 2023 a dashboard that includes operations with infrastructure approved by the IDB Board, with detailed information about scope, cost, adaptation and mitigation measures and FC according to the MDBs methodology. Twice a year, GIS updates the evolution of these indicators during the execution phase. As of July 2025, GIS dashboard includes SCL, IFD, CSD and PTI operations with infrastructure components approved by the Board and in execution phase, as well as all INE portfolio. To take advantage of all the complementarities between the two efforts, GIS has agreed to be part of the team. These complementarities include the systematization of the information (given that today the tracking conducted by GIS is made on a case-by-case basis) as well as the tracking of the non-infrastructure climate finance aspects of the projects (that are not covered by GIS).

- 1.8 **Strategic Alignment.** This TC will contribute to improving effectiveness in line with the institutional strategy Transformation for Greater Scale and Impact (CA-631) building a more coherent overall narrative around IDB's climate action. This TC is aligned with the core objective of "Addressing Climate Change", and the operational focus area of "Biodiversity, Natural Capital and Climate Action". In addition, it is related to the approval) by volume, and 3.8, that seeks to reach US\$25 billion of climate adaptation finance between 2024 and 2030. It also aligns with OC SDP Window 2 – Sustainability (W2A), with the objective of expanding the knowledge base on climate change mitigation, adaptation, and sustainable energy by monitoring the actual execution of climate investment finance.

II. COMPONENTS

- 2.1. **Component 1. Design of Methodology (US\$80,000).** This component is aligned with the specific objective (i) track effectiveness of climate finance resources and portfolio-level results of climate finance. It aims to generate a methodology that, based on the existing systems and databases of the bank, can allow us to monitor the execution of the climate finance resources. To test the methodology, it will also include a pilot on a sample of projects at the Bank. The main activities to be performed include (i) background information that maps and summarizes how climate finance, based on the existing joint MDB methodology (in their different versions across the years), relates to the Institutional Strategy, existing IDB systems, operational processes, and indicators. (ii) draft a methodology to track climate finance during execution and closure, at least in terms of outputs, using existing information and systems at the Bank (Convergence, PMRs, PCRs, among other available instruments), coordinating with existing processes (for instance the generation of information for the Impact Framework that leads SPD), and indicating the resources (financial and human) needed to implement such process. It should incorporate a diagnosis on what the ideal institutional arrangements would be to implement the proposed methodology; (iii) pilot the methodology to measure the execution of climate finance on an ex-post sample of projects, including assessing the economic and human resources needed to

perform ex-post assessment on execution of climate finance resources; and (iv) finalize the methodology, internalizing the results from the pilot. The procurement activities include hiring one senior consultant to lead the proposal of the methodology, and one junior consultant to conduct the data-intensive activities. Both consultants will work in coordination with the project team. The main outputs include: (i) a document with the preliminary description of the methodology and inputs to be assessed, as well as the definition of the sample, (ii) a report with the results of applying the methodology to the systems of the bank (the pilot), including the preliminary percentage of execution of climate finance as well as lessons learned from the pilot; (iii) and the final guidelines. Note that the results will inform Bank-wide efforts (sectorial, institutional, ITE) to improve overall monitoring mechanisms to measure impact.

- 2.2. **Component 2. Coordination, dissemination, and building capacity (US\$20,000).** This component is aligned with the specific objective of creating and strengthening institutional processes, capacity, accountability, and transparency of the development effectiveness of climate finance. Actions include (i) develop a proposal for a toolkit that includes a guideline that identifies key aspects throughout the project cycle for adequate monitoring and execution of climate change resources. The guideline/toolkit should streamline the methodology to make it feasible to track and assess climate finance during execution; it will take into account the existing experience of climate change specialists that are already supervising and supporting execution of climate finance; and (ii) ensure coordination of the methodology and guideline with other stakeholders at the Bank (such as SPD in the catalogue of indicators) and other sectors, with special focus on alignment with the Institutional Strategy, Impact Framework, and the MDBs Common Approach to Measuring Climate Results. Procurement activities include the hiring of a communication firm that works closely with the team to translate the methodology into an easy-to-use guideline and to facilitate sessions and capacity building activities. The expected outputs are: (i) the final version of the guidelines; and (ii) one workshop.
- 2.3. **Expected Results.** At the conclusion of this TC, it is expected that the Bank will be able to (i) improve the effectiveness climate action by measuring the percentage of execution of climate finance; (ii) get an approval from the administration to incorporate the methodology to the institutional processes of the Bank; and (iii) further more in the theory of change of this TC (as an impact, therefore out of the immediate scope of this TC) the IDB will be able to build a methodological base to, in the future, have the capacity to measure results and impacts of climate action beyond finance.
- 2.4. **Beneficiaries.** The direct beneficiary will be the IDB as it will enhance its development effectiveness, improve accountability and prevent reputational issues. The final beneficiaries will be the international community and client countries, given that it will strengthen the reporting systems to track implementation of climate finance, and ultimately, build support for stronger commitments towards climate action.

III. BUDGET

- 3.1 **Budget.** The total budget for this Technical Cooperation (TC) is US\$100,000 financed by the OC SDP Window 2 – Sustainability (W2A). The budget will be used to complement existing technical knowledge and experience of team members to ensure a successful delivery of the outputs.

Indicative budget

Budget in US\$		
Components	Fund W2A – OC SPD W2	Total
Component 1: Design of Methodology	80,000	80,000
Component 2: Coordination, dissemination, and building capacity	20,000	20,000
Total	100,000	100,000

IV. EXECUTION STRUCTURE

- 4.1 This TC is an initiative promoted by the Bank, and therefore it will be executed by the Bank in accordance with the Bank's Technical Cooperation Policy (GN-2470-2) and the Procedures for the Processing of Technical Cooperation Operations and Related Matters (OP-619-4), through Office of the Manager of CSD in close collaboration with CCS.
- 4.2 **Procurement.** All procurement to be executed under this Technical Cooperation have been included in the Procurement Plan (Annex IV) and will be hired in compliance with the applicable Bank policies and regulations as follows: (a) Hiring of individual consultants, as established in the regulation on Complementary Workforce (AM-650) and (b) Contracting of services provided by consulting firms in accordance with the Corporate procurement Policy (GN-2303-33) and its Guidelines.
- 4.3 **Execution and Disbursement Period.** The TC will be executed in 24 months: the first 18 months will be dedicated to the execution of Component 1 (6 months for generating the preliminary methodology, 6 months for the pilot, 6 months to generate the final methodology), and the last 6 months will be dedicated to the generation of guidelines and capacity building activities.
- 4.4 **Intellectual property.** All knowledge products generated from the activities carried out by the Bank within the framework of this technical cooperation will be the property of the Bank and may be made available to the public under a Creative Commons license. However, at the request of the beneficiary, in accordance with the provisions of AM-331, the intellectual property of such products may also be licensed through specific contractual arrangements that will be developed with the advice of the Legal Department.

- 4.5 **Monitoring, Reporting, and Supervision.** The TC will be monitored closely by the Team Leader, in close technical collaboration with the co-leader.

V. POTENTIAL RISKS

- 5.1 Potential risks that may influence the success of the project or its impact are:
- 5.2 Difficulty in finding human talent with a specific set of skills. The team recognizes that the tasks required to be conducted by the consultants require a unique combination of knowledge and expertise of climate finance, operational knowledge, and knowledge of the Bank's systems. To mitigate this risk, the team will conduct a thorough recruitment process, using its existing networks in the field of climate tracking and operations. Given the broad networks of the team, we consider this risk low.
- 5.3 Implementation risks. The team is aware that during implementation, especially during the pilot phase, close coordination with project teams and specialists assigned to projects will be needed. The heavy workload that project teams already face may put this collaboration at risk. To mitigate this, the team in CCS in the field will pre-identify projects and project teams that are able to commit to the exercise. The TC will also provide external support, with consultants, to avoid overloading project teams with additional workloads. Finally, the team will ensure that the specialists that participate in the pilot get credit for their contributions. We consider this risk medium-low.

VI. EXCEPTIONS TO BANK POLICIES

- 6.1 No exceptions are expected.

VII. ENVIRONMENTAL AND SOCIAL ASPECTS

- 7.1 This Technical Cooperation is not intended to finance pre-feasibility or feasibility studies of specific investment projects or environmental and social studies associated with them; therefore, this TC does not have applicable requirements of the Bank's Environmental and Social Policy Framework (ESPF).

REQUIRED ANNEXES:

- Annex I: Request from Client – N/A
 - Annex II: Results Matrix
 - Annex III: Terms of Reference
 - Annex IV: Procurement Plan
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