



Climate Action in Financial Institutions

PRINCIPLES FOR MAINSTREAMING CLIMATE ACTION

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Asian Development Bank's (ADB) Climate Change Operational Framework 2017-2030 (CCOF2030)

Institution Principle Related Work Stream(s)



Publication date: 2017

Date Policy/ Tool Established	Additional Capacity Required (e.g., staff, resources, other)	How Established?
4 July 2017	The development of the CCOF2030 required the establishment of an internal working group and engagement of various consultants who prepared the necessary background analysis and facilitated stakeholder consultations.	Approved by the ADB President.
Monitoring, reporting tools		How Implemented?
The CCOF2030 contains a results framework which includes performance indicators, such as baselines and targets. Periodic reports will be prepared, drawing on this results framework, and including other relevant information.		<p>The CCOF2030 was developed in recognition of the importance of scaled up climate change actions to support the achievement of country climate and development objectives.</p> <p>A consultative approach was employed in the preparation of the CCOF2030. Actions and measures were derived from institutional learnings and sector and thematic assessments.</p>

Key Lessons

- Strong management and Board support is key for institutional buy-in.
- High value of internal and external stakeholder consultations.

Introduction

ADB acknowledges the central role of climate action for the achievement of the Sustainable Development Goals. Climate action will determine the sustainability of development in ADB's developing member countries (DMCs) in Asia and the Pacific, which have the largest number of climate-vulnerable people and highest overall potential for reducing greenhouse gas emissions. Recognizing the importance of climate change as a core issue in its Midterm Review of Strategy 2020, ADB identified the need for a climate change operational framework to meet its commitment to double climate financing, as also to underpin its forthcoming institutional strategy, Strategy 2030.

Approved on 4 July 2017, the Climate Change Operational Framework 2017-2030 (CCOF2030) provides broad direction and guidance for enhancing resilience and strengthening climate actions in ADB's operations and business processes including country partnership strategies, country operations business plans, sector and thematic strategies, DMC programs and projects, technical assistance, and knowledge and capacity-building support. This was developed in accordance with the goal to deliver stronger, better and faster support to its DMCs as «One ADB».

The CCOF2030 positions ADB to facilitate, collaboratively and proactively, a regional shift toward a low greenhouse gas emissions and climate-resilient development path. It provides guidance across all ADB sector and thematic groups to support climate adaptation and mitigation actions, operationalizing ADB's commitment to provide climate financing of at least \$6 billion per year from its own resources by 2020. It provides the framework for ADB's support to its DMCs in meeting their climate commitments and development objectives under the Paris Agreement, the Sustainable Development Goals and the Sendai Framework for Disaster Risk Reduction, including in the development and implementation of nationally determined contributions.

Development and Design

ADB employed a consultative approach in the development of the CCOF2030, from concept stage to approval by the ADB President. Internally, extensive consultations were undertaken with relevant ADB departments and staff in preparing the CCOF2030. The CCOF2030 development also benefited from consultations with various external stakeholders in the preparation of the Strategy 2030, and from a regional consultation workshop with DMC representatives.

The CCOF2030 was developed by building on the substantial experience and progress of the DMCs in addressing climate change and ADB's own experience in providing climate-related assistance to its DMCs, particularly over the last decade. The analysis behind the CCOF2030 drew on ADB's rich knowledge base. Supporting studies were also undertaken to improve understanding of climate risks across the region; and to assess opportunities for ADB to improve resilience through its water resource investments, scale up low-emission energy investments, strengthen the integration of resilience and low-emission objectives through urban operations, strengthen and simplify access to advanced clean technologies, and optimize the achievement of the SDGs through climate operations.

Implementation

In the light of the adoption of the Paris Agreement in 2015, ADB initiated the preparation of the CCOF2030 to articulate the strategic directions envisioned by ADB towards its commitment to provide climate financing of USD\$6 billion from its own resources by 2020 and subsequent scaled up actions through 2030. The formulation of the CCOF2030 required management guidance and support as well as collaborative inputs from relevant personnel/departments of ADB. Consultations were undertaken including with ADB management even at the early stages of the CCOF2030 development. The institutional measures and priority actions in the CCOF2030 were identified, guided by the ADB's operational experience and progress, and the background papers developed.

ADB will strengthen internal mechanisms and proactively engage its DMCs to support climate actions geared towards improving climate resilience, achieving national sustainable development and contributing to international climate change efforts. ADB's support to DMCs will be focused on five actions centered on:

(i) supporting institutional development and policy frameworks conducive to ambitious climate action in developing member countries;

(ii) facilitating access to public and private, domestic and international climate finance;

(iii) promoting the use of climate technologies in operations;

(iv) developing knowledge solutions and support for capacity development, and strengthening partnerships and networks.

Internally, ADB will strengthen internal practices to ensure delivery of stronger, better and faster climate action, ensuring that:

- climate change considerations are fully mainstreamed in its strategies and business processes;
- the role of concessional finance in enhancing climate action is assessed with more strategic fundraising and effective fund management;
- roles and responsibilities are clearly delineated across the institution;
- staffing and organizational structure are optimized and adequately equipped; and
- internal cooperation, coordination and knowledge sharing are improved.

Moving forward, ADB will initiate the rollout of activities for the implementation of the CCOF2030. It will further implement institutional measures to deliver on its commitments and support DMC climate action more effectively to 2020 and beyond, when needs may be even greater and more varied. The CCOF2030 will be implemented through 2030, in two phases. Phase 1 (2017–2023) will serve as a testing and learning opportunity as ADB scales up climate finance to meet its climate finance target by 2020 and determines how it can further increase climate investment and the quantity and quality of its climate operations beyond 2020. Phase 1 will be based on: a stocktaking of output and achievements to date; the pipeline of operations; DMC needs and demand for ADB support; institutional mandates and structures; and available financial, technical, and human resources. Phase

2 (2024–2030) will allow ADB to apply the lessons from climate operations during phase 1 in providing support to DMCs as they embark on low emission and climate-resilient development. ADB is likely to need further adjustments in its priorities and operational modalities as the decade progresses and as changes occur in climate change impact and vulnerabilities, access to climate finance, demand from the DMCs, and technology, and as experience is gained and lessons on good practice and successful approaches are learned.

Experience and Impact

To be an effective tool/resource to guide operational country engagement, the CCOF2030 requires the (i) clear articulation of the goal/vision; (ii) identification of the principles, actions and measures to achieve the goal; and (iii) establishment of a mechanism to assess performance/progress and redirect actions as necessary.

The design of the CCOF2030 greatly benefits from intensive internal and external consultations (with strong management guidance and support) and background analytical studies. They help better formulate and validate proposed measures and actions on climate change to enhance support to DMCs, aligned with their needs and priorities.