17 November 2026

Multilateral Development Banks Under Pressure to Drop Their Climate Finance Targets: The Inter-American Development Bank Could Be Next

- **The Inter-American Development Bank (IDB) could eliminate its institutional target of allocating 45% of its financing to climate-related activities**, following the decision adopted by the World Bank in June 2026. This potential decision poses a risk to the continuity and ambition of Multilateral Development Banks' climate commitments.
- **At COP29, the major Multilateral Development Banks (MDBs) collectively committed to providing USD 120 billion annually in climate finance to low- and middle-income countries by 2030**, including USD 42 billion for adaptation, and to mobilizing an additional USD 65 billion from the private sector.
- **MDBs play an important role in achieving the New Collective Quantified Goal on Climate Finance (NCQG)**, adopted at COP29, which establishes a target of at least USD 300 billion annually by 2035 and a broader call to mobilize at least USD 1.3 trillion annually for developing countries. Weakening institutional targets puts the predictability, ambition, and accountability of international climate finance at risk.

The Inter-American Development Bank (IDB) is reportedly considering eliminating its institutional target of allocating at least 45% of its financing to climate-related objectives. According to information published by Devex, the proposal is under discussion within the Bank's Board of Executive Directors and could be announced during or after COP31 in Antalya, Türkiye. In response, civil society organizations from Latin America and the Caribbean and other regions are calling on the IDB President and Board of Executive Directors to maintain and strengthen the Bank's quantitative climate finance commitments.

This news is particularly concerning following the decision adopted on June 29, 2026, by the World Bank's Board of Executive Directors to extend its Climate Change Action Plan (CCAP) indefinitely while eliminating its institutional target of allocating 45% of its financing to projects with climate co-benefits. As GFLAC noted in its July press release, while the continuation of the CCAP represents a positive signal, the elimination of a measurable target constitutes a setback in the institution's climate ambition and accountability mechanisms.

The IDB's potential decision could deepen this trend and trigger a gradual weakening of climate commitments across multilateral development banks. Eliminating institutional targets undermines the mechanisms used to assess progress, ensure accountability, and guarantee that political commitments translate into concrete financial resources. This is particularly contradictory considering that, during COP29 in Baku, the major MDBs announced a collective ambition to provide USD 120 billion annually in climate finance to low- and middle-income countries by 2030.

At that same conference, the IDB Group announced commitments to increase its climate investments. The IDB set a target of reaching 50% green and climate finance by 2030, while IDB Invest projected reaching 60%. Together, the two institutions also projected providing USD 11.3 billion annually in climate finance and mobilizing an additional USD 6.6 billion by 2030.

These potential setbacks come at a decisive moment for international climate finance. During COP29, Parties adopted the New Collective Quantified Goal on Climate Finance (NCQG), which establishes a minimum target of USD 300 billion annually by 2035, with developed countries taking the lead, alongside a broader call to scale up financing to at least USD 1.3 trillion annually. Under the NCQG decision, MDBs are expected to contribute, following their efforts to secure shareholder support for their capacity to mobilize resources.

We, the signatory organizations, recognize that multilateral institutions are facing growing political pressure to deprioritize climate change within their agendas. These pressures are not limited to MDBs but have also emerged in institutions such as the International Monetary Fund (IMF) and the International Energy Agency (IEA), where changes to institutional approaches and priorities related to climate action have been advocated.

However, climate change cannot be treated as a temporary political priority, but rather as a structural challenge that shapes how we understand economic development, investment, and the sustainability of our societies.

We therefore urge the President and Board of Executive Directors of the IDB to maintain and strengthen their quantitative climate finance commitments, ensuring their alignment with the Paris Agreement and the targets established under the NCQG.

We will continue monitoring decisions made by MDBs and advocating for the preservation and strengthening of their climate finance commitments, particularly in the context of COP31 and the implementation of the NCQG.

Quotes

“The IDB has shown a steadily growing commitment to tackling climate change. Announcing the removal of its quantitative climate finance target would not only betray the promises made, but would also leave the region in a state of deep climate and financial vulnerability, unacceptable in a time of multiple crises. Instead of cancelling the target, the Bank urgently needs to present a clear plan to contribute to the New Collective Quantified Goal on Climate Finance, especially on adaptation and just transition,” said **Sandra Guzmán, of GFLAC.**

“At Climate Reality we support this call: the cost of climate inaction is too high to keep postponing decisions. Multilateral development banks must stop financing fossil fuels and scale up fair and accessible finance for renewable energy and adaptation, putting the most vulnerable communities in Latin America and the Caribbean at the center,” said **Itzel Morales, of The Climate Reality Project Latin America.**

“From the devastating floods in Chile to the deadly glacial lake outburst in Nepal, the impacts of climate change are being felt around the world, and accelerating climate action should be the immediate response. For the IDB to consider dropping its climate finance target at this

moment is a short-sighted and dangerous decision. Public banks should be leading the way and investing in projects that strengthen climate action, instead of giving in to pressure from the United States," said **Sophie Richmond, of Big Shift Global.**

"The Amazon is burning and climate change could push this biome towards collapse, destroying the lives of thousands of people. It is urgent that the IDB stop financing activities that contribute to climate change, keep its commitments and finance projects focused on adaptation and mitigation," said **Tarcísio Feitosa, of Forests & Finance Coalition.**

"Removing climate finance targets is not a simple methodological change, but a way of reducing accountability just when we most need committed financial institutions. Latin America does not need multilateral banks that make fewer promises so they can keep them; it needs institutions that rise to the crisis the region is facing. If the IDB abandons its climate target, it will be sending a devastating signal: that even the most important financial commitments can be subordinated to political swings. The climate crisis does not stop when Washington's priorities change, and neither should the finance to confront it," said **Oscar Soria, co-executive director of The Common Initiative.**

"Multilateral development banks have historically financed critical infrastructure for health, transport, education, agriculture, energy, drinking water, sanitation, housing and development. Faced with the climate crisis the world is living through, the IDB should understand and align with today's critical needs: financing adaptation and mitigation projects, and helping to build resilience in local territories. In the field of municipal solid waste there is a great opportunity to generate employment and the infrastructure needed to implement zero waste solutions, as is being discussed at COP31. We hope the IDB stays aligned with these objectives," said **the Global Alliance for Incinerator Alternatives.**

"Latin America and the Caribbean is already one of the regions most vulnerable to climate change, with communities facing increasingly severe impacts on their livelihoods, ecosystems and access to essential resources. Reducing the IDB Group's climate finance commitments would weaken much-needed support for adaptation, a just energy transition and the communities already bearing the greatest costs of the climate crisis. Instead of lowering its ambition, the IDB must maintain its commitments and strengthen their implementation, support affected communities and promote a just and sustainable transition across the region," said **Carolina Juaneda and Marco Vermaasen, of Bank Information Center.**

The signatory organizations know that multilateral institutions face political pressure to lower the priority of climate change. Yet this is a structural challenge, not a passing priority, which is why they will continue to monitor the decisions of multilateral banks in the context of COP31 and the implementation of the NCQG.

Signatory organizations

Climate Finance Group for Latin America and the Caribbean (GFLAC), Red Latinoamericana y Caribeña por un Sistema Financiero Sostenible (REDFIS), The Climate Reality Project Latin America, Bank Climate Advocates, Big Shift Global, Climate Reality Project, Stop Financing Factory Farming Coalition, Forests & Finance Coalition, Recourse, Global Alliance for Incinerator Alternatives (GAIA), The Common Initiative.

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Interviews with the other signatory organizations can also be arranged through this contact.