Banks are dropping climate finance targets. The IDB shouldn't be next

Opinion: Development banks are delivering record climate finance while dropping the quantified targets behind it. At the IDB, Latin American shareholders hold most of the votes and can push back.

By Sandra Guzmán

Multilateral development banks have never delivered as much climate finance as they do today, with a record $103 billion for low- and middle-income countries in 2025, and their own joint report says they are on track to meet the collective projections they announced at COP29. Even so, one by one they are being pushed to drop the quantified climate finance targets that helped get them there.

The World Bank retired its 45% climate finance target in June, and according to Devex the Inter-American Development Bank is likely to remove its own 45% target, with an announcement expected after COP31, taking place this month in Antalya. If the IDB follows, the trend would be hard to ignore, and the banks' climate commitments would lose the predictability, ambition and accountability that make them credible.

The stakes go beyond each institution, because at COP29 the main development banks pledged $120 billion a year in climate finance for low- and middle-income countries by 2030, including $42 billion for adaptation, and to mobilize another $65 billion from the private sector. Their finance is also important to the New Collective Quantified Goal, which calls for at least $300 billion a year by 2035 and for scaling up to $1.3 trillion, and without institutional targets it becomes much harder to **assess each bank's contribution to those collective goals** and to the COP30 call to triple adaptation finance by 2035.

This retreat follows pressure from the current US administration, which pushed the World Bank for months while Treasury Secretary Scott Bessent called its target "distortionary" in April. That pressure weighs even more at the IDB, where Washington holds 30% of the vote, nearly twice its share at the World Bank's main lending arm, and where, as the Bank Information Center has documented, the House of Representatives' fiscal 2027 spending bill would condition US funding for IDB Invest on removing its climate target.

The IDB says volumes alone do not fully capture results and that it is exploring impact-focused metrics without changing its climate commitment. We agree that

results matter, and civil society has long asked what climate finance achieves on the ground, but a volume target tells us how much money the bank commits to climate action and how strong its political commitment is, while outcome indicators tell us whether it worked, so the bank needs both.

The IDB's own data illustrates the point, since its climate finance grew from $5.6 billion in 2024 to $7.7 billion in 2025 while the climate share of its approvals slipped from 45% to 43%, a shift anyone can notice only because there is a target to measure it against. At the World Bank, by contrast, months after the target was replaced with outcome indicators, analysts still cannot say whether its climate finance will grow or shrink.

For Latin America and the Caribbean the consequences would be concrete, because the IDB is the largest source of development finance in the region. GFLAC's Sustainable Finance Index 2026, which covers the region's 20 largest emitters, found that loans make up almost 90% of the international climate finance identified for these countries, while their carbon-intensive revenues are 12 times larger than their sustainable revenues. The region is paying for its climate response largely with debt, and its budgets still depend on the activities driving the crisis.

Behind those figures are farmers who lose harvests to drought, coastal cities exposed to stronger storms and governments with little fiscal room to respond, so weakening the IDB's commitment would leave them more dependent on expensive debt precisely when they need predictable and accessible finance.

The good news is that the region has real weight in this decision, because unlike at the World Bank, at the IDB the 26 borrowing countries, all from Latin America and the Caribbean, hold just over half of the voting power, and some members of its board are already pushing to delay the decision.

There is a better path, and it starts with the IDB keeping its 45% target and its Baku goal of reaching 50% by 2030 while building the outcome indicators it wants on top of them, something it is well placed to do since it already publishes project-level climate finance data. Its Climate Change Action Plan for 2026 to 2030, now in preparation, can also, with real input from civil society, include a clear plan for how the bank will contribute to the NCQG, with priority for adaptation and a just energy transition and on terms that do not add to the region's debt burden. Meanwhile, the region's governors, often our finance ministers, can use their majority to make that choice explicit.

In the end, climate targets are promises to people and to the ecosystems that sustain our economies, and keeping them is how development banks keep their word.

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