

Observations and Recommendations for the IDB Climate Change Action Plan 2026–2030

The Inter-American Development Bank (IDB) Group’s forthcoming Climate Change Action Plan (CCAP) 2026–2030, currently under development, presents a valuable opportunity to strengthen its leadership in supporting a just, low-carbon, and climate-resilient transition across Latin America and the Caribbean (LAC).

Following our review of iterations and implementations of previous CCAPs, the IDB must significantly increase its ambition to reflect the urgency of the climate crisis and the commitments made under the Paris Agreement. To date, the IDB has not announced formal mechanisms for stakeholder participation during the design phase of the new CCAP, a gap that risks undermining the overall effectiveness and legitimacy of its efforts. Drawing on lessons from the 2021–2025 CCAP, we present a set of observations and recommendations to strengthen the design of the 2026–2030 iteration.

The following observations highlight key gaps in ambition, implementation, and alignment that should be addressed in the 2026–2030 CCAP:

1. **Climate finance ambition remains insufficient.** The 2021–2025 CCAP established a target of 30 percent climate finance for each IDB Group entity. This target has not yet driven a structural shift away from business-as-usual investments and remains below the 45 percent commitment adopted by other MDBs, including the World Bank.
2. **Paris alignment methodology remains weak.** The IDB’s Paris alignment framework, developed jointly with other MDBs, continues to allow exceptions¹ inconsistent with the goal of Net Zero.² Recent examples illustrate persistent problems, including:
 - Support for [Ecuador’s National Development Plan](#), which promotes fossil fuel industry expansion;
 - Support for new gas infrastructure [in Manzanillo](#);
 - The classification of biomass as Paris-aligned, like the [Arauco Brazil Project](#), and
 - Highly GHG-emitting industrial factory farming projects, such as [CMI Alimentos](#).

¹ The current Paris Alignment presents several shortcomings, which have been referenced in a [previous article](#). These gaps allow MDBs to continue to finance gas-related activities, also fossil-fuel enabling policies and technical support (in the gas and oil sectors), and the consideration of biomass and industrial agriculture as Paris Aligned, with questionable benefits for climate and nature.

² The Paris Agreement calls for a “balance” of emissions and removals, commonly referred to as Net Zero.

3. **Limited ambition in country-level climate strategies.** The IDB supports countries in preparing Nationally Determined Contributions (NDCs) and Long-Term Strategies (LTSS). However, some supported strategies lack ambition. For example, Argentina's updated 2021 NDC, [supported by the IDB](#), promotes the expansion of natural gas, which creates stranded assets and delays the transition to a low-carbon economy. According to the International Energy Agency, [no investment in new fossil-fuel supply projects](#) (oil, gas or coal) is needed beyond those already under development today. Stronger policy and project selectivity processes are necessary to avoid indirectly supporting strategies and long-term pathways that are misaligned with the Paris Agreement and the 1.5°C objective.
4. **Absence of a Just Energy Transition framework.** The IDB has not articulated a comprehensive regional vision for supporting a Just Energy Transition that is grounded in local community needs and balanced with national energy demands. The forthcoming CCAP should incorporate civil society recommendations raised during [related discussion roundtables](#).
5. **Weak coordination of biodiversity and climate agendas.** In 2025, the IDB released its first Natural Capital and Biodiversity Mainstreaming Action Plan, which led to a [short publication with observations](#) from BIC and partners in the IDB Working Group. This Action Plan lacks significant ambition and coordination with the CCAP. Biodiversity conservation and ecosystem protection are central to both climate mitigation and adaptation, [according to the IPCC](#). The new CCAP should integrate these agendas to close this gap and better influence the IDB's operations.
6. **Adaptation finance remains under-prioritized.** Despite recognition of the importance of adaptation, particularly in agriculture and social protection, financing remains heavily skewed toward mitigation. According to [the joint MDB report](#), in 2023, the IDB Group provided USD 4.1 billion for mitigation compared to USD 1.7 billion for adaptation in developing economies. Greater balance is required.
7. **Excessive reliance on voluntary private sector alignment.** The CCAP adequately recognizes the role of regulatory environments in enabling private investments in climate action, but places excessive confidence in voluntary alignment by private companies. The IDB's Office of Evaluation and Oversight (OVE) raised this concern in its [IDB Invest evaluation report](#), finding that many of its projects are not aligned with institutional objectives. Neither the IDB nor IDB Invest has adopted a "ringfencing" approach to prevent financial intermediaries from redirecting IDB loans and grants into investments in the fossil fuels sector. A more rigorous selection process is needed to substantiate claims of additionality.

To address the gaps identified above, we recommend incorporating the following details into the design and implementation of the next CCAP iteration:

1. **Raise ambition and set clear targets.** The IDB Group should increase its climate finance target to at least 45 percent of the total portfolio commitments, in line with international best practices (i.e., the World Bank). The new CCAP should clearly state an institutional commitment to limiting global warming to 1.5°C and achieving net-zero emissions by 2050. The Bank should also increase the share of climate financing allocated to adaptation, prioritizing the most vulnerable countries and communities.
2. **Conduct a systematic evaluation of the 2021–2025 CCAP.** The IDB Group should undertake and publish a comprehensive assessment of the previous Action Plan, including transparent reporting on achieved and mobilized climate finance, total portfolio of greenhouse gas emissions, and project-level climate data. This evaluation should assess the robustness of the methodological framework used and build on existing performance and contribution indicators to identify areas for improvement.
3. **Strengthen monitoring, reporting, and institutional learning.** The 2026–2030 CCAP should include regular, accessible progress reports that provide climate metrics at both portfolio and project levels. Evaluation of the CCAP should be situated within a broader review of the IDB Group's climate performance, including lessons drawn from cases submitted to the Independent Consultation and Investigation Mechanism (MICI) and projects that have faced community or civil society criticism.
4. **Improve monitoring, learning, and design coordination.** The IDB Group should establish structured coordination and knowledge-exchange mechanisms to support continuous institutional learning. Lessons generated through monitoring and implementation of the CCAP should inform an ongoing improvement process. The 2026–2030 Action Plan should draw on exchanges with peer MDBs to incorporate emerging best practices and innovative approaches. Measures adopted by peer institutions should serve as a minimum benchmark, upon which the IDB builds more ambitious standards and commitments.
5. **Reinforce Paris alignment and project selectivity.** The IDB Group should strengthen its Paris alignment methodology by excluding any project or technical cooperation that undermines the 1.5°C objective. This includes eliminating all fossil fuel investments, including natural and liquefied gas, and all related infrastructure for extraction, storage, transport, and distribution. The IDB should publish detailed technical justifications for each project's alignment determination and restrict technical cooperation that directly or indirectly supports fossil fuel expansion.

6. **Operationalize a Just Energy Transition strategy.** The IDB Group should develop and implement a comprehensive Just Energy Transition framework tailored to the LAC region. This framework should incorporate inclusive dialogue processes, safeguards for communities and Indigenous Peoples, and protections for affected workers. Civil society recommendations should inform its design and implementation.
7. **Reform private sector engagement and financial intermediary practices.** The IDB Group should establish a ringfencing framework to prevent investments in financial intermediaries linked to fossil fuel activities. It should publicly disclose climate risk exposure across IDB Invest's portfolios and require financial intermediaries to adopt environmental and climate risk assessment tools that exclude high-emission sectors. All private sector clients should be required to adopt Paris-aligned transition plans. The IDB should also limit support for large-scale agribusiness and forestry plantations associated with deforestation or methane emissions and instead prioritize resilient, low-emission agroecology and community-based projects that support sustainable livelihoods.

As the IDB Group prepares to finalize the 2026–2030 Climate Change Action Plan, it has a critical opportunity to demonstrate leadership aligned with the urgency of the climate crisis. Incorporating the recommendations outlined above would strengthen the CCAP's ambition, credibility, and consistency with the 1.5°C objective. The IDB should also establish transparent and meaningful participation mechanisms to enable civil society, Indigenous Peoples, and affected communities to inform its design and implementation. A credible and effective CCAP will depend on both stronger commitments and inclusive, accountable processes.

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