
Roadmap for alignment with the Paris Agreement

Document: EB 2025/144/R.20

Agenda: 14

Date: 24 April 2025

Distribution: Public

Original: English

FOR: INFORMATION

Action: The Executive Board is presented with the roadmap for alignment with the Paris Agreement for information.

Technical questions:

Pieterneel Boogaard
Managing Director
Office of Technical Delivery
e-mail: p.boogaard@ifad.org

Juan Carlos Mendoza
Director
Environment, Climate, Gender and Social Inclusion Division
e-mail: juancarlos.mendoza@ifad.org

Roadmap for alignment with the Paris Agreement

I. Context

1. The Paris Agreement¹ is an international treaty adopted in December 2015 at the United Nations Framework Convention on Climate Change (UNFCCC) 21st Conference of the Parties (COP21) in Paris. Its main goal is to combat climate change and limit the increase in the global average temperature to well below 2° C above pre-industrial levels, while pursuing efforts to limit the temperature increase to 1.5° C.²
2. IFAD prioritizes climate resilience in agriculture, focusing on adaptation while supporting mitigation in the agriculture, forestry and other land use (AFOLU) sector. While the Paris Agreement emphasizes mitigation, IFAD takes a balanced approach in order to address the interconnected challenges in a way that is pragmatic for rural communities. This focus on resilience and sustainability in small-scale production systems is at the core of IFAD's work. Consequently, IFAD's operational model does not require any adjustment for alignment with the Paris Agreement. This is supported by a greenhouse gas (GHG) accounting analysis conducted in 2022, which highlighted that IFAD investments across its portfolio had been net negative over a 20-year period.³

II. Purpose of alignment

3. Aligning IFAD's approach with global climate goals enhances funding opportunities, strengthens small-scale farmers' resilience and reinforces IFAD's leadership in climate-resilient agriculture. This strategic alignment mitigates portfolio risks, supports partner countries' climate commitments and meets evolving environmental, social and governance standards, increasing IFAD's impact, credibility and access to resources. In the Report of the Consultation on the Thirteenth Replenishment of IFAD's Resources (IFAD13), the Fund committed to developing a Paris Agreement alignment roadmap. IFAD proposes adopting the multilateral development banks' (MDBs) joint methodology⁴ to ensure its investments are aligned with global climate objectives.
4. An estimated 23 per cent of total anthropogenic GHG emissions (2007–2016) derive from the AFOLU sector.⁵ Climate-adaptive practices in small-scale agriculture support both adaptation and global emissions reduction. This document outlines IFAD's methodology and roadmap for aligning investments with the Paris Agreement's low-carbon, climate-resilient goals. Following the MDBs' Paris Alignment Framework, it proposes six building blocks (BBs), detailing IFAD's existing actions and commitments for full alignment.

III. Paris alignment approach

5. The MDBs' Paris Alignment Framework (figure 1) guides IFAD in aligning its activities with global climate goals. IFAD defines alignment as the process of ensuring that all its investments enhance adaptive capacity to climate change impacts, foster resilience and support low-carbon development pathways.

¹ United Nations Framework Convention on Climate Change. 2015. [Paris Agreement](#).

² According to the European Union's Copernicus Climate Change Service, the period from February 2023 to January 2024 witnessed a significant warming of 1.52 °C (Source: Carbon Literacy Project. 2024. [Navigating the 1.5 degrees breach](#)).

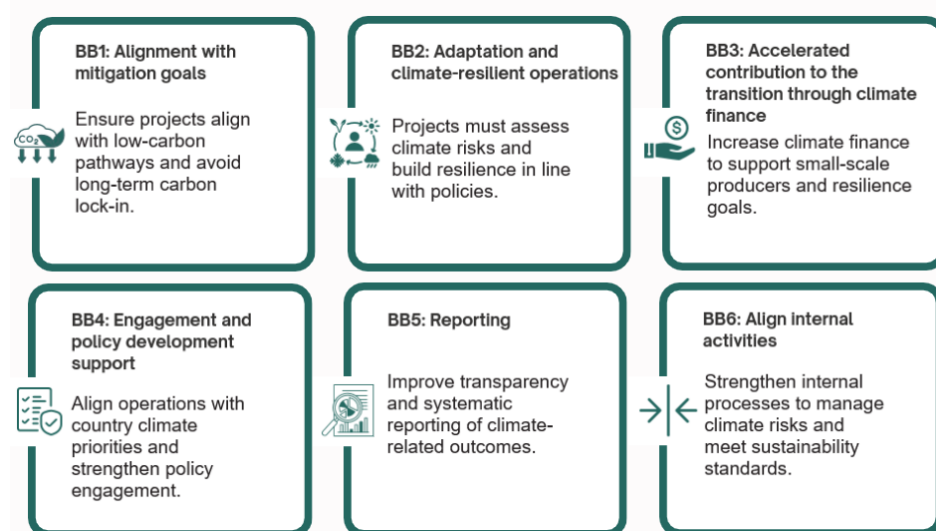
³ IFAD. 2022. [Paris Alignment: Greenhouse Gas Accounting Analysis for IFAD's investment portfolio in the AFOLU sector](#).

⁴ African Development Bank et al. 2023. [Joint MDB Methodological Principles for Assessment of Paris Agreement Alignment of New Operations: Direct Investment Lending Operations](#).

⁵ Intergovernmental Panel on Climate Change (IPCC). 2019. Summary for Policymakers. In: [Climate Change and Land: an IPCC special report on climate change, desertification, land degradation, sustainable land management, food security, and greenhouse gas fluxes in terrestrial ecosystems](#).

6. Institutionally, IFAD integrates all six BBs, while at the project level, investments meet Paris alignment if they fulfill BBs 1 and 2.
- **Mitigation goals (BB1):** The investment or activity must be consistent with the long-term, low-carbon development pathway of the client country in line with the global temperature targets of the Paris Agreement. This ensures that the activity contributes to limiting the increase in the global average temperature to well below 2° C, aiming for 1.5° C.
 - **Adaptation and climate-resilient operations (BB2):** The investment must promote adaptation and resilience to climate impacts, ensuring it supports communities, ecosystems and economies in adjusting to current and anticipated climate changes.

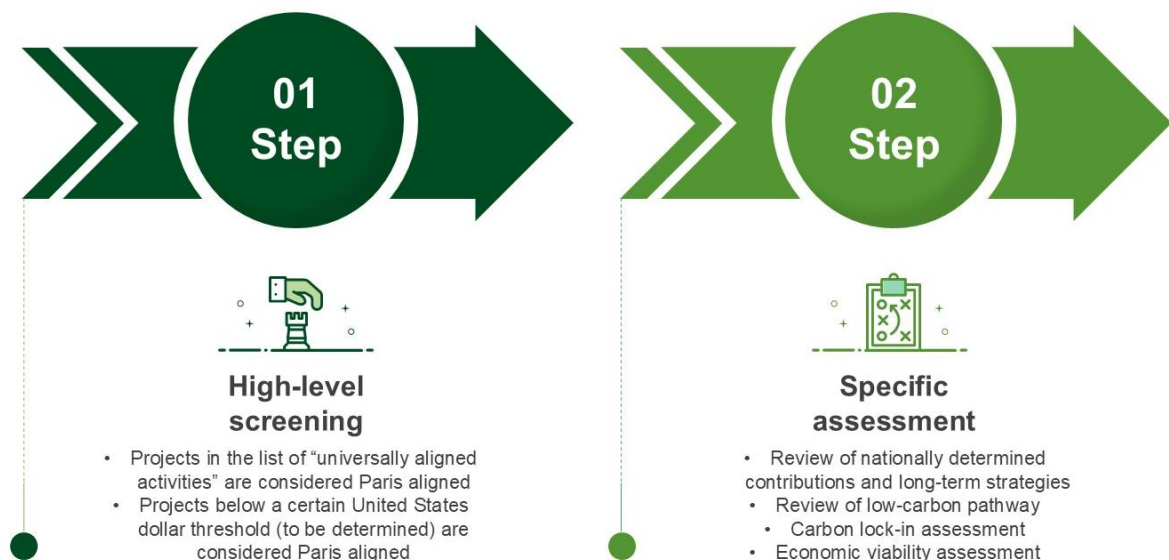
Figure 1

Paris Alignment building blocks**A. BB1: Alignment with mitigation goals**

7. BB1 assesses whether an activity is aligned or not aligned with the mitigation goals of the Paris Agreement. Alignment entails that an activity meets two conditions:
- Consistency with the long-term, low-carbon development pathway in the country of operation; and
 - Low likelihood of carbon lock-in.
8. A two-step assessment will determine investment alignment. First, a high-level screening will classify investments as universally aligned or not aligned.⁶ For unclear cases, a detailed multilayer assessment (figure 2) will confirm alignment.
9. Different activities can be considered aligned with the mitigation goals of the Paris Agreement, including:
- Activities that directly reduce GHG emissions;
 - Activities that generate GHG emissions but are in line with country-specific low-carbon development pathways; and
 - Activities that do not have a positive or negative impact on climate change.

⁶ African Development Bank et al. 2023. [Joint MDB Methodological Principles for Assessment of Paris Agreement Alignment of New Operations: Direct Investment Lending Operations.](#)

Figure 2

Process to determine alignment of projects with the mitigation goals of the Paris Agreement⁷

10. To ensure alignment with the mitigation goals of the Paris Agreement, IFAD will undertake the following commitments:
- To meet the first MDB principle for aligning with Paris Agreement mitigation goals, IFAD’s Social, Environmental and Climate Assessment Procedures (SECAP)⁸ standard 9 on climate change requires that projects align with nationally determined contributions (NDCs).
 - IFAD’s SECAP standard 2 on resource efficiency mandates that projects explore options to reduce GHG emissions, such as alternative locations, and sustainable practices in agriculture, forestry and livestock. Projects expected to generate significant emissions must consider alternative options, with economic and financial assessments factoring in GHG pricing.
11. IFAD’s existing SECAP procedures already align with the above. However, IFAD will develop guidelines to further strengthen this alignment process, including:
- Reviewing the MDB list of universally aligned activities in the AFOLU sector;
 - Requiring carbon-balance assessments for all projects. This will also enable IFAD to qualify more climate finance under mitigation according to the MDBs’ climate finance methodology; and
 - More systematic assessment of NDCs and national long-term strategies for low-emission development.

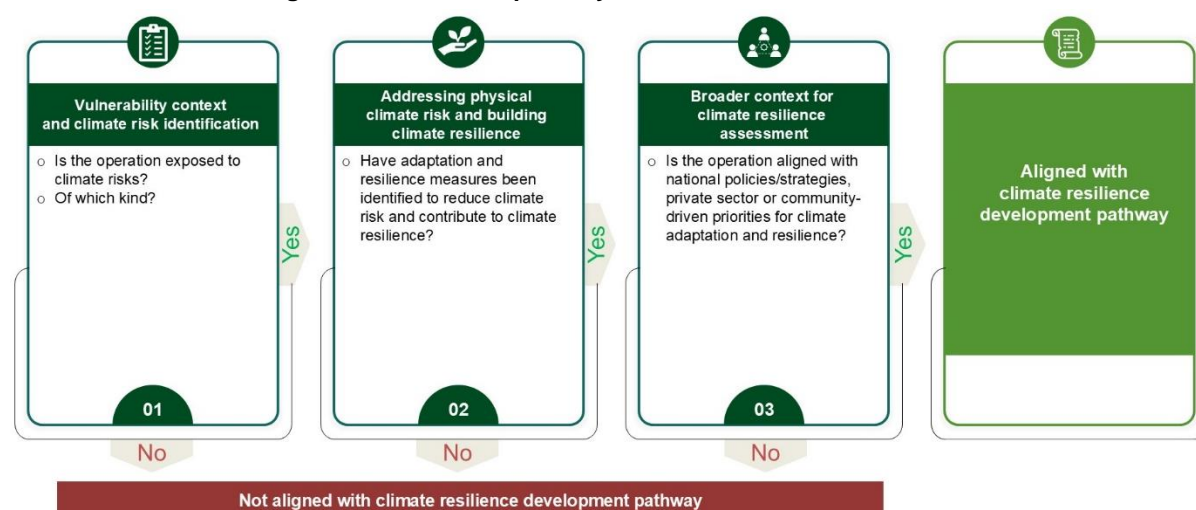
B. BB2: Adaptation and climate-resilient operations

12. The BB2 assessment framework guides climate adaptation and resilience decision-making through three steps:
- Identifying and assessing physical climate risks such as extreme weather and rising sea levels to understand vulnerability;
 - Addressing these risks by implementing adaptation strategies to enhance resilience; and
 - Ensuring alignment with broader climate resilience policies and initiatives.

⁷ The United States dollar threshold will be determined in the BB1 and BB2 guidelines that are expected to be finalized around October 2025.

⁸ For SECAP guidelines, see [here](#).

Figure 3
Framework for assessing climate resilience pathways



13. IFAD's alignment with the adaptation and climate resilience goals of the Paris Agreement is already provided for through SECAP standard 9. The SECAP framework mandates a structured adaptation approach, as outlined in the BB2 assessment. This process systematically assesses and addresses physical climate risks in three stages:

- **Identifying physical climate risks.** IFAD evaluates potential exposure of project activities to climate hazards, including extreme weather events and temperature fluctuations, through climate risk screenings, categorizing projects as high, moderate or low risk.
- **Addressing climate risks and building resilience.** Projects are required to implement adaptation strategies designed to enhance resilience against identified risks.
- **Aligning with broader policies.** To ensure a cohesive approach, IFAD projects are designed to align with national and international frameworks.

C. BB3: Accelerated contribution to the transition⁹ through climate finance

14. IFAD is raising its climate finance ambition. In IFAD11, 35 per cent of the programme of loans and grants (PoLG) was climate-focused, surpassing the 25 per cent target. In IFAD12, the target increased to 40 per cent, with IFAD on track to exceed it. IFAD12 also introduced a 90 per cent target for building adaptive capacity.
15. In IFAD13, the climate finance target has been raised to 45 per cent, maintaining that 90 per cent of projects should build adaptive capacity. IFAD13 will also witness the introduction of new financial instruments, including core additional climate contributions (ACCs)¹⁰ and thematic concessional partner loans (CPLs).¹¹ These instruments will provide additional avenues for deploying climate finance for small-scale producers.
16. With the Adaptation for Smallholder Agriculture Programme (ASAP), launched in 2012, IFAD has strengthened rural climate resilience with a holistic approach. In 2021, it introduced the enhanced Adaptation for Smallholder Agriculture Programme (ASAP+), building on its expertise and lessons from ASAP1 and ASAP2.

⁹ Low-emissions and climate-resilient development pathways.

¹⁰ IFAD. 2024. [IFAD13 Core Additional Climate Contributions: Enhancing IFAD's climate work.](#)

17. IFAD is accredited to the Adaptation Fund, Green Climate Fund and Global Environment Facility, enabling access to global cofinancing for climate adaptation and mitigation.
18. To further support countries' transition to resilient and low-carbon AFOLU sectors, IFAD will:
 - Continue to track its PoLG climate finance target and ensure that the target setting meets countries' demand and narrows the climate finance gap for small-scale producers;
 - Operationalize the new tailored financial instruments to channel climate finance within its operations;
 - Continue to mobilize resources for ASAP+ and other relevant climate, environment and biodiversity funds, and support countries in accessing resources from the multilateral climate funds; and
 - Work on crowding in more private sector financing to the climate agenda by de-risking adaptation and mitigation investments in the sector.

D. BB4: Engagement and policy development support

19. IFAD has a commitment that 100 per cent of its country strategic opportunities programmes (COSOPs) and country strategy notes will analyse NDCs to ensure that all its operations are aligned with countries' climate priorities.
20. IFAD engages in policy through projects and non-lending operations. As an NDC partnership member, it supports NDC development and implementation. To support these processes, IFAD will:
 - Leverage the new COSOP approach by embedding country-level climate policy goals in all projects; and
 - Strengthen whole-of-government collaboration on climate action by building connections with environment ministries and other public and private climate bodies to address policy barriers in the AFOLU sector.

E. BB5: Reporting

21. IFAD currently reports its climate finance using the MDBs' methodology for climate finance tracking to the Organisation for Economic Co-operation and Development (OECD) and applies Rio markers as policy indicators upon request by some Member States.
22. IFAD integrates climate core indicators into its Results Management Framework, reporting annually through the Report on IFAD's Mainstreaming Effectiveness (RIME). This includes GHG emissions reduced or sequestered, mandatory for projects claiming climate mitigation finance. IFAD also reports annually on emissions from internal operations, including travel, electricity and combustion.
23. For reporting on purposes, IFAD will:
 - Continue to rely on the MDBs' methodology for climate finance tracking for ex ante, conservative and granular reporting of climate finance; and
 - Add the Paris Agreement alignment status to its internal and external reporting processes.

F. BB6: Align internal activities

24. In addition to the new Climate, Environment and Biodiversity Strategy 2025–2031, IFAD is aligning with the International Financial Reporting Standards (IFRS) for sustainability reporting, guided by a 2024 gap analysis.
25. The new strategy will enhance the analysis of climate resilience drivers, building on the measures outlined in IFAD's SECAP guidelines.

26. From a financial and risk management perspective, IFAD will:
- Integrate impacts of climate-related risks and opportunities into its financial planning processes and internal risk models;
 - Incorporate evidence from the financial materiality assessment of climate-related issues in the risk management process with clear roles for the governance body and management team;
 - Run a stress test exercise based on climate scenario analysis, specifying input data and key assumptions;
 - Provide for a comprehensive analysis of transition risks (at both project and corporate level);
 - Build capacities of relevant technical staff on designing Paris-aligned projects;
 - Monitor GHG emissions across the whole portfolio; and
 - Clarify any gross and net emissions targets for both internal and financed GHG emissions, ensuring disclosure of gross and net emissions, and related targets in line with the IFRS sustainability disclosures.

IV. Conclusion

27. Key tasks across the building blocks have been identified (see section III). While efforts have been made to ensure cost neutrality, some costs remain. For instance, an estimated US\$150,000 is needed to ensure that Environmental Externalities Accounting Tool (EX-ACT) analysis is budgeted across all projects and integrated into the overall design budget. Additionally, approximately US\$50,000 is anticipated for guideline development and training, and another US\$150,000 is estimated to cover GHG monitoring over a three-year cycle.
28. As an international financial institution, IFAD proposes to commit to the six BB approach, aligning projects with mitigation (BB1) and adaptation and resilience (BB2). BB1 ensures projects' consistency with national low-carbon goals, while BB2 mandates a three-step process for adaptation: identifying climate risks, implementing resilience strategies and aligning with climate policies.
29. Through its SECAP framework, IFAD integrates climate risk screenings, adaptation strategies and policy alignment into project design. With a focus on scaling climate finance and introducing innovative financial instruments, IFAD aims to strengthen adaptation and mobilize resources for small-scale producers.

V. Roadmap for alignment with the Paris Agreement

<i>Building block</i>	<i>Action</i>	<i>Responsible division(s)</i>	<i>Supporting division(s)</i>	<i>Milestone</i>	<i>Verification method</i>
BB1	Develop guidelines for alignment with the mitigation goals	Office of Development Effectiveness (ODE)	Environment, Climate, Gender and Social Inclusion Division (ECG)	IFAD13 (apply to April Executive Board 2026 projects)	Paris Agreement alignment guidelines document
BB1	Inclusion of economic viability assessments for alignment with mitigation goals in economic and financial analysis (EFA) guidelines	ODE	ECG, Sustainable Production, Markets and Institutions Division (PMI)	IFAD13	EFA guidelines
BB2	Develop guidelines for alignment with the adaptation goals (together within the same guidelines under BB1)	ODE	ECG	IFAD13 (apply to April Executive Board 2026 projects)	Paris Agreement alignment guidelines document

BB3	Continue to track IFAD's PoLG climate finance target and ensure that the target setting meets countries' demand and narrows the climate finance gap for small-scale producers	ODE	ECG, Global Engagement, Partnership and Resource Mobilization (GPR)	Ongoing	Report on IFAD's Development Effectiveness (RIDE), RIME and OECD reports on climate finance
BB3	Operationalize the new tailored financial instruments to channel climate finance within IFAD operations	ODE, Financial Operations Department (FOD)	Regional divisions, ECG	IFAD13	ACCs and climate CPL disbursement
BB3	Continue to mobilize resources for ASAP+ as well as the other climate-focused financial instruments, and support countries in accessing resources from multilateral climate funds	ECG	ECG	Ongoing	Amount of funds mobilized for ASAP+; and amount of funds mobilized from multilateral climate funds
BB3	Work on attracting more private sector financing to the climate domain by de-risking adaptation and mitigation investments	Private Sector Operations Division (PSD), regional divisions	ECG	Ongoing	Private sector cofinancing in projects with Rio marker CC2 or CC1
BB4	Capitalize on IFAD's new approach in COSOPs of embedding country-level policy goals in all investment projects to include climate policy deliverables	Regional divisions, ECG	ODE	IFAD13	COSOP results review ratings
BB4	Strengthen linkages with ministries of environment and other key public and private sector climate bodies to address climate policy barriers for the AFOLU sector	Regional divisions	ECG	Ongoing	Country-level evaluations
BB5	Continue to rely on the MDBs' methodology for climate finance tracking for ex ante, conservative and granular reporting of climate finance	ODE	ECG	Ongoing	RIME, OECD reporting
BB5	Add the Paris Agreement alignment status in reporting	ODE	ECG	IFAD13 (April Executive Board 2026)	RIME
BB6	Clarify any gross and net emissions targets for both internal and financed GHG emissions, and ensure disclosure of gross and net emissions and related targets in line with the IFRS sustainability disclosures	ECG, Management Services Division (MSD)	Financial Controller's Division (FCD)	IFAD14	RIDE, RIME, Climate Action Report
BB6	Monitor GHG emissions across IFAD's investment portfolio	ECG	ODE, regional divisions	IFAD14	RIDE, RIME, Climate Action Report