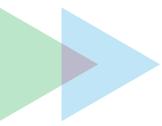




CLIMATE SUPPORT FACILITY

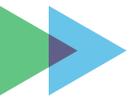


STRATEGY & WORK PLAN FY21-23

APRIL 2021



WORLD BANK GROUP
Climate Change



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1. INTRODUCTION AND STRATEGIC CONTEXT

This Strategy and Work Plan (Work Plan) outlines priorities and activities of the Climate Support Facility (CSF) over the fiscal years 2021-23. It supports the overarching CSF objective to help developing countries accelerate their transition to low-carbon and climate-resilient development and elevate the decarbonization agenda.

Under this Work Plan, activities will be implemented with financing provided by the CSF multi-donor trust fund (CSF MTDF) managed by the Climate Change Group (CCG) under the Trust Fund Umbrella Framework of the World Bank (WB).

This Work Plan is aligned with the preferences expressed by the CSF development partners that their contributions to the CSF MTDF will be used for financing of activities aimed at two strategic priorities outlined below.

PRIORITY 1: Rebuilding better and achieving a resilient, inclusive, and sustainable or ‘green’ economic recovery from the impacts of the COVID-19 pandemic.

As COVID-19 economic recovery packages are designed and rolled out, there is an opportunity for incorporating sustainable recovery and green growth considerations to maintain the momentum on climate action. The WB has dispatched a swift and unprecedented response to developing countries facing a sudden decline in economic activity due to COVID-19. The organization is committing up to \$160 billion through FY21 (June 2021) to assist countries with managing the public health and socio-economic repercussions of the COVID-19 pandemic. Climate change will be a core consideration in the WB’s actions for rebuilding better across both the immediate response, and medium to long-term recovery efforts.

The CSF will provide dedicated support to countries on sustainable recovery from the COVID-19 crisis through its COVID-19 Green Recovery Support Pillar. Activities supported under this pillar will leverage existing WB analytical capacity and dialogue with countries to advance reforms and institutional changes required for a sustainable recovery and help them make climate-informed policy and investment choices in-line with their long-term climate change-related goals. This Pillar will also provide advisory services to Ministries of Finance and other key ministries, on embedding green recovery measures in COVID-19 economic stimulus packages.

PRIORITY 2: Strengthening government coordination and capacity for the enhancement and implementation of the Nationally Determined Contributions (NDCs) and the development of long-term strategies (LTS) in developing countries.

While countries prioritize COVID-19 recovery, the deadline for submitting NDCs remains in place. In 2020, countries were expected to act to limit global warming through enhanced NDCs in line with the Paris Agreement. However, the COVID-19 crisis has slowed NDC consultations and caused delays in high-level global dialogue such as the COP26 climate summit. Furthermore, countries need to also develop LTSs for deep, economy-wide transitions necessary for achieving mid-century net-zero targets. This process requires formulating credible pathways to transition to net-zero emissions by 2050 and leverage the economic opportunities of a low-carbon and climate-resilient transition.

The CSF will provide countries with dedicated funding through its NDC and LTS Support Pillar. Activities supported by this pillar will help NDC Partnership member countries strengthen government coordination and capacity to prioritize the development of LTSs and their contribution to NDC enhancement and implementation ahead of COP26 and for future NDC iterations. This will ensure increased country capacity to identify, and sequence policy reforms and investment choices needed by key sectors, sending clear policy signals to markets, and strengthen the enabling environment for investments needed to deliver on long-term goals.

For both priorities, the development and dissemination of analytical tools and knowledge products will underpin upstream support to countries under this Work Plan.

The CSF will target activities that help increase the WB capability to deliver advisory and capacity development services to inform country strategies, investment and policy lending, and facilitate learning and collaboration with other initiatives supported by development partners. CSF support to WB teams will complement work and resources already allocated to the CCG to fulfill WB commitments under the IDA 19 Special Theme on Climate Change and targets under the WBG Climate Change Action Plan 2021-2025.

ORGANIZATION OF THIS DOCUMENT

Subsequent sections of the document provide details on current work planning and future directions.

Section 2 outlines the program structure and indicative activities for country support, including the development and dissemination of analytical and knowledge products and tools.

Section 3 provides an overview of the proposed budget, allocation mechanisms, and regional priorities.

Section 4 provides a description of the results framework that will be established to measure and report the impact of activities.



2. PROGRAM STRUCTURE & FUNDING WINDOWS

CSF activities and budget allocations will be structured along two programmatic pillars:

Pillar I will support developing countries in embedding green recovery principles in countries' economic recovery efforts, by leveraging ongoing Bank engagements and country dialogue. Significant support will be provided for assessing macroeconomic and fiscal frameworks, financial sector regulations and public financial management processes to identify reforms required for a green recovery. Funding will also be provided for activities that will use COVID-19 recovery as an entry point for advancing long term low carbon and climate resilient development across key sectors (e.g. energy transition, green mobility, etc.). Lastly, this Pillar will also facilitate the analysis of impacts of green recovery and long-term climate measures on employment and livelihoods, particularly focusing on low income and marginalized groups.

Pillar II will support developing countries with implementation and enhancement of their NDCs and the development of long-term low-carbon and climate-resilient development strategies - this support is critical in the context of COVID-19, as NDCs and LTSs can serve as blueprints for a green recovery. These activities will be in alignment with the NDC Partnership country engagement process and implementation of WB climate strategies and plans, including the Climate Change Action Plan 2020-2025, the IDA19 Special Theme on Climate Change, Regional Climate Business Plans and work programs on LTS preparation.

PILLAR 1

COVID-19 GREEN RECOVERY SUPPORT

INDICATIVE FY21-23 BUDGET - \$35 MILLION

INDICATIVE TARGET: 35 COUNTRIES

FUNDING WINDOWS

COVID-19 GREEN RECOVERY PROJECT DESIGN AND IMPLEMENTATION SUPPORT (\$14.1 MILLION):

This Window will assist countries in avoiding immediate policy and investment decisions with long-term negative consequences on climate action and prevent the weakening of existing climate-related efforts, policies and targets in the wake of the COVID-19 pandemic. This Window will primarily support the design and implementation of green recovery measures in WB-financed budget support packages, government spending programs, and investments to facilitate a climate-informed recovery from the COVID-19 crisis. Broadly, country-level support will include analytical and technical assistance for decarbonization strategies, and transformative policies and investments that leverage economic recovery priorities in countries to advance energy transition, sustainable mobility, low carbon and resilient urban growth, climate-smart agriculture and food security, and long-term resilience building. This component will also strengthen the institutional capacity of client governments' planning and finance as well as sectoral agencies to develop and implement climate change-related policies and investments.

COVID-19 GREEN RECOVERY ECONOMIC ADVISORY SUPPORT (ECONOMIC ADVISORS) (\$3 MILLION):

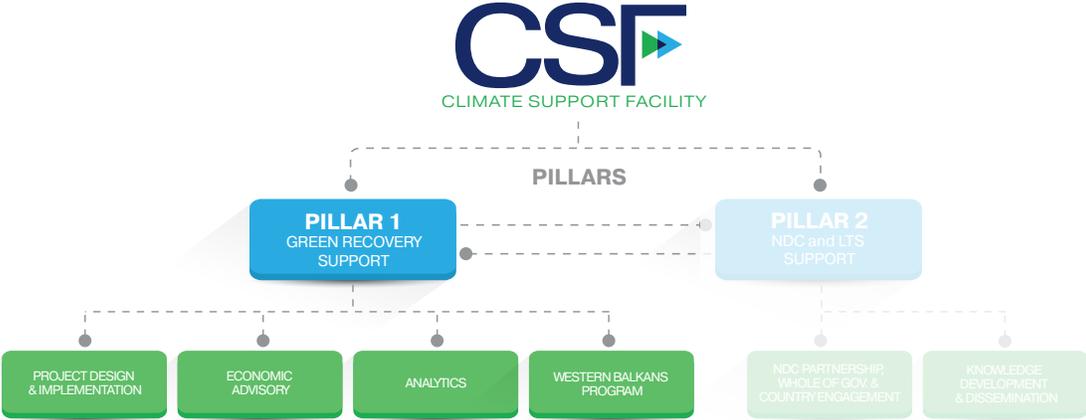
Funding will be provided to countries to embed specialized economic advisors in key government ministries responsible for implementing economic recovery measures. These advisers will help countries design climate-informed national recovery strategies, economic recovery packages, and interventions. They will enable countries to identify specific policy initiatives and investments (e.g. rebuilding fiscal space through climate-related taxes and subsidy reforms, green industrial policies, debt-for-resilience swaps). This work is linked to efforts to deploy Economic Advisers led by the NDC Partnership.

COVID-19 GREEN RECOVERY ANALYTICAL TOOLS AND METHODOLOGIES (\$10.6 MILLION):

This component will provide support to WB units to strengthen their analytical capacity to support client countries with their transition to low emissions and climate resilient development. Funding provided will target the development of climate-related tools and methodologies as well as the incorporation of climate variables into existing ones, together with their application in the context of Bank operations, including investment and policy lending. Global Practices (GPs) to be engaged include:

- The Equitable Growth, Finance and Institutions GP (EFI) will provide analytical capacity on macro-economic modelling; fiscal policy assessment; financial risk assessment and financial policy; carbon pricing instruments; governance aspects of climate change; and poverty effects of climate change and climate action.
- The Social Sustainability and Inclusion GP (SSI) will develop stakeholder analyses and knowledge sharing methods for citizen engagement, including women’s participation that can support social inclusion and a just transition in climate decision making. Conduct assessments on poverty and exposure to climate shocks, and the economy-wide effects of climate targets on employment and livelihoods.

WESTERN BALKANS GREEN RECOVERY SUPPORT (\$7.3 MILLION): The Western Balkans Green Recovery Support Window will contribute to the acceleration of climate action and green growth efforts in the context of post-pandemic recovery, in the countries of the Western Balkans by assisting client countries to design and deploy (i) policy and regulatory instruments appropriate to their domestic context and compatible with their sustainable development priorities, that promote more sustainable and resilient growth paths and deliver local environmental sustainability and climate co-benefits; and (ii) integrated approaches to air quality management and climate change mitigation that contribute to making cities more livable. A more detailed work plan for this Window has a been developed as a separate document.



PILLAR 2

NATIONALLY DETERMINED CONTRIBUTIONS (NDC) AND LONG-TERM STRATEGIES (LTS) SUPPORT

INDICATIVE FY21-23 BUDGET - \$15.35 MILLION

INDICATIVE TARGET: AT LEAST 18 COUNTRIES

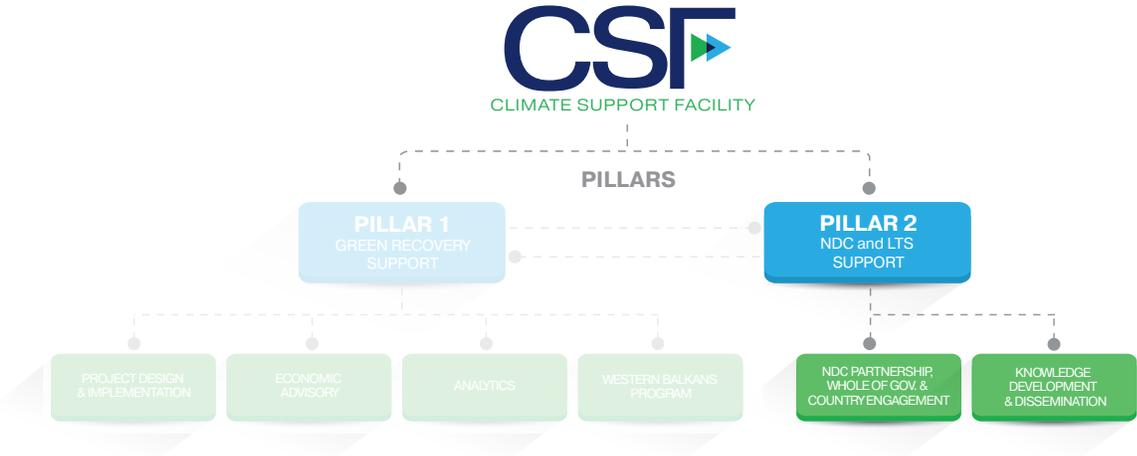
FUNDING WINDOWS

NDC PARTNERSHIP WHOLE-OF-GOVERNMENT AND COUNTRY ENGAGEMENT SUPPORT (\$14 MILLION):

This Window will provide support for NDC Partnership countries to adopt a Whole-of-Government approach and scale-up NDC relevant support actions that inform NDC enhancement and implementation, and LTS development. Support will be tailored to country-specific conditions and needs, including the development of emission projections and decarbonization pathways, as well as identification, evaluation, and prioritization of mitigation and adaptation measures. Support will also be provided to the process, such as enhancing government coordination, sectoral consultations, and integration into national planning. The Window will initiate new grants and expand existing grants in support of country requests received through the NDC Partnership country engagement model (e.g. request letters and partnership plans) and any special prospective initiatives (e.g. Climate Action Enhancement Package and Economic Advisory Initiative).

NDC AND LTS KNOWLEDGE DEVELOPMENT AND DISSEMINATION (\$1.35 MILLION): In addition to country support, the NDC-SF will fund timely research pieces to help inform international policy dialogue on NDC and LTS. This work will contribute to the work of the NDC-SF by providing much needed information on upcoming gaps for support. This work will be defined based on identified needs and progress with other activities of the CSF. Some initial activities include:

- Implications of COVID-19 on GHG Trajectories and Climate Policy.
- Urban Development in NDCs and LTS
- Guidance for Bank teams on the development of LTSs and related support to countries and Bank operations.



3. FY21-23 BUDGET

BUDGET ALLOCATION

This Work Plan will be implemented through the CSF MDTF, which comprises a pool of contributions provided by the CSF development partners. Pillar activities and funding allocations reflect the commitments agreed in consultations with CSF's development and implementing partners.

The proposed budget is aligned with the program structure and indicative activities described in Section 2. The CSF will also allocate funds for its Program Management Unit activities, including governance activities, grant management, communications, business development, knowledge management, monitoring and evaluation (M&E), Advisory Committees, and reporting as outlined in Section 4.

Table 1 provides the FY21-23 Indicative Budget.

PILLARS (2)	Allocation by Pillar (\$US M)	Windows (7)	Allocation by Window (\$US M)
PILLAR I	35	(1a) Project Design and Implementation Support	14.1
		(1b) Economic Advisory Support	3
		(1c) Analytical Tools and Methodologies	10.6
		(1d) Western Balkans Program (included in total)	7.3
PILLAR II	15.35	(2a) NDC-P Whole-of-Government and Country Engagement Support	14
		(2b) NDC and LTS Knowledge Development and Dissemination	1.35
PMU	3.1	(3) Program Management Unit	3.1
	53.45		53.45

ALLOCATION MECHANISMS

The largest share of CSF financial resources has been allocated to Regions and Global Practices (GPs) in the form of block grants earmarked under the two pillars of the CSF, taking into consideration the ongoing engagement in the regions, their priorities and country demand. Each block grant consists of a funding envelope with clearly defined objectives and eligibility criteria along with an indicative pipeline of activities. The block grant will guide the subsequent preparation and execution of activity-level grants. With the concept of block grants, GPs and Regions will have certainty on the size and availability of the resources which could be executed in a strategic and programmatic way.

- Regional block grants combine resources from Pillar 1 and Pillar 2 to support and mobilize country and regional level climate action and enhanced ambition. Regional block grants are coordinated by the relevant Sustainable Development (SD) Director in their capacity as regional coordinators of climate change activities in close collaboration with counterparts in EFI, HD and Infra practice groups. The Directors have engaged relevant Practice Groups in regions to identify activities to be funded as well as implementation modalities.
- Global Practice (GP) block grants are provided under Pillar 1 to support GPs in mainstreaming low emissions and climate resilient development into their operations and generate analytical and technical products that can be applied at the country and regional levels. GPs will also include country-level activities in their block grants in coordination with SD directors.

The allocation of block grant resources is based on demonstrated readiness to undertake and implement activities aligned with CSF priorities, the size of the regional lending portfolio and country demand.

The allocation mechanisms and grant-level activities under Pillar II will be implemented in coordination with the NDC Partnership. NDC-SF support will be critical in the context of COVID-19 Green Recovery Support, as NDCs and LTS are powerful tools to serve as blueprints for green recovery.



4. RESULTS AND REPORTING

To measure and report on progress, the CSF focuses its M&E efforts in the following areas:

- Monitoring outputs, which are derived from the CSF portfolio.
- Evaluating outcomes and impacts, which are derived from individual Bank operations and discrete country processes in which CSF grants operate.
- Measuring global impact, which is derived from the overall Bank engagement and the country's policy and development process.

Progress under the CSF Work Plan will be measured by a Results Framework, updated as needed over time, including the developed success indicators from the M&E Technical Working Group (created in May 2021 per request of the AC Meeting held in March 2021), that describes activities, expected outputs, and outcomes achieved through CSF grants (see Annex 1). Information will be generated at three main levels: input of financing and other resources, output of projects and programs, and contribution to outcomes. The CSF Results Framework articulates short-term outputs with medium-term outcomes and long-term impacts to showcase how climate action enables countries to realize the ambition to meet the objectives of the Paris Agreement.

In addition to using the Results Framework, and with a view to capturing a broader set of results, World Bank teams will also be requested to report and describe the impact that CSF grants have had on, as relevant:

- The World Bank's portfolio
- Leveraging of financial resources
- National COVID- 19 recovery process
- Overall national climate efforts (e.g., in terms of emission reductions, resilience, institutions and others)
- Paris-related ambition, including NDCs and LTSs
- Other transformational impacts

For monitoring the program, the CSF manages the activities through tools including: 1) A Grant Proposal (submitted as the application for the grant); and 2) A Progress Reporting Template (submitted by implementing teams on a biannual basis). This template includes background information by grant, leveraging and mobilization details, beneficiary information, operational information, lessons learned, overall impact, and specific quantitative and qualitative fields to enable the aggregation of information across pillars and themes.

The CSF will report on results under an annual monitoring and evaluation cycle. Through this cycle, the CSF will provide donors and other stakeholders timely information on the performance and impact of the projects. Through scaling up efforts over time, the CSF will be able to increase capacity and reach and aims to double and triple targets set as funding becomes available.

ANNEX 1. CSF M&E FRAMEWORK¹

PILLAR 1: COVID-19 GREEN RECOVERY INITIATIVE

STRATEGIC PRIORITY: Rebuilding better and achieving a resilient, inclusive, and sustainable or 'green' economic recovery from the impacts of the COVID-19 pandemic.

DEVELOPMENT OUTCOME: Strengthened institutions, capacity, and policies for a COVID-19 green recovery that incorporates low emissions and climate resilient development.

OUTPUT	INTERMEDIATE OUTCOME	OUTCOME
<p>1.1 Number (#) of countries that received capacity building support on green recovery, or low emissions and climate resilient development in the context of COVID-19 recovery</p>	<p>1.1.1 Number (#) of countries in which Bank engagement on climate change was advanced in a new or an existing area because of support provided by the CSF</p> <p>1.1.2 Number (#) of countries in which formulation, evaluation, and implementation capacity of climate-related policies was strengthened because of support provided by the CSF</p> <p>1.1.3 Number (#) of countries in which climate-related policies, strategies, and regulatory or market frameworks and investment were informed or strengthened because of the support provided by the CSF</p>	<p>1.1.1.1 Amount (US\$) of lending volume of operations across the World Bank that are reducing emissions and building climate resilience</p> <p>1.1.1.2 Number (#) of countries in which climate action was sustained or advanced in the context of economic recovery from the COVID-19 crisis</p> <p>1.1.1.3 Number (#) of countries in which climate-related policies, strategies or investment that are reducing emissions and building climate resilience</p>
<p>1.2 Number (#) of countries that received technical assistance for policy formulation, investment planning, project design, policy/project implementation, or monitoring and evaluation to advance climate action in the context of COVID-19 recovery</p>	<p>1.1.4 Number (#) of new operations informed by analytics developed using CSF funding</p>	
<p>1.3 Number (#) of analytics undertaken on green recovery or low emissions and climate resilient development in the context of COVID-19 recovery</p>	<p>1.1.5 Number (#) of new climate-related operations identified for upcoming lending pipeline because of support provided by the CSF</p> <p>1.1.6 Number (#) of Bank operations under preparation that integrated green recovery or climate-related measures because of support provided by the CSF</p>	

¹The Results Framework will be updated as needed over time, including the developed success indicators from the M&E Technical Working Group.

**PILLAR 2: NATIONALLY DETERMINED CONTRIBUTIONS (NDC)
AND LONG-TERM LOW-CARBON AND CLIMATE RESILIENT STRATEGIES (LTS) SUPPORT**

STRATEGIC PRIORITY: Strengthening government coordination and capacity for the enhancement and implementation of NDCs and the development of LTSs in developing countries in contribution to the NDC Partnership work program.

DEVELOPMENT OUTCOME: Strengthened capacity to implement the Paris Agreement through NDCs and/or LTSs.

OUTPUT	INTERMEDIATE OUTCOME	OUTCOME
<p>2.1 Number (#) of countries that received capacity building support on NDCs or LTSs in the context of low emissions and climate resilience</p>	<p>2.1.1 Number (#) of countries with strengthened capacities to enhance and implement NDCs in one or more of the following areas: climate-relevant policy, finance, monitoring and evaluation informed by NDC SF support</p>	
<p>2.2 Number (#) of countries that received technical assistance in the context of low emissions and climate resilience for: support to develop sectoral or economy wide LTSs; support for climate-relevant policy, finance or monitoring and evaluation; support through flexible to enhance or implement NDCs</p>	<p>2.1.2 Number (#) of countries with strengthened capacities to inform the development of an LTS in one or more of the following areas: data, analysis, methodologies, tools informed by NDC SF support</p> <p>2.1.3 Number (#) of innovative solutions and enhanced knowledge products are utilized for enhancement/ implementation of NDCs and development of LTSs informed by NDC SF support</p>	<p>2.1.1.1 Number (#) of countries with enhanced NDCs informed</p> <p>2.1.1.2 Number (#) of countries with defined policies and measures to implement the Paris Agreement through NDCs and LTSs</p>
<p>2.3 Number (#) of analytics undertaken on low emissions and climate resilient development in the context of enhancement and implementation of NDCs and the development of LTSs</p>	<p>2.1.4 Number (#) of Bank operations under preparation that integrated NDC/ LTS measures because of support provided by the CSF</p>	<p>2.1.1.3 Amount (US\$) of WB lending that contributes to NDC implementation</p>



FAST-FORWARD CLIMATE ACTION



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