Introduction
About the World Bank
Mission & Strategy

The International Bank for Reconstruction and Development (IBRD) was established in 1944 and is the original member of the World Bank Group. IBRD is an international organization and global development institution owned by 189 member countries. As the largest development bank in the world, it supports the mission of the World Bank Group by providing loans, guarantees, risk management products, and advisory services to middle-income and creditworthy low-income countries. This report focuses on IBRD bond issuance, projects, and results.

The World Bank Group’s overarching mission is a world free of poverty. It aims to end extreme poverty by reducing the share of the global population living on less than US$1.90 a day and to promote shared prosperity by increasing the incomes of the poorest 40 percent of people, all in a sustainable manner.

To deliver on these goals as well as support the SDGs, the World Bank Group’s management and shareholders have agreed on three main priorities to guide our work with countries: helping create sustainable economic growth, investing in people, and building resilience to shocks and threats that can roll back decades of progress.

Climate action is fundamental to alleviating poverty and boosting shared prosperity. Good development outcomes are at risk from the climate crisis; and conversely, acting on climate can unlock significant economic opportunities for all countries. The World Bank Group Climate Change Action Plan guides our support to countries and private sector clients to address climate and development challenges together. It represents a paradigm shift for the World Bank Group to advance development in a green, resilient, and inclusive way.

The World Bank Group is committed to bringing together the international community in the urgent task of achieving these goals. They can be reached only through the collaboration of all partners, including countries, other institutions, civil society, and the private sector.
Translating Ambition into Action
World Bank's Commitment to Climate Action

Bernice Van Bronkhorst
Global Director, Climate Change

The World Bank is committed to helping countries integrate and deliver on climate and development. As the largest financier of climate investments in developing countries we are applying this approach throughout our operations and across all sectors. In FY21, over 95 percent of projects financed by IBRD integrated dedicated components targeting climate, with an emphasis on climate adaptation and resilience. These climate components totaled over US$10 billion representing one-third of all IBRD’s commitments by value.

All World Bank projects are screened for climate risk and benefit from robust environmental, social and governance policies. By mainstreaming climate considerations into World Bank operations, we help confront the toughest climate problems affecting people, communities, and countries, ranging from natural disasters to loss of forests and related livelihoods, to climate-induced migration, and ensuring that the low-carbon transition is just. We bring finance and development expertise together with practical climate solutions that reduce GHG emissions. Investments in World Bank bonds support the financing of these projects integrating climate considerations and development to build greener, more sustainable economies.

A core element of the World Bank Group’s recent Climate Change Action Plan (2021-2025) is the commitment to align financing with the Paris Agreement. For the World Bank, all new operations starting July 1, 2023, will meet this criterion. In practical terms, this will mean that all operations actively advance or do not hinder attainment of these goals. Each operation will be assessed to ensure it can deliver its development impacts in the most low-carbon way possible and that these development impacts are protected against climate change, taking into account the technical, technological, and affordable options in each country. In effect, this applies a climate lens to all sectors, including in areas like education, health, or social protection, which are not traditionally associated with climate action.

At the same time, we know that the financing required is much more than a single institution or country can deliver. Financing the low-carbon transition at scale will require both public finances to be deployed much more effectively and with much greater involvement from the private sector. In order to help put climate at the center of all investment decisions a country makes, the World Bank has developed a new diagnostic tool – the Country Climate and Development Reports (CCDRs) that will help inform policy and institutional reforms, as well as public and private investments for high-impact climate action. These CCDRs will be firmly anchored in a country’s development goals and will analyze how these can be achieved while also mitigating against and adapting to climate change. They will seek to put people at the core of policies, looking at how climate risk affects communities, how addressing poverty can also build resilience, and the distributional and job impacts of climate change and climate policies. And they will be made public so that other multilateral or bilateral financiers and private companies can also use them to guide their investments.
Highlights of the World Bank Group Climate Change Action Plan 2021-2025

Increasing climate finance to an average of **35 percent of total World Bank Group financing** over the duration of the Plan. At least **50 percent of IBRD and IDA climate finance** will support adaptation.

**Aligning financing flows with the Paris Agreement:** All new IBRD and IDA operations will be aligned starting July 1, 2023.

Introducing new analytics, the **Country Climate and Development Report**, to help countries align climate action and development efforts and **identify priorities that can drive investments**.

**Boosting support to countries** for implementing and updating their nationally determined contributions and long-term strategies; and adjusting incentives by **reducing subsidies for and increasing taxation** of GHG emissions.

**Catalyzing and mobilizing private capital** for climate action; stepped up efforts to develop **carbon credit markets, green bonds and loan markets** in countries; and **support for global public goods** in the poorest countries through IDA funds as well as other sources.

Prioritizing action in key systems—energy; agriculture, food, water, and land; cities; transport; and manufacturing—that must be transformed to **address climate change, achieve a resilient and low-carbon future, and support the protection of natural capital and biodiversity**. The **Action Plan** places a strong emphasis on supporting a “just transition” out of coal.