

The World Bank is firmly committed to helping developing countries achieve their climate goals under the Paris Agreement. The World Bank's 2021 Climate Change Action Plan (CCAP)¹ builds on a decade of climate leadership with an ambitious strategy:



Scale climate action with **new diagnostic tools**



Increase climate finance to **45% of all WBG financing²** on average from FY21-25 (with at least half of World Bank climate financing for adaptation)

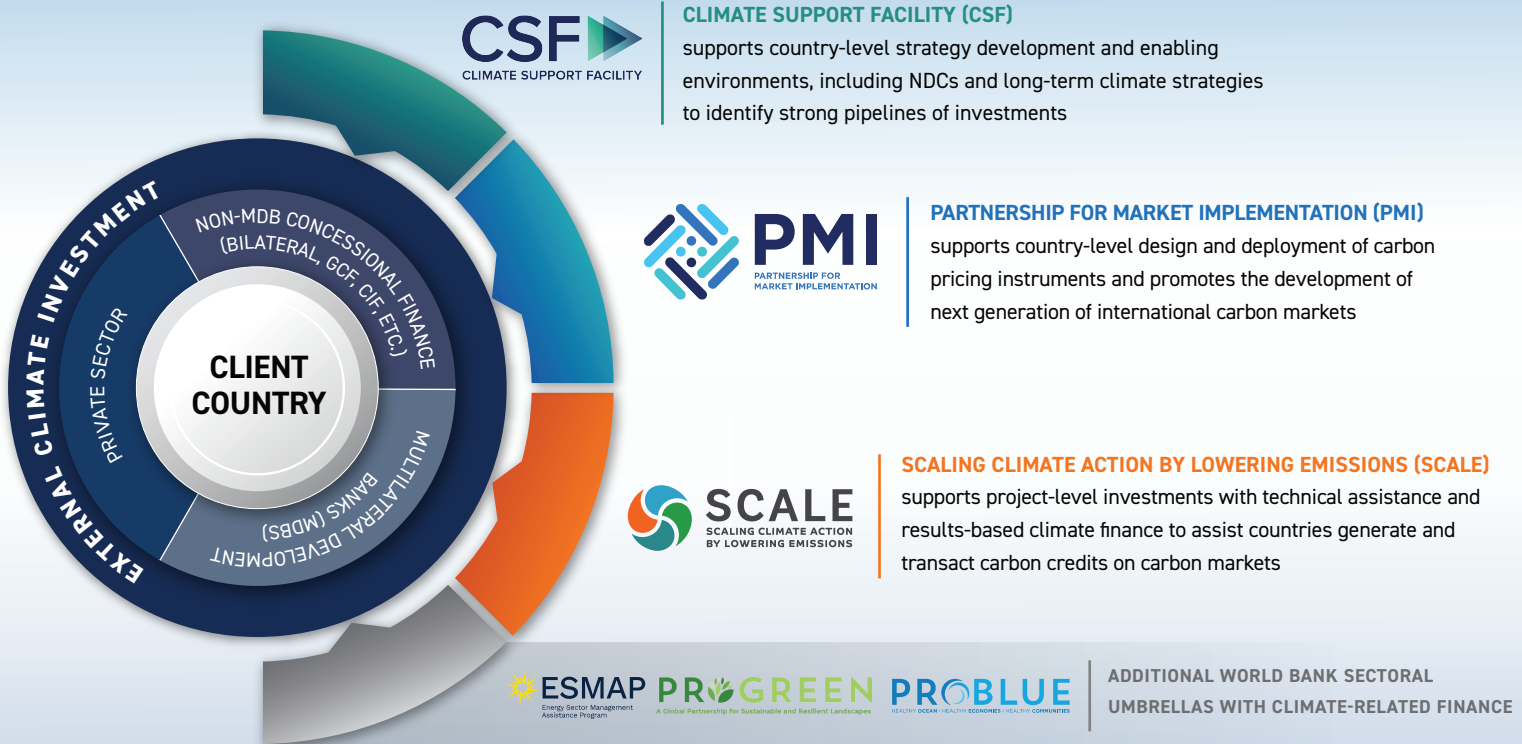


Provide **targeted support** for key sectors with the highest emissions

To help achieve the CCAP, the World Bank is complementing its core lending and advisory services with three umbrella trust funds that consolidate existing climate funds to better position them to fill specific knowledge and financing gaps for low-carbon and resilient development.

These trust funds catalyze, inform, and enhance the growing levels of funding available for climate investments by influencing climate policies, market creation, and project design before investments are made, and then by supporting project operation following the investment. The umbrella trust funds leverage the convening power, global footprint, high-level country engagement, and lending power of the World Bank.

Umbrella trust funds catalyze climate action for World Bank clients



CLIMATE SUPPORT FACILITY (CSF)

supports country-level strategy development and enabling environments, including NDCs and long-term climate strategies to identify strong pipelines of investments



PARTNERSHIP FOR MARKET IMPLEMENTATION (PMI)

supports country-level design and deployment of carbon pricing instruments and promotes the development of next generation of international carbon markets



SCALING CLIMATE ACTION BY LOWERING EMISSIONS (SCALE)

supports project-level investments with technical assistance and results-based climate finance to assist countries generate and transact carbon credits on carbon markets



ADDITIONAL WORLD BANK SECTORAL UMBRELLAS WITH CLIMATE-RELATED FINANCE

Together, these trust funds work across the project cycle in synergy with other World Bank financing to address global climate challenges and support countries' continued sustainable development.

¹ World Bank Group. 2021. World Bank Group Climate Change Action Plan 2021–2025: Supporting Green, Resilient, and Inclusive Development. World Bank, Washington, DC. © World Bank. <https://openknowledge.worldbank.org/handle/10986/35799> License: CC BY 3.0 IGO.

² The World Bank Group is pushing to do more to battle climate change and do it faster, devoting 45 percent of its annual financing to climate-related projects for the fiscal year that runs from July 1, 2024, to June 30, 2025. This replaces the 35% target laid out in the Climate Change Action Plan 2021-2025.

A One-Stop Shop for Results-Based Climate Finance

Scaling Climate Action by Lowering Emissions (SCALE) is the World Bank's one-stop shop for deploying results-based climate finance to drive transformative climate action.

Results-Based Climate Finance (RBCF) - payments for achieving agreed climate-related results - is crucial to incentivize climate action and support increased ambition in countries' Nationally Determined Contributions (NDCs). However, currently less than 4 percent of climate finance is paid on the basis of results achieved during project operations.

As the only umbrella trust fund that provides finance at scale for countries' emission mitigation efforts, SCALE builds on the World Bank's two-decade history with carbon finance and pioneers a new business model that mainstreams RBCF to leverage the organization's convening power, country engagement, global footprint, and lending volumes.

Increasing results-based climate finance for developing countries brings multiple benefits as part of an overall climate finance package:



Incentivizes ambitious climate goals and action from client countries by rewarding delivery of scaled emissions reduction targets and other results



Increases successful project delivery by providing an additional revenue stream to cover ongoing operating costs



Generates verifiable emissions reductions for client countries and development partners to cover NDC commitments and stimulate international carbon and offsets markets



Catalyzes upfront capital investments for climate action by providing the collateral of an ongoing revenue stream during project operation to crowd in upfront investment, including by private sector actors

How SCALE works

NATURAL CLIMATE SOLUTIONS (NCS)

TARGET SECTORS:



Agriculture, forestry, land-use, oceans, and other sectors that support natural capital assets

EXAMPLE PROJECT:

Payments for forest and land use credit stacking - realizing both carbon and endangered species credits by maintaining and managing forests

SUSTAINABLE INFRASTRUCTURE SOLUTIONS (SIS)

TARGET SECTORS:



Energy, water, transport, urban, and other sectors that provide public goods for economic growth

EXAMPLE PROJECT:

Payments for verified emission reductions from low-carbon cities with low-carbon transport, infrastructure, and services

FISCAL AND FINANCIAL SOLUTIONS (FFS)

TARGET SECTORS:



Financial, banking, budgeting, and macroeconomic sectors where interventions mobilize private capital

EXAMPLE PROJECT:

Payments made for reducing emissions using green banking practices or removing fossil fuel subsidies

By providing payments during project implementation, the SCALE umbrella complements other funding sources inside and outside the World Bank that focus on project preparation and initial capital costs. SCALE also includes the World Bank's Enhancing Access to Benefits while Lowering Emissions (EnABLE) trust fund, which enhances gender equality and social inclusion in all the fund's projects.