



WORLD BANK GROUP

# **Climate Change Action Plan 2021–25**

## HIGHLIGHTS

# CLIMATE CHANGE IS ONE OF THE DEFINING CHALLENGES OF OUR GENERATION.

**OUR GOAL IS TO INTEGRATE CLIMATE AND DEVELOPMENT TO MAXIMIZE THE IMPACT OF CLIMATE FINANCE.**

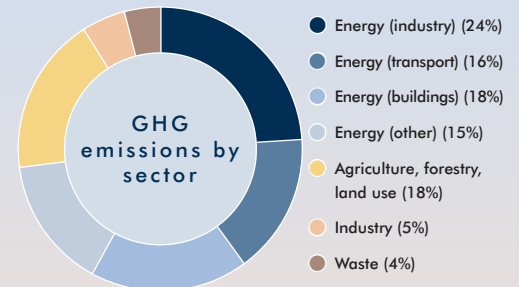
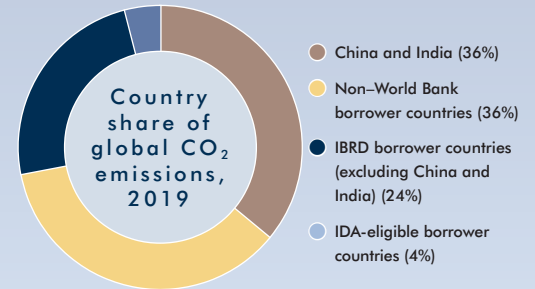
Our climate financing will be used toward **mitigation**, to reduce greenhouse gas (GHG) emissions; and for **adaptation**, to help our client countries prepare for negative climate effects.

We will work with the **private sector** toward these goals. **Nature-based solutions** will also play a key role in supporting mitigation and adaptation.

The world's **poorest countries** are the lowest emitters but are most impacted by climate change.

A few **key sectors** account for the majority of GHG emissions. We will boost and prioritize climate finance to achieve the most impact and results.

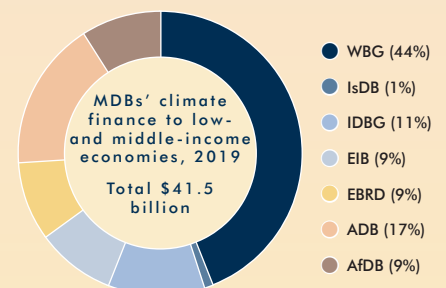
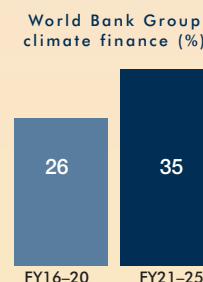
The World Bank Group is the **largest multilateral provider** of climate finance—delivering **\$83 billion** in climate finance for developing countries from 2016–20—increasing to record levels over the past two years.



TO DELIVER ON OUR TWIN GOALS OF REDUCING POVERTY AND BOOSTING SHARED PROSPERITY, WE WILL PRIORITIZE CLIMATE ACTION IN THE FOLLOWING SIX AREAS:

## 1 INCREASING OUR CLIMATE FINANCE

**35 percent** of World Bank Group financing will have climate co-benefits, on average, over the next five years; and **50 percent** of World Bank—IBRD and IDA—climate financing will support adaptation and resilience. This represents a big step up from the **26 percent** achieved on average in FY16–20 and an even bigger step up in dollar terms as the Bank Group’s total financing has also expanded.





## 2 PRIORITIZING RESOURCES FOR CLIMATE IMPACT

We will boost and prioritize **climate finance** to achieve the most impact and results via

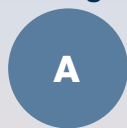
- Enhanced climate risk screenings, GHG accounting, and climate-focused country/sector diagnostics;
- Incorporating a climate result indicator in all WB operations that have more than 20 percent climate finance; and
- Focusing on new metrics that better capture resilience, alignment with country-owned long-term pathways, and actual impact.

Screening



Metrics

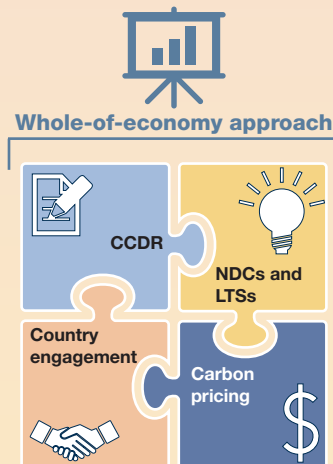
Resilience ratings



## 3 IMPROVING AND EXPANDING CLIMATE DIAGNOSTICS

The World Bank Group will produce its own dedicated country climate and development diagnostic and will support the development and implementation of clients' NDCs and LTSs for low-carbon and climate-resilient development, including carbon pricing, using a **whole-of-economy approach**. To be introduced in FY22, a new Country Climate and Development Report (CCDR) will

- Examine mechanisms by which climate change is affecting the country and key features of the economy that are affecting the climate; and
- Identify opportunities for reducing the impact of climate change on poverty and shared prosperity.



## 4 REDUCING EMISSIONS AND CLIMATE VULNERABILITIES IN KEY SYSTEMS

Drawing on enhanced diagnostics tailored to individual country circumstances, we will support **transformative investments** in key systems that contribute the most to emissions and have the greatest climate vulnerabilities.



**Energy** is at the heart of development, but today nearly 800 million live without it, and millions more have insufficient or unreliable access.

**Agriculture** can help reduce poverty, raise incomes, and improve **food security** for 80 percent of the world's poor, who live in rural areas and work mainly in farming.



**Cities** are home to 50 percent of the world's population, rising to 70 percent by 2050.

**Transport** investments generate significant returns: better access to roads could help Africa become self-sufficient in food and create a regional food market worth \$1 trillion by 2030.



**Manufacturing** activities—especially the production of base materials such as chemicals, steel, and cement—are building blocks for a range of economic activities, create jobs along all value chains, and drive economic growth.

Supporting governments and businesses to create stable, sound and transparent **financial sectors** that align with green, sustainable and equitable growth objectives.





## 5 SUPPORTING A JUST TRANSITION OUT OF COAL

We will significantly increase our support for a move away from coal to lower carbon growth through a just transition and through a focus on energy access. Importantly, we will seek to **mobilize** further the large-scale resources to support this. We will do this by

- **Enhancing** private sector mobilization, de-risking through guarantees and promoting the creation of new climate markets;
- **Boosting** blended finance that can help leverage private sector resources to develop and scale new climate-smart technologies;
- **Realigning** incentives through tax policy, such as carbon prices, and subsidy policies, such as eliminating distortive fossil fuel subsidies; and
- **Increasing** access to grant and concessional funding.



## 6 ALIGNING OUR FINANCING FLOWS WITH THE GOALS OF THE PARIS AGREEMENT

The Bank Group is committed to aligning financing flows with the objectives of the Paris Agreement. For the World Bank, we plan to align all new operations by **July 1, 2023**. For IFC and MIGA, 85 percent of new operations will be aligned by **July 1, 2023**, and 100 percent of these by **July 1, 2025**.

- Signatories to the Paris Agreement commit to undertaking efforts to **combat climate change and adapt to its effects**. It also gives countries latitude in the pathways they choose to achieve the overarching goal of low carbon and climate-resilient development.
- Aligning our financing flows with the Paris Agreement is about ensuring that our operations **advance and do not hinder attainment** of this Agreement.



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