



IDA19

**Special Theme:
Climate Change**

May 17, 2019

ACRONYMS AND ABBREVIATIONS

Fiscal year (FY) = July 1 to June 30

AIMM	Anticipated Impact Measurement & Monitoring	IMPACT	Impact Measurement and Project Assessment Comparison Tool
ASA	Advisory Service & Analytics		
ASP	Adaptive Social Protection	IPCC	Inter-Governmental Panel on Climate Change
BNEF	Bloomberg New Energy Finance	IPF	Investment Project Financing
CAT	Catastrophe Deferred Drawdown Options	JET	Jobs and Economic Transformation
DDO		LIC	Low-income Country
CCAP	Climate Change Action Plan	MDB	Multilateral Development Banks
CCKP	Climate Change Knowledge Portal	MFD	Maximizing Finance for Development
COP	Conference of Parties	MIGA	Multilateral Investment Guarantee Agency
CPF	Country Partnership Framework	MW	Megawatt
CRW	Crisis Response Window	NDC	Nationally Determined Contribution
CSA	Climate-Smart Agriculture	NDCP	Nationally Determined Contributions Partnership
CSIP	Climate-Smart Agriculture Investment Plan	NDC-SF	Nationally Determined Contributions-Support Facility
DPO	Development Policy Operation	PFM	Public Finance Management
DRM	Disaster Risk Management	PRI	Political Risk Insurance
FAP	Forest Action Plan	PSW	Private Sector Window
FCV	Fragility, Conflict and Violence	PV	Photovoltaic
FPN	Forestry Policy Note	SCD	Systematic Country Diagnostic
GHG	Green House Gas	SDG	Sustainable Development Goals
GP	Global Practice	SIDS	Small Islands Developing States
GRiF	Global Risk Financing Facility	SME	Small and Medium Enterprises
GW	Gigawatt	SSA	Sub-Saharan Africa
GWh	Gigawatt hour	TWh	Trillion-Watt hour
HNP	Health, Nutrition and Population	UNDP	United Nations Development Programme
IBRD	International Bank for Reconstruction and Development	UNFCCC	United Nations Framework Convention on Climate Change
IDA	International Development Association	WACA	West Africa Coastal Areas
IDA18	IDA18 Replenishment	WB	World Bank
IDA19	IDA19 Replenishment	WBG	World Bank Group
IEG	Independent Evaluation Group		
IFC	International Finance Corporation		
IMF	International Monetary Fund		

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EXECUTIVE SUMMARY

- i. **The IDA19 replenishment is envisaged to strengthen the World Bank Group's (WBG's) commitment and leadership in addressing climate change—one of the foremost challenges of our time.** According to the Inter-Governmental Panel on Climate Change (IPCC), not only are climate risks expected to increase with global warming of 1.5°C and intensify significantly with 2°C, but the world is *not* on track to halt warming to even 2°C. Climate-related risks affect diverse areas such as health, livelihoods, food security, water supply, human security and economic growth. Such threats could roll back hard-won development gains in International Development Association (IDA) countries, which remain disproportionately susceptible to adverse climate impacts. Those at higher risk include small islands, disadvantaged and vulnerable populations, some indigenous people, and communities reliant on agricultural or coastal livelihoods.
- ii. **Limiting global warming to 1.5°C requires urgent and far-reaching actions that are critical to advancing sustainable development and poverty reduction efforts.** Any higher warming would result in several hundred million more people being exposed to climate-related risks, potentially undermining progress towards the Sustainable Development Goals (SDGs). Limiting global warming and investing in prospects towards low-carbon and climate-resilient development will require significant resources to galvanize a wholesale economic transformation at a scale not seen before, and the window for such change is rapidly closing. Adaptation costs are likely to increase sharply over time even as the world tries to limit a global rise in temperatures to below 2°C.
- iii. **IDA18 has ushered in a strong foundation to support IDA countries in tackling these challenges, with implementation to date being on track to meet all climate change policy commitments.** The World Bank (WB) has made significant progress in mainstreaming climate change into IDA operations, and in supporting IDA countries in their integration of climate in-country policy engagements, such as Nationally Determined Contributions (NDCs). Thus far in IDA18, the goal of having all IDA operations screened for climate and disaster risks has been fully met. Through direct and indirect financing, IDA countries have received support for the addition of 6.6 gigawatts (GW) of renewable energy generation through Board-approved operations in FY18 and in FY19 (as of March 31, 2019). In addition, the overall value proposition on climate change is a WBG-wide effort, with the International Finance Corporation (IFC) committing US\$581 million of its own account funds for climate business in IDA projects, and a further US\$1.5 billion in core mobilization for these projects. The Multilateral Investment Guarantee Agency (MIGA) has continued to promote guarantees for climate finance in IDA countries as part of its FY18-FY20 strategy and MIGA expects to continue to expand its climate finance efforts as it moves ahead with its strategy for the FY21-FY23 period.
- iv. **The IDA19 climate change policy commitments build on the strong progress of IDA18 and aim to help countries address the downside risks of climate change as well as leverage prospects on the upside.** IDA19 strives to deepen the responses of the poorest and most vulnerable countries to complex, interdependent and urgent challenges associated with addressing climate change. Focus is given to increasing direct climate finance, while boosting support to

adaptation and resilience-building. Meanwhile, there is clear and mounting evidence that bold climate action presents significant business and economic opportunities. IDA19 hence also aims to help client countries take advantage of the economic opportunities that a transition to low-carbon and climate-resilient development could yield.

v. **The IDA19 policy commitments are well-aligned with the 2025 WBG climate change strategy and architecture.** The new WBG Climate Change 2025 targets have an increased focus on and ambition to: (1) deepen climate mainstreaming and increase direct climate financing; (2) increase leverage of private finance and create markets for climate action; (3) systematically strengthen adaptation and resilience; (4) drive for larger systemic impact at the country level; and (5) elevate climate actions in key sectors and areas. The WBG aims to step up support to clients, especially as they implement and update their Paris Agreement commitments and drive for more ambition. In January 2019, the WBG further reflected its determination to push the agenda on climate adaptation and resilience by launching the Adaptation and Resilience Action Plan.

vi. **For IDA19, this also translates into taking an outcome-oriented approach with measurable and actionable commitments.** The focus is on long-term systemic impacts for the institutionalization of low-carbon and resilient development. It also involves harnessing synergies with other IDA19 Special Themes and cross-cutting areas, so as to put forth a diverse set of commitments to tackle this multi-faceted challenge, while also preserving and valuing natural capital and advancing investments in human capital.

vii. **For IDA19, six policy commitments are proposed for the Climate Change Special Theme in support of four objectives as shown in the table below.**

Objectives	Policy Commitments
Increase Climate-related Financing and Further Deepen Climate Mainstreaming	<ol style="list-style-type: none"> 1. IDA’s climate co-benefits share of total commitments will increase to 28 percent on average over FY21-FY23, and at a minimum, maintain parity between adaptation and mitigation finance. 2. All IDA operations with more than 20 percent of climate co-benefits will incorporate at least one climate-related results indicator to increase the focus on climate outcomes.
Boost Support on Adaptation and Resilience	<ol style="list-style-type: none"> 3. Developing new resilience metrics designed to give increased incentives for more effective climate adaptation actions and pilot them in 20 IDA operations. 4. Support at least 25 countries to reduce the risks of climate shocks on poverty and human capital outcomes by supporting programs that incorporate Adaptive Social Protection (ASP) into national systems or reduce climate threats to health.
Drive Systemic Impact at the Country Level	<ol style="list-style-type: none"> 5. Support at least 10 IDA countries to systematically implement and/or update their Nationally Determined Contributions (NDCs) or similar national action plans; where appropriate, set climate-related or NDC-based objectives and/or results indicators in the Country Partnership Frameworks (CPFs).
Facilitate Economic Transformation through Low-Carbon and Resilient Transition	<ol style="list-style-type: none"> 6. Facilitate further penetration of renewable energy access in IDA countries by mobilizing concessional climate finance and public and private investments for five gigawatt hours (GWh) of battery storage, and supporting generation, integration, and enabling infrastructure for six gigawatts (GW) of renewable energy in IDA countries, which covers grid, distributed generation, mini-grids, and off-grid renewable energy.

viii. Management would welcome feedback from IDA Deputies and Borrower Representatives on the proposed policy commitments for the IDA19 Climate Change Special Theme set out in this paper.

I. INTRODUCTION

1. **There is increasing urgency to accelerate climate action.** The risks of unabated climate change mount with each passing year and continue to threaten the World Bank Group's (WBG's) twin goals of ending extreme poverty and boosting shared prosperity. The year 2018 was the earth's fourth warmest year on record. The only warmer years were 2015, 2016 and 2017.¹ The increased surface temperature has led to worsening food and water security risks and has increased the frequency and severity of weather-related hazards. Continuing WBG leadership on climate action is critical to maintain the progress made to date, to prevent erosion to development gains, to deliver on the WBG's core mission, and to meet the Paris Agreement objectives and the Sustainable Development Goals (SDGs).

2. **According to the recent report of the Inter-Governmental Panel on Climate Change (IPCC), not only are climate risks expected to increase with global warming of 1.5°C and intensify significantly with 2°C, but the world is *not* on track to halt warming to even 2°C.** Climate-related risks to health, livelihoods, food security, water supply, human security, and economic growth will be significant with global warming of 1.5°C. Global warming of 2°C would result in significantly increased negative impacts on ecosystems and human welfare, with the poorest and most vulnerable most seriously affected. The report finds that a 2°C world, compared with the 1.5°C one, would result in several hundred million more people being exposed to climate-related risks and susceptible to poverty by 2050.

3. **IDA countries are especially and disproportionately vulnerable to the adverse impacts of climate change.** Vulnerable regions, including Small Island Developing States (SIDS) and Low-Income Countries (LICs), are projected to have high multiple interrelated climate risk, even with global warming of 1.5°C.² Populations at disproportionately higher risks include disadvantaged and vulnerable populations, indigenous peoples and local communities located in inland or coastal areas and dependent on natural resources (including farming, forestry and fisheries). During the last decade, IDA countries were affected by almost eight times as many natural disasters relative to the 1980s, resulting in a three-fold increase in economic damage.³ Climate-related shocks can also drag the vulnerable into poverty, erase decades of hard-earned development gains, and leave people with irreversible health consequences.⁴

4. **Climate change multiplies threats in situations of Fragility, Conflict, and Violence (FCV) and it can also contribute to migration.** Climate change creates major stresses, especially in fragile situations where governments have limited means to help their populations adapt. There is evidence that environmental factors such as resource degradation and scarcity can play a role in driving or exacerbating conflicts. Risks associated with climate change can combine with and

¹ NOAA National Centers for Environmental Information, State of the Climate: Global Climate Report for Annual 2018, published online January 2019 <https://www.ncdc.noaa.gov/sotc/global/201813>.

² SIDS are particularly vulnerable to the impact of climate change and natural disasters. In fact, two-thirds of the countries that have been most severely impacted by disasters are small island nations, which have lost between one and nine percent of GDP annually due to weather extremes and other catastrophes. The severity and recurrence of disasters makes it hard for those countries to recover, and seriously undermines ongoing development efforts.

³ The International Disaster Database (EM-DAT).

⁴ "Shock Waves - Managing the Impacts of Climate Change on Poverty", 2016, World Bank's publication.

exacerbate risks of violence through factors such as food insecurity, economic shocks, and migration. Where climate change interacts with other social, economic, and environmental pressures, a number of compound risks emerge that can increase vulnerability, exacerbate grievances, and deepen pre-existing fragility. Climate change also increases the risks of migration and instability.⁵ Climate change and weather shocks exert only a minor effect on migration, but increased drought and desertification, rising sea levels, repeated crop failures, and more intense and frequent storms are likely to increase both internal displacement and, to a lesser extent, international migration.

5. Sustained effort and focus on adaptation and increased investments in building resilience will be necessary to buffer IDA countries and communities from climate and disaster risks. Investments in high quality infrastructure (energy, transport, urban infrastructure, etc.) are important to advance the climate change agenda. Development needs in IDA countries remain critical, including the need for healthy and productive landscapes (which are key for food and water security) and energy access. Mitigation investments, policy and institutional reform, acceleration of technological innovation and behavioral change are critical for managing a systematic transformation to climate-smart infrastructure and low-carbon economies.

6. IDA countries can build local green industries that can drive sustainable economic growth and provide environmental benefits.⁶ Until recently, businesses and governments in the developed world have been driving growth and innovation in clean technology markets, but emerging market economies and developing countries are increasingly powering the clean technology sector,⁷ including clean energy. In 2017, developing nations accounted for the majority of new clean energy capacity added and new funds deployed globally.⁸ IDA can further support these countries to lead the charge when it comes to deployment, investment, policy innovation and cost reductions.

7. Clean technology is also a growing employment sector globally, and green jobs compare favorably to jobs in other sectors. Green jobs tend to be more skilled, safer, and better paid. According to the World Bank (WB)'s report *Building Competitive Green Industries*, the nature and likely size of the clean technology opportunity in 145 developing countries and across 15 clean technology sectors will top US\$6.4 trillion overall (2014-2023). Of that total market, roughly US\$1.6 trillion will be accessible to Small and Medium Enterprises (SMEs), as shown in Figure 1.

8. There is clear and mounting evidence that bold climate action presents significant business and economic opportunities for the world. Globally, the transition to low-carbon and climate-resilient development could yield a direct economic gain of US\$26 trillion through 2030

⁵ For instance, the Groundswell Report reveals the pressing threat of climate change to internal migration and stability and the importance of addressing climate induced migration.

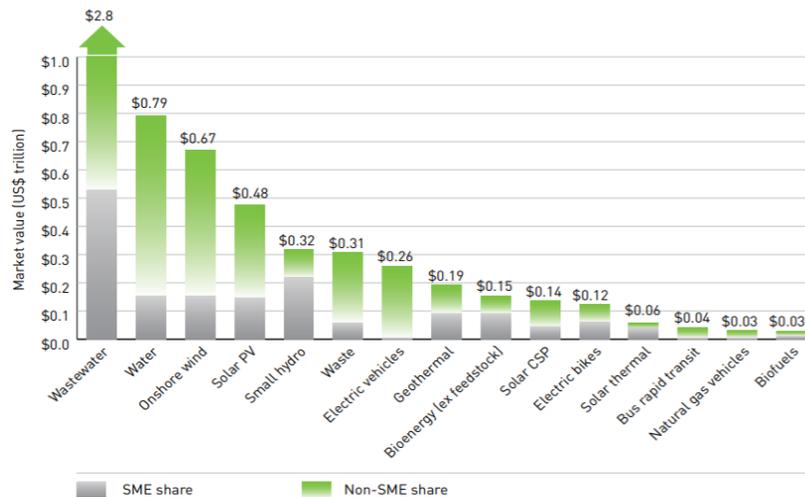
⁶ *Building Competitive Green Industries: The Climate & Clean Technology Opportunity for Developing Countries*, World Bank Group. 2014. Analysis covers the period 2014-2023.

⁷ In 2012, clean technology investment rose by 19 percent in developing countries (to US\$112 billion per year) compared with an overall decline of 12 percent globally (to US\$244 billion per year), suggesting that clean technology investment is shifting towards developing economies in the near term.

⁸ *Emerging Markets Outlook 2018. Energy transition in the world's fastest growing economies*. Bloomberg New Energy Finance (BNEF). Climatescope. November 27, 2018.

compared with a business-as-usual scenario. Furthermore, beginning immediately, bold climate action could deliver more than 65 million additional jobs by 2030.⁹ Action to address climate change also has the benefit of helping deliver on many of the SDGs, for example through lower air pollution and increased women participation in the labor force. The International Finance Corporation (IFC) and the Multilateral Investment Guarantee Agency (MIGA) are continuing to engage the private sector through the Maximizing Finance for Development (MFD) approach, to crowd in private sector financing for climate adaptation and mitigation, where possible so as to optimize the use of scarce public resources for development.

Figure 1. Market Size through 2023 for 15 Clean Technologies in Developing Countries (US\$ trillion)



9. **There are clear synergies between climate change and other IDA special themes.** Integration between climate change and other IDA priorities including Gender, FCV, Governance and Jobs and Economic Transformation (JET) is being achieved through comprehensive Bank-wide programs. Focus on disaster risk reduction, improved landscape management, human capital, and clean technology entrepreneurship will contribute to reduced vulnerability to climate impacts and enhanced inclusion opportunities for economic benefits from mitigation and adaptation investments. Integrating climate change into risk and resilience assessments and crisis response in FCS, as well as scaling up the integration of gender in upstream planning and downstream implementation of climate resilience actions can present opportunities for climate to support other IDA special themes.¹⁰ Gender, climate and health interactions are increasingly coming to the fore in country planning. Urban and transport development that identifies and responds to different needs of women and men is another area of opportunity for inclusive planning for low-carbon growth.

⁹ The Report of the Global Commission on the Economy and Climate, the New Climate Economy, 2018. This report falls on the heels of a 2016 analysis by IFC on “Climate Investments Opportunities in Emerging Markets”. IFC assessed the national climate change commitments and other policies in 21 countries and found an initial investment opportunity of US\$23 trillion from 2016 to 2030 in key sectors such as wind, solar, biomass, waste, transport, energy efficiency, etc.

¹⁰ Opportunities for mainstreaming gender into climate programs include green jobs and skills development opportunities for women in the growing renewable energy landscape, as well as targeting of especially vulnerable groups, such as female households with high dependency ratios, in adaptive social protection programs which aim to reduce risk and respond to climate shocks.

10. **Recognizing these challenges and opportunities, the IDA19 replenishment builds on the strong momentum of IDA18 while driving for bigger impact, in line with the WBG Climate Action Plan 2021-2025.** This report provides a comprehensive overview of the progress achieved to date, current WBG climate strategy and architecture, the principles that will guide the way forward, and the proposed IDA19 climate change policy commitments to inform future areas of focus.

II. PROGRESS UNDER IDA18 AND LESSONS LEARNED

11. **This section presents the progress made for each of the IDA18 climate change policy commitments as well as lessons learned in implementation.** The three themes for IDA18 commitments are: A) Deepen mainstreaming; B) Supporting efforts to achieve the Sustainable Energy for All objectives and C) Climate finance monitoring and reporting. The key results achieved to date are outlined below.

A. DEEPEN MAINSTREAMING

12. **IDA has made significant progress in mainstreaming climate change into its operations.** As an example, climate co-benefits in IDA lending operations have increased since IDA17 (FY15-FY17). Between FY17 and FY19, the average share of climate co-benefits over IDA commitments was 26 percent, compared to 18 percent between FY15 and FY17. Moreover, between FY17 and the first three quarters of FY19, 63 percent of the projects had some level of climate co-benefits, which is a significant increase from the 40 percent between FY15 and FY17, reflecting a broader uptake of climate considerations as a result of significant progress in climate mainstreaming.

Table 1. Climate Co-Benefits in IDA Supported Operations

	FY15-FY17	FY16-FY18	FY17-FY19*
Share of climate co-benefits over total IDA commitments, percent	18	23	26
Share of projects with climate co-benefits, percent	40	53	63
Climate co-benefits in IDA operations (US\$ billion) of which:	10.1	13.8	17.3
• Adaptation	5.8	7.5	9.2
• Mitigation	4.3	6.3	8.1

Note: * The FY19 climate co-benefits projection considers projects that have been approved and are in the pipeline (with A or B probability) as of April 30, 2019.

Systematic Country Diagnostics (SCDs), Country Partnership Frameworks (CPFs) and Nationally Determined Contributions (NDCs)

13. **All 22 IDA SCDs and 14 IDA CPFs approved between July 1, 2017 and March 31, 2019 have incorporated climate and disaster risk considerations and considered NDCs, if applicable, achieving 100 percent compliance.** This IDA18 commitment has strengthened linkages between climate change diagnostics at a policy level and climate change strategy at the country planning level. Alignment with countries' NDC commitments has also been improved. Country engagement documents increasingly reflect NDCs and emphasize countries' priority actions to address climate change.

14. **IDA is supporting its client countries in their NDC implementation through the global Nationally Determined Contributions Partnership (NDCP) and the NDC Support Facility (NDC-SF).** The Partnership has helped to develop concrete planning and implementation documents aimed at specifying implementation priorities and identifying partners available to support implementation. The NDC-SF is a multi-donor Trust Fund developed to support implementation of NDCs through building client capacity, enhanced coordination and planning, investment plan development and analytical work aimed at supporting NDC implementation. NDC-SF currently supports 11 IDA countries.¹¹ The NDC-SF is also being used to support updates to NDC to ratchet up NDC targets and strengthen NDCs by broadening sectoral coverage, aligning with long term strategies and heightening the level of investment readiness.

Climate and Disaster Risk Screening of IDA Operations

15. **All IDA operations approved by the Board between July 1, 2017 and March 31, 2019 have been screened for climate and disaster risks. This is in full compliance with the IDA18 policy commitment.** The screening process has helped scale up and support mainstreaming of climate and disaster risks in IDA18 operations as well as built task team and client capacity to better understand the relevance of these risks in development planning and design of investments.

16. **Task teams continue to incorporate climate and disaster risk considerations and resilience building measures in project design.** The enhanced climate and disaster risk screening process has been effective in improving access to and usage of screening tools¹² and the best available climate information and global data under both current and future time frames in the Climate Change Knowledge Portal (CCKP).¹³ Sector level climate indices and sector dashboards, as well as Country Climate Risk and Adaptation Profiles for all IDA countries have also been made available through the CCKP. Enhancements of the CCKP will continue during FY19 and FY20 to update climate and vulnerability data for all countries. According to the latest statistics, the CCKP has an average of around 2,000 users per day accessing climate related information. In addition, since inception, the WB screening tools have been widely applied to screen over 2,500 operations across WB task teams, other development institutions, and government clients.

17. **Frequent trainings and tailored support continue to be provided to underpin the screening process.** Trainings also include a detailed overview of the CCKP, its climate profiles, and the use of climate data to evaluate impacts in different sectors and project design. Since the launch of the climate and disaster risk screening policy commitment under IDA17, over 85 regular training sessions have been delivered. There has also been a high demand for customized training sessions with over 30 sessions delivered per requests, including for Global Practices (GPs), country offices, climate change corporate commitment operations clinics, climate change for Environmental and Social Framework specialists' clinics, and external country client agencies. These trainings have together reached nearly 2,000 WBG staff and over 300 external participants. The screening tools will also be translated into Spanish due to high demand.

¹¹ The 11 IDA countries are Bangladesh, Cote d'Ivoire, Kyrgyzstan, Mali, Mongolia, Mozambique, Pakistan, Sao Tome and Principe, St. Vincent and the Grenadines, Rwanda, and Uganda.

¹² <https://wbclimatescreeningtools.worldbank.org/> (internal) and <https://climatescreeningtools.worldbank.org/> (external).

¹³ <http://climateknowledgeportal.worldbank.org>.

Climate-Smart Agriculture Investment Plans and Forest Policy Notes

18. **IDA has delivered three Climate-Smart Agriculture Investment Plans (CSIPs) (Cote d'Ivoire, Mali, and Zambia), in addition to finalizing two (Bangladesh, and Lesotho). Four more are on track for delivery by end December 2019 (Burkina Faso, Cameroon, Republic of Congo, and Ghana) and two more are planned under IDA18 (Honduras and Nepal).** The CSIP Pilots have supported the integration and implementation of NDCs and Agriculture Sector strategies. Factors critical to success include programming CSIPs well in advance so that clients have time to engage and build ownership. The CSIPs completed and underway are client-led and have used participatory methods, quantitative analysis and decision making under uncertainty approaches to assess the implications of climate change on client goals across agriculture, productivity/food security, resilience and mitigation. The local knowledge was key to reflect specific contexts in the interlinkages between climate change and agriculture. The CSIPs identify robust climate-smart investment and the impact of policy opportunities on nationally relevant variables, and translate opportunities into concrete, bankable investment bundles. The local capacity built for modeling has helped to ensure clients are capable of continued use of the tools after CSIP development is complete. Going forward, the WB will focus on supporting the implementation of such plans, where appropriate.

19. **Five IDA countries (Democratic Republic of Congo, Ethiopia, Liberia, Mozambique and Nepal) have prepared Forestry Policy Notes (FPNs).** FPNs articulate the economic value and poverty relevance of forests and identify connections between different sectors to promote integrated solutions, while helping to implement climate commitments by linking up to national mitigation and adaptation agendas. In this way, FPNs are a powerful tool for elevating the importance of forests within the WBG and in dialogue with governments and internally, as well as providing a framework in which to structure our engagements in the forestry sector. They also provide the framework for building a more ambitious and programmatic engagement on forests as committed through the Forest Action Plan (FAP) and the Climate Change Action Plan (CCAP). Seven more countries are preparing the forestry policy note.¹⁴

Development Policy Operations (DPOs)

20. **Climate change considerations have increased significantly in DPOs.** This increase is represented by both the increased climate co-benefits in DPOs and the increased number of DPOs with climate co-benefits in IDA18. The share of climate co-benefits over the total commitment for IDA DPOs has increased substantially from seven percent between FY15 and FY17 to 15 percent between FY17 and FY19, while the proportion of IDA DPOs that have incorporated climate change mitigation and/or adaption has increased from 24 percent in between FY15 and FY17 to 63 percent between FY17 and FY19. In the Caribbean, DPOs have been used to address climate change and the associated fiscal pressures arising from disasters. Also, the increased use of Catastrophe-Deferred Drawdown Options (CAT DDOs)¹⁵ in DPOs in IDA18 is a significant

¹⁴ These countries include Bhutan, Burkina Faso, Cote D'Ivoire, Dominica, Lao PRD, Myanmar and Zambia.

¹⁵ Catastrophe-Deferred Drawdown Option (CAT DDO) is a contingent financing line that provides immediate liquidity following natural catastrophes (including health related events), and serves as early financing while other source of funds are being mobilized.

development, which reflects the countries’ interest in mainstreaming climate resilience in their policy actions.

Table 2. Climate Co-Benefits in DPOs

	FY15-FY17	FY16-FY18	FY17-FY19*
Share of climate co-benefits in DPOs over total DPO commitments, percent	7	12	15
Share of DPOs with climate co-benefits over total number of DPOs, percent	24	43	63

Note: * The FY19 climate co-benefits projection counts projects, with A/B probability, which have been approved and are in the pipeline; the figures have not been pro-rated based on the IDA lending cap.

21. **The two CAT DDOs that have been approved in IDA18 are the Kenya Disaster Risk Management Development Policy Credit and the Samoa second Resilience Development Policy Operation.**¹⁶ In addition, there are nine CAT DDOs in the IDA18 pipeline, which reflects the growing demand from countries for contingent policy financing to improve climate resilience. These achievements resulted from systemic efforts across the institution to help task teams integrate climate change considerations into DPOs (see Table 2).

22. **IDA is deploying a wide range of financial instruments to support disaster risk financing and insurance solutions and to build resilience to climate shocks.** For instance, under the IDA Crisis Response Window (CRW), US\$1.5 billion has been channeled to client countries for climate-related disasters since IDA16. In Myanmar and Lao PDR, Investment Project Financing (IPFs) have included disaster risk insurance premium financing to crowd in additional finance for disaster preparedness and response. The recently established Global Risk Financing Facility (GRiF) will provide support to strengthen the resilience of vulnerable countries to climate and disaster shocks by scaling up existing and piloting new risk pooling mechanisms, testing insurance premium financing for the poorest countries and new types of contingent financing to complement insurance, including contingent investment loans. Going forward and in line with the InsuResilience Global Partnership—which seeks to develop new climate and disaster risk finance and insurance solutions to help meet growing needs in developing countries—IDA will explore options to make it easier for countries to access and use IDA crisis tools and develop new climate and disaster risk financial products to better prepare countries for and prevent climate shocks, as well as partnering with insurers to provide enhanced coverage in IDA countries.

Greenhouse Gas Accounting and Shadow Price of Carbon

23. **All applicable IDA operations approved by the Board between July 1, 2017 and March 31, 2019 accounted for Greenhouse Gas (GHG) emissions¹⁷ and priced these emissions in the economic analysis using a shadow price of carbon, helping client countries move toward low-carbon investment trajectories.** The Shadow Price of Carbon guidance note has been revised in FY18 to provide more detailed guidance to task teams on how to value carbon

¹⁶ Samoa’s First Resilience Development Policy Operation, approved in FY18, did not include a CAT DDO.

¹⁷ Between July 1, 2017 and March 31, 2019, 87 IDA investment project financing conducted GHG accounting, representing 100 percent. 68 projects incorporated a shadow price of carbon in the economic analysis.

emissions in the economic analysis and to reflect latest science. Task teams have been supported in conducting GHG accounting and using a shadow price of carbon in economic analysis. Best practice examples on GHG accounting and shadow price of carbon have been developed and clinics continue to be offered to task teams. As a result, technical knowledge and expertise among task teams on these aspects continues to grow.

Box 1. Examples of Climate-Smart Projects in IDA18

Pakistan – Sindh Solar Energy Project (FY18, US\$100 million). This project addresses Sindh’s energy needs while reducing its carbon footprint through the development of solar energy. It supports independent power producers to develop 400 megawatts (MW) of new solar power capacity and provides partial grants to private sector firms for the commercial provision of Solar Home Systems to 200,000 households. Consistent with the Maximizing Finance for Development (MFD) approach the project is strategically using public funding to leverage private sector investment and expertise—a relatively small amount of public investment in solar parks can help to de-risk project development, resulting in low tariffs under solar power auctions

Samoa - Second Resilience Development Policy Operation with a Catastrophe Deferred Drawdown Option (Cat DDO) (FY18, US\$13.7 million). This operation aims to strengthen Samoa's macroeconomic and financial resilience, to enhance resilience to the effects of climate change and natural hazards, and to reduce vulnerability to non-communicable diseases. The operation is the second in a programmatic series of two Development Policy Operations (DPOs), aimed at boosting the resilience of Samoa to some of the major risks threatening its development, and includes a Disaster Risk Management Policy Grant with a Cat DDO.

West Africa Coastal Areas (WACA) Resilience Investment Project (FY18, US\$210 million IDA). This regional project aims to build the resilience of coastal communities in Benin, Cote d’Ivoire, Mauritania, Sao Tome and Principe, Senegal, and Togo by protecting against coastal erosion by fixing dunes, restoring wetlands and mangroves, replenishing beaches, and building seawalls and dike, among others. It will reduce flooding risk by rehabilitating lagoons and drainage systems and by improving watershed management. To help deliver on this promise, the WACA Program now includes a High-Level Platform which many donors and Multilateral Development Banks (MDBs) have committed to in order to mobilize the financing needed.

Mozambique Disaster Risk Management and Resilience Program (FY19, US\$90 million IDA, US\$6 million Global Facility for Disaster Reduction and Recovery). This Program for Results operation will support the implementation of the government’s second Disaster Risk Management (DRM) master plan, which seeks to improve financial protection against natural disaster, including the operationalization and capitalization of the recently established Disaster Management Fund; strengthen disaster preparedness and response; and build climate

B. SUPPORTING EFFORTS TO ACHIEVE SUSTAINABLE ENERGY FOR ALL OBJECTIVES

Support the Addition of Five GW in Renewable Energy Generation

24. **Through direct and indirect financing, IDA countries have received support for the addition of 6.6 GW of renewable energy generation through operations approved by the Board in FY18 and in FY19 (through March 31, 2019).** The financing has been provided by IDA, as well as the International Bank for Reconstruction and Development (IBRD) and Trust Fund resources. Financing is provided in several key ways, categorized for ease of aggregation and reporting into direct financing and indirect financing:

- **Direct Financing.** This category includes financing for the construction of new renewable generation facilities, the addition of generation capacity through rehabilitation or expansion of existing facilities, the conversion from non-renewable to renewable sources of generation, and the provision of risk mitigation financing to provide incentives for private sector participation. This includes on-grid, mini-grid, and off-grid solutions;

- **Indirect Financing.** This category can be further disaggregated into three sub-categories, and includes:
 - **Renewable Energy Generation Facilities:** financing for the construction of enabling facilities for investments in renewable energy generation;
 - **Renewable Energy Integration:** financing for the construction of infrastructure to integrate renewable generation facilities into the grid and evacuate power from renewable generation facilities (thus avoiding stranded assets);
 - **Technical Assistance:** financing for the preparation of least cost and master plans, the development of laws and regulations, resource mapping and data collection; and the analyses required for construction such as feasibility studies, and environmental and social analyses and plans;

25. **IDA countries have also received support through enabling Advisory Services and Analytics (ASA).** These services have been used to: prepare least cost and master plans; assist countries with development of laws and regulations; carry out resource mapping and data collection; and deliver the analyses required for construction such as feasibility studies, and environmental and social analyses and plans.

26. **By type of support, of the total 6.6 GW, 1.2 GW has been supported through direct financing, with the rest through indirect financing for 0.6 GW of renewable energy generation facilities, 4.3 GW of renewable energy integration, and 0.5 GW of technical assistance for renewable energy generation in IDA countries.** By type of technology, the composition of the 6.6 GW is as follows: 0.14 GW for one geothermal operation; 1.5 GW for 16 solar operations; 3.9 GW for three hydropower operations; and 1.0 GW for eight operations with a mix of technologies. In terms of number of operations, solar is dominant, while in terms of volume, hydropower is dominant. For solar operations, the Bank can support a variety of technologies to provide electricity access to underserved populations, including off-grid stand-alone solar home systems, solar mini-grids, and utility scale grid-connected greenfield solar photovoltaic systems.

27. **In terms of energy efficiency, IDA countries received more than US\$2.05 billion in financing to support enhancements in power generation, transmission, distribution and energy use under IDA17 and an additional US\$820 million under IDA18 to date.** Over half, about US\$1.5 billion, was in Sub-Saharan Africa (SSA). These investments supported the rehabilitation of a hydropower station in Tajikistan and gas-fired steam plant in Bangladesh, power system loss reduction investment in Ethiopia, district heating upgrades in Uzbekistan and the Kyrgyz Republic, and demand-side energy efficiency programs in Rwanda and the Marshall Islands. Collectively, these investments will save more than 190 trillion-watt hours (TWh) of energy over the lifetime of the investments.

28. **The WBG has also supported several policy actions related to renewable energy generation in IDA countries through DPOs.** Thus far, during IDA18, two DPOs addressed

actions related to renewable energy. These are Burkina Faso's DPO series on Energy and Public Finance Management (PFM), and Rwanda's Energy Sector Development Policy Operation.¹⁸

29. **The WBG has also been actively supporting climate action through the MFD approach.** For example, Scaling Solar is a WBG program that makes it easier for governments to procure and develop large-scale solar projects with private financing.¹⁹ In Zambia, the construction of the new solar plants under the program will provide clean and affordable power to ease the country's energy shortages.²⁰ In addition to Zambia, the Scaling Solar approach is deployed in Senegal, Madagascar, and Ethiopia.

Develop Investment Prospectuses in Seven Additional IDA Countries

30. **Investment prospectuses have been completed for Cameroon, Cote d'Ivoire, Kenya and Malawi.** Discussions are being held in six other countries, including Benin, Madagascar, Mozambique, Niger, Togo, and Zambia. In addition, an investment prospectus is being developed in Central African Republic. These efforts are expected to support these countries with energy access and help mobilize additional funding for energy development.

C. CLIMATE FINANCE MONITORING AND REPORTING

Monitoring and Reporting IDA Resources Used and Private Finance Mobilized for Climate

31. **The World Bank Group continues to report annually on climate finance, from WBG resources and mobilized from other public and private sources. These are published annually in the Joint Report on Multilateral Development Banks (MDB) Climate Finance.** In FY18, the WBG contributed US\$20.5 billion in climate related finance from its own account. The WBG climate co-financing reached US\$32.9 billion in FY18, of which US\$13.7 billion was mobilized from private sources. As of March 31, 2019, IFC committed US\$376 million in own account funds for climate business in IDA projects in FY19. Over the period FY15-FY17, IFC committed on average US\$406 million in climate investments in IDA countries (these were countries categorized as IDA at the time of commitment) annually (see Table 3).

32. **In terms of mobilization, in FY18, IFC arranged US\$1.5 billion in core mobilization for climate business in IDA projects, in addition to committing US\$581 million in own account funds.** For comparison, in FY17, IFC committed US\$615 million in own account funds for climate business in IDA, with another US\$400 million in core mobilization. Under the IDA Private Sector Window (PSW), projects totaling about US\$166 million have been endorsed by the Blended Finance Committee for seven climate projects in PSW eligible countries of which one project has received Board approval.

¹⁸ Burkina Faso's DPO series on Energy and PFM, and DPO2 series on Energy and PFM and Rwanda's Energy Sector Development Policy Operation.

¹⁹ <https://www.scalingsolar.org>

²⁰ IFC and the Government of Canada are supporting the second scaling solar project in Zambia. The financing package arranged by IFC includes senior loans and interest-rate swaps, funding from IFC-Canada Climate Change Program, and partial risk guarantee from IDA. The European Investment Bank is also providing US\$11.75 million in loans to the project that will be built by Enel near the capital Lusaka.

Table 3. IFC's Climate Investment

	IDA17*	IDA18 Year-to-date**		
		FY18	FY19 Year-to-date	OVERALL
Volume of climate own account investments (US\$ million)	406	581	376	957
Share of climate own account investments as a percent of total own account volume, percent	16	38	53	43

Note: * Three-year annual average (FY15-FY17). This considers projects marked as IDA-eligible at time of commitment. It is not pro-rated by the IDA volume of each project.

**IDA18 year-to-date consists of FY18 projects and FY19 projects that are committed as of March 31, 2019. This considers projects marked as IDA-eligible at time of commitment. It is not pro-rated by the IDA volume of each project.

33. **In IDA18, as of March 31, 2019, MIGA committed²¹ US\$600 million for climate business in IDA projects.** Over the period FY15-FY17, MIGA committed on average US\$158.1 million in climate investments in IDA countries (these were countries categorized as IDA at the time of commitment) annually (see Table 4). IDA-eligible countries represented 66 percent of MIGA's total gross issuance in renewables. For example, through its Political Risk Insurance (PRI) product MIGA was able to provide long-term coverage against the risks of currency convertibility and transfer restriction, expropriation, war and civil disturbance, and breach of contract to key renewable energy projects in Djibouti, Senegal and Uganda. MIGA used the IDA18 PSW to help mobilize US\$5.8 million of private financing for a climate-smart agri-business project in Afghanistan. MIGA is working to continuing to support IDA countries in FY19 and beyond.

Table 4. MIGA's Climate Guarantees Issued

	IDA17**	IDA18 Year-to-date***		
		FY18	FY19 Year-to-date	OVERALL
Volume of climate finance issuance* in IDA (US\$ million)	158	410	190	600
Share of IDA climate finance issuance as a percent of total climate finance volume, percent	21	45	59	48

Note: *For MIGA, climate finance issuance is defined as gross issuance for guarantees in support of climate finance investments.

** Three-year annual average (FY15-FY17). This considers projects marked as IDA-eligible at time of signing.

***IDA18 year-to-date consists of FY18 projects and FY19 projects signed as of March 31, 2019. This considers projects marked as IDA-eligible at time of commitment. It is not pro-rated by the IDA volume of each project.

34. **One of WBG's the largest climate projects in an IDA country, Nachtigal Hydropower in Cameroon, was committed in FY19.** The Nachtigal Hydropower Project is an excellent demonstration of MFD principles in two important ways: (i) the project benefits from World Bank Group support in the form of IFC investments (it received the highest-ever Anticipated Impact Measurement and Monitoring (AIMM) score), IBRD guarantees (a US\$200 million loan guarantee of an unprecedented 21 years tenor and US\$100 million payment guarantee) and MIGA breach of contract political risk insurance (Euro164.5 million covering equity investments) to crowd in commercial capital; and (ii) it provides an example of how a sequence of reforms and a publicly financed reservoir such as the Lom Pangar can unlock the hydropower potential of an otherwise seasonal river, and enable private sector participation in hydropower in Sub-Saharan Africa. The

²¹ MIGA reports climate finance own account commitments as gross issuance for signed guarantees in support of climate finance investments. Private direct mobilization is reported as the amount of the underlying investment covered by the MIGA guarantee and private indirect mobilization includes all other investments alongside the MIGA-covered investment. Between July 1, 2018 and March 31, 2019, MIGA mobilized (directly and indirectly) US\$515.1 million of private finance for climate business in IDA-eligible countries.

Nachtigal Hydropower Project is expected to provide an additional 30 percent of installed generation capacity, with significant climate co-benefits, at a tariff of less than 7 USc/KWh, thus among the lowest cost generation projects of its size in SSA, all technologies considered.

D. LESSONS LEARNED UNDER IDA18

35. **Lessons from implementation of IDA18 include a need for greater focus on climate change and strengthened efforts to increase systemic impact.** This can be done in several ways, as detailed below:

- **Elevating NDC support:** Sustained and elevated efforts are needed to scale up NDC support: strengthening capacity building, identifying and addressing policy bottlenecks to implement NDCs, supporting NDC updates to make them more ‘investment ready’, and developing a suite of services and actions to systematically deliver the needed support.
- **Deepening integration of NDCs into CPFs:** To achieve bigger impacts and further integrate NDC priorities into how the WBG engages with countries, where appropriate, efforts need to be made to further deepen integration of NDCs into CPFs.
- **Enhancing systematic policy actions to drive climate impact:** To further integrate climate considerations into national policy actions to make profound impacts, support could be scaled up in promoting fiscal and sectoral policy reforms that systematically address climate change challenges and support implementation of countries’ mitigation and adaptation targets set out in the NDCs.
- **Increasing the focus on adaptation and resilience:** Due to the rising magnitude of climate impacts on developing countries, the need for increased climate adaptation actions is apparent. Building on the existing climate and disaster risk screening commitment, systematic support for addressing climate risks both within and across sectors can be further strengthened.

Box 2. Insight and Lessons from the Independent Evaluation Group (IEG) Synthesis Report on IDA¹

Among the IDA18 Special Themes, Climate Change had one of the largest uptakes in objectives of IDA country strategies at 88 percent. Between FY08-FY10 and FY15-FY17, there was an increase of roughly 50 percent in the share of project components in the IDA portfolio with potential climate change benefits, for both mitigation and adaptation. As compared to IBRD countries, IDA countries more often included objectives supporting access to energy, through renewable and clean technologies. Enhanced tools under IDA18 help fill unmet needs for WBG support, especially for disaster and climate change risk mitigation in small island states by helping to improve preparedness capacity, making infrastructure disaster more resilient, and increasing the focus on resilience in government planning.

Lessons concerning monitoring and evaluation are considered in the design of IDA19 climate change commitments, which are measurable and actionable. Whereas the IDA18 mandate did not require including results indicators for operations with climate co-benefits or climate objectives for Country Partnership Framework (CPFs) or targets related to climate change, within IDA19 there is a clear shift from input and process-based to climate outcome-oriented commitments.

Note: ¹ Learning from IDA Experience. Lessons from IEG Evaluations, with a Focus on IDA Special Themes

III. WAY FORWARD AND PROPOSED POLICY ACTIONS

36. **The WBG launched its Climate Change Action Plan in 2016 and has made significant progress in mainstreaming climate change into its operations and policy dialogue.**²² In 2018, the WBG provided a record-breaking US\$20.5 billion in finance for climate action and met its 2020 target of 28 percent climate co-benefits two years ahead of schedule.

37. **With the strong progress achieved in delivering targets in WBG Climate Change Action Plan 2016-2020 and IDA18 policy commitments on climate change, the WBG has developed a new interlinked architecture for the post-2020 climate change strategy.** This architecture is centered around the WBG Climate Change Action Plan 2021-2025,²³ and consists of the IBRD/IFC Capital Package for 2020-2030,²⁴ the IDA19 policy commitments, and the WBG Adaptation and Resilience Action Plan.²⁵

38. **The new Climate Action Plan through 2025 remains consistent with the overall directions of the CCAP 2016-2020 while raising ambition.** The focus of increased ambition will be to (1) deepen climate mainstreaming and increase direct climate financing; (2) increase leverage of private finance and create markets for climate action; (3) systematically strengthen adaptation and resilience; (4) drive for larger systemic impact at the country level; and (5) elevate climate actions in key sectors and areas.

39. **The new Climate Action Plan more than doubles WBG's current five-year investments to around US\$200 billion in support for countries to take ambitious climate actions.**²⁶ It reflects three key objectives: i) to step up support to clients, especially as they implement and update their Paris Agreement commitments;²⁷ (ii) to drive more ambition on the part of the WBG, following the recent IPCC report, to lead by example; and (iii) to increase the systemic impact of the WBG's climate actions based on its comparative advantage.

40. **In January 2019, the WBG further reflected its determination to push the agenda on climate adaptation and resilience through launching its Action Plan on Climate Change Adaptation and Resilience.** Adaptation and resilience are strategic priorities for the post-2020 climate architecture and a key building block of the 2025 WBG Climate Action Plan. Following on the strategic pillars of the 2025 Climate Action Plan, the Adaptation and Resilience Action Plan ramps up direct climate adaptation finance to reach US\$50 billion over FY21-FY25, more than doubling what was achieved during FY15-FY18. In addition, it commits to piloting new approaches to increase private finance for adaptation and resilience, as well as to support countries to mainstream approaches to systematically manage climate risks at every phase of policy

²² The World Bank Africa Climate Business Plan has proven to be instrumental in guiding the climate actions in the region. It has become a galvanizing platform for climate action since its launch in December 2015.

²³ The World Bank Group 2025 Targets to Step Up Climate Action. Announced in December 2018 at the 24th annual UN Climate Change Conference of Parties (COP) in Katowice, Poland.

²⁴ The IBRD climate policy commitment in the capital package supports increasing the climate co-benefit target to an average of at least 30 percent over FY20-FY23, with this ambition maintained or increasing to FY30. For IFC, the policy commitment is to increase climate investments to 35 percent of commitments by 2030, while ensuring that the average share between FY20 and FY30 gradually increases to 32 percent.

²⁵ Regional plans have also been instrumental in guiding action, such as the African Climate Business Plan.

²⁶ Please see <http://pubdocs.worldbank.org/en/368601543772742074/2025-Targets-to-Step-Up-Climate-Action.pdf>

²⁷ The World Bank has started work on the 2050 Outlook and Paris Alignment analytical report, which will help the WBG to better understand how it can best support countries to achieve Paris Agreement objectives.

planning, investment design, and implementation. Finally, the Plan focuses on development of a new rating system to create incentives for, and improve the tracking of, global progress on adaptation and resilience.

41. **IDA19 engagement will include IFC and MIGA support to increase climate finance for mitigation and to provide financing that contributes to actions that enhance resilience.** IFC and MIGA aim to increase adaptation investments while continuing to invest in mitigation efforts in IDA—for IFC, across the corporation’s five climate focus areas: clean energy, climate-smart agribusiness, climate-smart cities, green buildings, and green finance. IFC is also taking steps to manage climate risk for projects, including those in IDA. IFC will complete its current pilot risk assessment and begin systematic screening of projects in seven industry sectors in FY19. These sectors are ports, waterways, airports, roads, insurance, forestry, and pulp and paper. IFC will continue incorporating adaptation and climate risk in IFC’s Anticipated Impact Measurement and Monitoring System. For MIGA, the agency will continue incorporating climate risk in its Impact Measurement and Project Assessment Comparison Tool (IMPACT). Following IFC’s climate risk assessment pilot, MIGA will incorporate lessons learned and aim to pilot climate risk screening in projects in similar sectors to IFC.

42. **Under IDA19, new policy commitments are proposed in alignment with the WBG Climate Action Plan 2021-2025 and the Action Plan on Climate Change Adaptation and Resilience.** They will also help accelerate implementation of WBG Gender and Climate Program (FY18-FY23), adopted in March 2018. The following section discusses a set of principles that guide the design of IDA19 policy commitments.

A. GUIDING PRINCIPLES

43. **A drive for deeper action will take place through a shift from input-based to outcome-oriented commitments.** This shift will encourage widespread and lasting change underpinned not only by provision of finance but also by project results and policy and institutional reforms, implemented in accordance with principles of good governance to ensure broad based national ownership.

44. **The IDA19 climate change agenda will focus on long-term systemic impacts.** These will be achieved by making national expenditures climate-smart, investments in sustainable infrastructure, implementing transformative policies and reforms that facilitate greater climate action, strengthening relevant institutions and supporting ambitious and long-term climate planning and action.

45. **IDA19 commitments are measurable and actionable.** The WBG has a strong track record of developing and rolling out decision support tools and metrics. Tools such as guidance notes and case studies will be used and further developed to help countries better understand the implications of policies and activities towards low-emission and climate resilient development. Additional and more rigorous work on strengthening and harmonizing monitoring and evaluation for climate change mitigation and adaptation (including GHG methodology and resilience ratings/indicators) will build capacity within the WBG and IDA countries to facilitate evidence-based learning and decision making.

46. **Synergies between climate change and the other IDA18 Special Themes²⁸ will continue under IDA19 and will also integrate cross-cutting issues such as technology and human capital.**²⁹ Integrating climate change into risk and resilience assessments and crisis response in FCV situations and scaling up the integration of gender in upstream planning and downstream implementation of climate actions present opportunities for climate to support other IDA special themes, including green jobs in support of economic transformation. The IDA19 climate change commitments address key themes of disaster risk reduction, human capital accumulation, adaptive social protection, renewable energy, climate-smart agriculture and green jobs. Support under IDA19 will also seek enhanced protection and inclusion opportunities for women, children, the elderly and disabled.

B. IDA19 POLICY COMMITMENTS

47. **The IDA19 Climate Change Special Theme contains six policy commitments in support of four objectives.** These are outlined below.

1. Increase Climate-Related Financing and Further Deepen Climate Mainstreaming

Policy Commitments

- *IDA's climate co-benefits share of total commitments will increase to 28 percent on average over FY21-FY23, and at a minimum, maintain parity between adaptation and mitigation finance.*
- *All IDA operations with more than 20 percent of climate co-benefits will incorporate at least one climate-related results indicator to increase the focus on climate outcomes.*

48. **As a first objective, IDA19 will focus on driving up climate-related financing, in particular, adaptation finance and further climate mainstreaming.** IDA19 will continue to provide solid financial capacity to enable countries to achieve low-carbon and resilient development outcomes and allow the institution to build robust and effective support and incentive systems to further deepen climate mainstreaming. IDA19 aims to significantly increase the mobilization of private financing, improve the conditions for the private sector to investment in projects, and support the development of green bond markets, in line with the WBG 2025 Climate Change Targets. This will be achieved through policy commitments outlined below.

49. **IDA19 will support efforts to increase climate co-benefits to 28 percent over FY21-FY23 and maintain parity between adaptation and mitigation.** This will be the first time that the institution sets an *IDA-specific climate finance target*. Historically, World Bank mitigation co-benefits have been higher than adaptation co-benefits. With a commitment to parity, IDA19 will ensure that the poorer, more climate-vulnerable countries continue to receive the support that will catalyze adaptation action at larger scale. It should be noted that the share of financing supporting climate action can fluctuate significantly from year to year and is largely influenced by the composition of the portfolio. The average IDA climate co-benefits over FY16-FY18 was 22 percent. As a first-time IDA-specific commitment, this is intended to be a three-year rolling average, up from a baseline of 18 percent under IDA17. While raising the ambition on climate co-

²⁸ Gender, Fragility, Conflict and Violence and Jobs and Economic Transformation

²⁹ Transformative technologies such as mobile applications, satellite-based tools, and the use of drones, for example, are eyes on the ground in fragile and conflict settings and are often critical for disaster response and for climate-smart developments.

benefits, IDA19 aims to accelerate impacts on the ground and shift from an input-based approach to an enhanced focus on outcomes.

50. **As part of the increased focus on climate outcomes, all IDA19 lending operations that have more than 20 percent climate co-benefits will incorporate at least one climate-related results indicator.** Through this commitment, IDA operations will be required to better articulate theories of change related to climate outcomes and consider where along the results chain a given operation will contribute to low-carbon development or increase resilience. Incorporating climate-related results indicator into results frameworks will support the shift from input-based to outcome-oriented actions and will drive impacts on the ground.

51. **The practice committed in IDA17 and IDA18, on climate and disaster risk screening, will continue under IDA19 and aim to further strengthen the rigor of the screening process with a view of more deeply embedding climate resilience in IDA operations.** All IDA operations will continue to be screened for climate and disaster risks in order to adapt project and program design whenever significant risks are identified. There will be continued investment in a revamped CCKP to serve as a one-stop shop for access to best available climate information and knowledge services. This includes updating and enhancing Country Climate Risk and Adaptation Plans and consolidating operationally relevant climate related resources collected or commissioned during operations or country technical assistances. There will also be enhanced guidance on the post screening process seamlessly integrated into the WB screening tools to further support task teams in integrating sector/subsector specific approaches, methodologies (e.g., decision making under uncertainty), measures to address key drivers of climate risk, monitoring and evaluation resources, and in dynamically accessing good practice case studies and networks of task teams.

52. **The risk screening process will also contribute to the systematic integration of climate risks within each stage of operations design, implementation, and performance monitoring and evaluation as outlined in the WBG Action Plan on Climate Change Adaptation and Resilience.** This can be enabled through an enhanced identification of climate risks, further integration within existing operational risk management processes, and establishing relevant linkages with the emerging resilience metrics system, through a streamlined engagement process along the project cycle (upstream and during project preparation).

53. **Similarly, the practice committed to in IDA18 concerning GHG accounting and application of a shadow price of carbon will continue in all IDA19 investment lending projects in key sectors that have an agreed methodology.** Methodologies for accounting will be improved and applied more rigorously for IDA19. The Bank will explore developing approaches and methodologies to link policy reforms and programmatic interventions to climate outcomes, including GHG emissions and to conduct ex-post GHG accounting for project financing. This is aimed at ensuring greater transparency, more climate-smart decision-making, and enhancing the identification of lower carbon opportunities in IDA operations. Efforts will continue to be scaled up to build the technical knowledge and expertise among IDA task teams on these aspects.

2. Boost Support on Adaptation and Resilience

Policy Commitments

- *Developing new resilience metrics designed to give increased incentives for more effective climate adaptation actions and pilot them in 20 IDA operations.*
- *Support at least 25 countries to reduce the risks of climate shocks on poverty and human capital outcomes by supporting programs that incorporate Adaptive Social Protection (ASP) into national systems or reduce climate threats to health.*

54. **The above mentioned WBG 2025 Climate Targets and the Adaptation and Resilience Action Plan shape the strategic direction on increasing focus on adaptation and resilience.** The IDA19 support will align with the Action Plan which aims to achieve three main objectives: 1) Boost adaptation financing; 2) Drive a mainstreamed, whole-of-government programmatic approach; and 3) Develop a new rating system to better incentivize and improve the tracking of global progress on adaptation and resilience. The Action Plan also emphasize the synergies between climate change and other cross-cutting and emerging themes, including human capital and transformative technology.

55. **In keeping with the Adaptation and Resilience Action Plan, new resilience metrics or an adaptation rating system will be developed and piloted in 20 IDA operations.** This system will be designed to create incentives for countries, donors, and the private sector to engage in more and better adaptation; to more effectively track and report on what IDA clients are doing; and to establish a global standard for financial markets and public procurement. The new metrics will be developed by building on past methodological work and case studies, complementing the co-benefits methodology currently used.

56. **A key objective of the new system is to encourage countries and stakeholders to go beyond climate-resilient projects towards building systemic resilience.** Projects will be rated along two dimensions of resilience – the resilience of the specific project to climate risks and the extent to which the project builds adaptive capacity and strengthens in-country climate resilience. The second dimension is important because it promotes development projects that improve resilience more broadly than simply ensuring that the individual investment is resilient. This rating methodology could be used to help countries identify priority actions to build climate resilience and promote external financial flows for priority investments. Private sector investors are likely to be more interested in investments with strong ratings, particularly if they generate private benefits. This new system is designed to be relevant to IDA countries where the adaptive capacity is low and financial resources scarce.

57. **IDA19 will support at least 25 countries to reduce the risks of climate shocks on human capital outcomes by supporting programs that incorporate Adaptive Social Protection (ASP) into national protection systems or reduce climate threats to health.**³⁰ Climate shocks on human capital can take the form of dislocation, food insecurity, and setbacks in access and utilization of health and education services. Possible impact of climate change on

³⁰ The target will be consistent with the 2025 targets for stepping up climate action and the targets for increasing climate co-benefits in Health, Nutrition and Population (HNP) projects by 2022.

human health outcomes include: (i) a higher risk of mortality and morbidity from an increase in the frequency or intensity of heatwaves; (ii) increased risks of infectious disease following extreme weather events like flooding; (iii) an increase in vector-borne infections; and (iv) an increase in the number of undernourished people in low-income countries, following more vulnerable food supplies in drought or flooding conditions. The Bank will support projects and programs to help poor households cope with negative shocks associated with climate change and strengthen health systems by building resilience. The Bank would increase the number of countries supporting this effort from 21 (as end April 2019) to 25 countries, a 20 percent increase.³¹

58. IDA19 will ensure that critical investments in human capital are not undermined by a crisis or shocks. Climate-related disasters can also negatively affect human capital accumulation by hindering livelihood opportunities, leading to unemployment, destruction of productive assets, and increased poverty. Supporting operations that develop adaptive social protection programs can prevent a loss in human capital accumulation. These social protection programs are flexible and scalable in terms of funding, caseload, or duration. They also include an effective early warning system with a trigger mechanism for releasing additional funds and resources. ASP programs must be able to identify both the chronically poor as well as those vulnerable households more prone to be affected by natural disasters. Such programs also need to provide benefits that increase the resilience of poor households and strengthen their adaptive capacities through appropriate interventions (e.g. increasing the poor's asset base and facilitating mobility and livelihood transitions).

59. IDA19 will be stepping up support for integrated landscape management. Interventions in integrated landscape management will be supported through: avoiding deforestation, promoting landscape restoration or sustainable forest management, and including coastal ecosystems. For example, forests across the globe are being impacted not only by climate change and its associated disturbances such as flooding, droughts, wildfires and insects, but also by other drivers of change such as land use, pollution, and overexploitation. The impacts of climate change can be felt across many landscape ecosystems, affecting human societies, and particularly women, in a multitude of direct and indirect ways.³² Building on the progress in IDA18 on development of Forestry Policy Notes, IDA19 will drive towards implementation and scale up an integrated landscape approach through investments and policy interventions for larger impacts.

60. IDA19 operations will seek tailored solutions, including public-private partnerships and financing modalities for integrated landscape management approaches. Long term collaboration between groups that seek multiple benefits to maximize synergies and minimize tradeoffs will be developed using participatory approaches that consider adaptive management. They will also be supported by market and policy instruments that deliver greater conservation and restoration outcomes.

³¹ The Bank is currently supporting 10 IDA countries build adaptive social protection programs. In addition, there are 14 countries in IDA18 (as of April 25, 2019) with health projects with positive climate Co-Benefits. There are three countries with both adaptive social protection and health projects. The total without repetition is 21. The target is a 20 percent increase from the baseline.

³² This requires an understanding of (i) the roles and responsibilities of women and men in the sectors; (ii) their rights and entitlements to the relevant resources, assets, and networks; and (iii) potential avenues for women's representation, leadership, decision-making and economic opportunities in climate governance and action on local, national, and global scales.

61. **IDA19 will support investments in water management that are critical to achieve water security in the face of climate change.** Climate change impacts are channeled through the hydrological cycle and propelled by water through the economy, society, and the environment. As the world becomes hotter, wetter, and drier due to climate change, water security has become a global priority. Water connects sectors—from energy and forests to agriculture and urban development—and has a critical role in both adaptation and mitigation. The front line of climate adaptation faces the new reality of dealing with too much or too little water, requiring new and more effective ways of managing this precious resource and managing the associated risks.

62. **Measures will be adopted to increase the resilience of IDA investments, ecosystems and communities to climate-related shocks and stressors in coastal areas.** IDA19 places emphasis on transforming productive livelihoods as well as protecting and adapting to changing climate conditions rather than simply reinforcing coping mechanisms. Increased environmental investments will be necessary to enhance coastal resource-based livelihoods, such as tourism, aquaculture and fishing. This will boost support on adaptation and resilience but also contribute to economic transformation through jobs. IDA19 will support ecosystem-based adaptation — the use of biodiversity and ecosystem services as part of an overall adaptation strategy to help people to adapt to the adverse effects of climate change.

63. **Strategic investment and integration of climate change adaptation into national policy and development planning will result in mainstreaming resilience of coastal investments, ecosystems and communities.** IDA19 support for better analysis of coastal climate risks and opportunities, improved guidance and capacity building among policy makers, communities and first responders will contribute to more climate-smart agriculture, fishing, aquaculture, tourism, hazard-proof construction, etc. in coastal areas with the intention to reduce economic losses and improve sustainable livelihoods.

64. **Coastal resilience to climate change will also be achieved by combatting marine plastics.** Plastic pollution threatens food safety and quality, human health, coastal tourism and the blue economy,³³ and contributes to climate change. Plastic litter compounds the threat facing marine ecosystems that are already in danger of being degraded by climate change impacts; coastal communities that rely on the ocean lose or have diminished ability to rebound from the chronic problems of marine plastic. In addition, if plastic waste is incinerated, it releases carbon dioxide into the atmosphere, thereby increasing carbon emissions. IDA19 will contribute, through analytical services, policy dialogue, and financing, to activities related to more efficient use of resources, while strengthening waste diversion systems and infrastructure to collect and process plastic materials and recapture the value of plastics in the economy.

³³ The blue economy is the sustainable use of ocean resources for economic growth, improved livelihoods and jobs, and ocean ecosystem health.

3. Drive Systemic Impact at the Country Level

Policy Commitment

- *Support at least 10 IDA countries to systematically implement and/or update their Nationally Determined Contributions (NDCs) or similar national action plans; where appropriate, set climate-related or NDC-based objectives and/or results indicators in the Country Partnership Frameworks (CPFs).*

65. **Support will be provided to at least 10 IDA countries to systematically implement and/or update their NDCs or similar national action plans.** In selected cases, country-specific financial assistance by the NDC Support Facility will be provided to deepen the implementation of NDCs and actions needed to deliver intended targets, including elements of 1) strategic and informed climate-smart planning, 2) policy design and implementation, 3) monitoring, reporting and verification, and 4) public and private investments and financing for NDC implementation. Scaled-up NDC support to IDA countries consists of providing in-depth, sustained efforts in capacity building, identifying and addressing key policy bottlenecks and economic constraints to implement NDCs based on best evidence and analysis, translating NDCs into policies, supporting NDC updates to make them more ‘investment ready’, and integrating identified NDC actions into budget and planning processes. The WBG will support NDC development and implementation through a whole of government and multi-stakeholder approach.

66. **All IDA SCDs and CPFs will continue to incorporate climate and disaster risk considerations, including being informed by NDCs, and where appropriate, IDA CPFs will set specific climate-related or NDC-based objectives and/or results indicators.** To strengthen the strategic alignment between IDA actions, analytic work and lending, and IDA client countries’ mitigation and adaptation priorities and objectives, IDA will deepen the integration of priority actions as identified in the NDCs and other national climate plans into SCDs and CPFs through a suite of services and actions to systematically deliver the support. Beyond simply referencing climate or NDCs in the SCDs and CPFs, the strategy will focus on concrete and practical measures. Implementation experience has shown that CPFs are effective instruments to drive climate actions and lay out policy reforms and climate-related investments. Building on existing successful processes, NDCs and climate considerations can be integrated more systematically and upstream in the country engagement strategy development. Setting climate related or NDC-based objectives and/or results indicators in the CPFs will help drive outcome-oriented actions in pipeline formation and project design with systematic monitoring and reporting.

67. **In order to further integrate climate considerations into national budgets, planning, and policy processes, the World Bank will promote the use of DPOs to galvanize fiscal and policy sector reform.** The WB will increase its use of DPOs, where appropriate and based on client demand, to support climate informed policies and reforms at the sectoral level. These could be developed as Climate or Green Growth DPOs, dedicated to support systemic policy interventions that support NDCs, as well as other climate-related national plans and green growth strategies. For example, it might include support for fossil fuel subsidy reforms, agriculture subsidy reforms, environmental tax reforms, water pricing, and priority policies in NDCs.

4. Facilitate Economic Transformation through Low-carbon and Resilient Transition

Policy Commitment

- *Facilitate further penetration of renewable energy access in IDA countries by mobilizing concessional climate finance and public and private investments for five gigawatt hours (GWh) of battery storage, and supporting generation, integration, and enabling infrastructure for six gigawatts (GW) of renewable energy in IDA countries, which covers grid, distributed generation, mini-grids, and off-grid renewable energy.*

68. **IDA19 will support countries to enter a new era of economic growth that will deliver higher productivity, more resilient economies and greater social inclusion.** In 2014, the flagship report of the Global Commission on Economy and Climate³⁴ conclusively showed that managing and reducing the negative impact of climate shocks can benefit the global economy and jobs and higher quality growth can be combined with strong climate action. The 2018 New Climate Economy Report highlights that the decisions we take over the next two to three years are crucial because of the urgency of a changing climate and the unique window of unprecedented structural changes already underway. Five systems are at the center of the structural transformation towards greener activities that needs to be accelerated – system for clean energy, smarter urban development, sustainable land use, wise water management, and a circular industrial economy. With a greater concentration of people and assets in urban areas, cities need to address an increasingly complex range of shocks and stresses to safeguard development gains and accelerate poverty reduction. Using a combination of analytic work, convening and lending, IDA19 will support countries with this transition.

69. **IDA19 will facilitate the potential transformative penetration of renewable energy in IDA countries through support to innovative battery storage technologies.** IDA19 will finance projects that mobilize concessional climate related financing and public and private investments to enable financing of five gigawatt hours (GWh) of battery storage. Key applications in IDA countries that will be supported are: 1) hybrid solar photovoltaic (PV) and storage plants for reliable electricity supply and diesel/heavy fuel oil displacement shifting part of the energy produced during daylight to evening peak use; 2) grid services (ancillary services including frequency control, voltage control or back start capability) through stand-alone batteries that can act as power grid assets; and 3) mini-grids in low access areas, including small island developing states (SIDS).

70. **IDA19 will further invest to promote generation, integration and enabling infrastructure for six GW renewable energy in IDA countries, thereby also promoting energy access.** Support will be provided for grid, distributed generation, mini-grids and off-grid renewable energy. Investment in these key infrastructures will create job opportunities and remove constraints for development and low-carbon economic transformation. Given that some IDA countries have limited experience with renewable technologies, and need to strengthen their policy, regulatory, and institutional frameworks in order to be able to support the introduction of renewables, this commitment also supports the objectives of the MFD approach of crowding in the private sector, as well as the focus on support to legal and regulatory frameworks that facilitate the penetration of

³⁴ Better Growth, Better Climate. The New Climate Economy Report. Global Commission on Economy and Climate. September 2014.

renewable energy generation. It should be noted that the target for renewable energy is affected by the lumpiness of the projects (particularly hydro power), which is also a salient feature of commitments through MFD approach. Learning from the IDA18 implementation, renewable energy commitments have demonstrated volatility in term of GWh energy in the last nine quarters. Raising ambition on renewable energy requires addressing sector governance and credit-worthiness constraints, as well as additional IDA financing, highly concessional climate finance for the incremental costs, as well as complementary trust fund resources for advisory services and analytical activities to develop the project pipeline.

71. **IDA19 will continue to make significant efforts in supporting IDA countries on energy savings through efficiency improvements.** Scaling up supply and demand side energy efficiency across different sectors, including industry, agriculture, services, residential and commercial buildings, and transport is essential to mitigating climate via reduced emissions and to building a sustainable and resource efficient economy.

72. **Agriculture is a central part of the solution to develop a global and sustainable low-carbon and resilient economy.** The share of IDA operations in agriculture sector with Climate-Smart Agriculture (CSA) “triple wins” will be expanded under IDA19. The term “triple wins” refers to higher agricultural productivity, climate mitigation, and increased resilience and adaptation. Recent WBG experience has demonstrated that climate-smart agriculture, if done right, can produce higher agricultural productivity that can also boost farmer incomes. It can also lead to climate mitigation through reduced greenhouse gas emissions, and increased resilience and adaptation to climate change. Climate-smart agriculture includes approaches and techniques ranging from intercropping and integrated crop-livestock management to improved water, soil, and nutrient management. While there have already been productivity increases in many regions, achieving further productivity gains while reducing agriculture’s climate footprint will be key for IDA19.

IV. CONCLUSION

73. **Climate change poses an urgent threat to the WBG twin goals of eliminating extreme poverty and boosting shared prosperity.** The WBG’s continued leadership on climate change is critical for IDA countries to address climate-related risks to livelihoods, food security, human capital, water supply, and economic growth. At the same time, IDA support is needed for countries to take bold climate action that will result in economic opportunities for long-term sustainable development.

74. **Partnerships will be critical to accelerate climate action in IDA countries.** IDA continues to advocate for concerted, accelerated global action to help low-income developing countries to meet the challenge of climate change. This is done through platforms such as the United Nations Framework Convention on Climate Change (UNFCCC), Conference of Parties (COP), the World Economic Forum, the WBG–IMF Annual and Spring Meetings, and the G-7 Environment Ministerial Meeting. Likewise, the Invest4Climate platform—a partnership between WBG and United Nations Development Programme (UNDP), co-launched by the WBG President and the United Nations Secretary General in September 2017—is designed to bring together

national governments, financial institutions, private sector investors, philanthropic organizations, and multilateral banks to support transformational climate action in line with the Paris Agreement.

75. **Strong progress has been made to date under IDA18.** Efforts to mainstream climate change have resulted in significant increases in climate co-benefits, including through the increased use of DPOs. Mainstreaming of climate change can also be seen in increasing numbers of SCDs and CPFs that reference or reflect NDCs. Sustained efforts to scale up NDC support have also resulted in greater capacity building and a pipeline of ‘investment ready’ projects to systematically deliver needed support. One hundred percent compliance is achieved in climate risk screening as well as GHG accounting and shadow price of carbon for relevant projects.

76. **For IDA19, six policy commitments are proposed for the climate change special theme in support of four objectives.** The objectives are to: 1) Increase climate-related financing and further deepen climate mainstreaming; 2) Boost support on adaptation and resilience; 3) Drive systemic impact at the country level; and 4) Facilitate economic transformation through a low-carbon and resilient transition.³⁵

77. **IDA’s continued focus on climate change will go hand in hand with the overall WBG 2025 climate targets and actions.** IDA19 includes strategic shifts towards elevating NDC support and deepening NDC integration into CPFs, enhancing systematic policy actions—policy reforms that in many cases require legal and regulatory measures to adopt and implement — to drive climate impact, an increased focus on adaptation and resilience (including policy reforms, institutional strengthening, financial instruments and scaling up private sector investments) and moving from input-based to outcome-oriented commitments that will be tracked using more rigorous metrics including an adaptation rating system.

V. ISSUES FOR DISCUSSION

78. **Management would welcome feedback from IDA Deputies and Borrower Representatives on the proposed policy commitments for the IDA19 Climate Change Special Theme set out in this paper.**

³⁵ The proposed policy commitments support the SDGs, including climate action (SDG13), affordable and clean energy (SDG 7), industry, innovation and infrastructure (SDG 9), and health (SDG 3). IDA also monitor relevant indicators through IDA supported development results framework.

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Annex 1. Status of IDA18 Policy Commitments on Climate Change

Objectives	Policy Commitment	Target	Progress
<i>Deepen the mainstreaming of climate change and disaster risk management into SCDs, CPFs, and lending, and support development of planning and investment capacity</i>	1. All IDA SCDs and CPFs to incorporate climate and disaster risk considerations and opportunities and reflect (I)NDCs, based on a review of experience before the start of IDA18, and to be reported at MTR.	All SCDs/CPFs	<u>On track</u> <ul style="list-style-type: none"> • <u>SCDs</u>: <i>All applicable IDA SCDs</i>³⁶ completed between July 1, 2017 and March 31, 2019 have incorporated climate and disaster risk considerations and reflected NDCs (100% compliance). • <u>CPF</u>s: <i>All applicable IDA CPFs</i>³⁷ completed between July 1, 2017 and March 31, 2019 have incorporated climate and disaster risk considerations and reflected NDCs (100% compliance).
	2. All IDA operations continue to be screened for climate change and disaster risks and integrate resilience measures, based on review of experience before the start of IDA18, and to be reported at MTR.	All IDA operations	<u>On track</u> <ul style="list-style-type: none"> • All 364 IDA operations approved by the Board between July 1, 2017 and March 31, 2019 have been screened for climate and disaster risks (100% compliance).
	3. Support at least 10 countries (on demand) to translate their (I)NDCs into specific policies and investment plans and start to integrate these into national budget and planning processes.	Support at least 10 countries	<u>On track</u> <ul style="list-style-type: none"> • 11 countries have received support through the NDC Support Facility, of which support to five countries has been concluded. <ul style="list-style-type: none"> ○ The 11 countries are: Bangladesh, Côte d’Ivoire, Kyrgyzstan, Mali, Mongolia, Mozambique, Pakistan, Sao Tome & Principe, St. Vincent and the Grenadines, Rwanda, and Uganda.
	4. Develop at least 10 climate-smart agriculture investment plans (CSIPs) and 10 programmatic forest policy notes (FPNs).	At least 10 CSIPs and 10 programmatic FPNs	<u>On track – being closely monitored</u> <u>Climate-Smart Agriculture Investment Plans (CSIPs)</u> <ul style="list-style-type: none"> • 3 delivered – Cote d’Ivoire, Mali, Zambia • 2 being finalized – Bangladesh, Lesotho • 4 being processed for delivery in calendar year 2019 –Burkina Faso, Cameroon, Congo Republic, Ghana • 2 are being programmed – Honduras, Nepal

³⁶ Reflection of NDC considerations is applicable to 15 out of 22 SCDs in IDA18. PCN review for 7 took place before IDA18 therefore they are excluded from the analysis (IDA17 did not require SCDs to reflect NDCs). Three SCDs (Cabo Verde, Ghana, Mongolia) did not directly reference NDCs but they do reflect NDC priorities.

³⁷ One CPF (Somalia) did not directly reference NDCs but it does reflect NDC priorities. Nicaragua has not yet submitted its NDC to the UNFCCC. The PCN review for the Moldova CPF was conducted in FY17 and thus excluded from the analysis (IDA17 did not require CPFs to reflect NDCs).

Objectives	Policy Commitment	Target	Progress
			<p><u>Forest Policy Notes (FPNs)³⁸</u></p> <ul style="list-style-type: none"> • 5 programmatic FPNS delivered – DRC, Ethiopia, Mozambique, Liberia, and Nepal. • 7 are in the pipeline – Bhutan, Burkina Faso, Cote D’Ivoire, Dominica, Loa PDR, Myanmar, and Zambia.
	<p>5. Increase the use of DPOs that support climate co-benefits.</p>	<p>% of financing with climate co-benefits over total commitment for IDA DPOs will increase; and % of IDA DPOs with climate co-benefits will increase.</p>	<p><u>On track</u></p> <ul style="list-style-type: none"> • As of March 31, 2019, the share of climate co-benefits over the total commitment for IDA DPOs increased to 20% in IDA18 as compared to 7% in IDA17. • 73% of IDA DPOs had climate co-benefits in IDA18 through March 31, 2019, an increase from 24% in IDA17.
	<p>6. Apply GHG accounting and shadow carbon price for all operations in significant sectors, and prepare a revised guidance note on discount rates.</p>	<p>GHG accounting and shadow carbon price applied to all investment lending projects for which WB-approved GHG accounting methodologies exist; and the Guidance note on discount rates published.</p>	<p><u>On track</u></p> <ul style="list-style-type: none"> • All applicable IDA projects approved between July 1, 2017 and March 31, 2019 have applied GHG accounting and Shadow Carbon Price (100% compliance). • The revised guidance note on discount rates has been published.
<p><i>Supporting efforts to achieve the</i></p>	<p>7. Support the addition of five GW in renewable energy generation.</p>	<p>Addition of 5 GW in renewable energy generation</p>	<p><u>Delivered</u></p> <ul style="list-style-type: none"> • Operations approved between July 1, 2017 and March 31, 2019 supported the addition of 6.6 GW of renewable energy generation

³⁸ Forest Policy Notes (FPNs) are also referred as Country Forest Notes (CFNs) in the WB Forest Action Plan and Climate Change Action Plan.

Objectives	Policy Commitment	Target	Progress
<i>Sustainable Energy for All objectives</i>			through direct and indirect financing (1.2 GW from direct financing ³⁹ and 5.4 GW from indirect financing ⁴⁰)
	8. Develop Investment Prospectuses in seven additional countries with low electricity access.	Investment prospectuses developed in 7 additional countries	<p><u>On track, being closely monitored</u></p> <ul style="list-style-type: none"> • 4 completed – Cameroon, Côte d’Ivoire, Kenya and Malawi • 6 in discussion – Benin, Madagascar, Mozambique, Niger, Togo, and Zambia; • 1 starting – Central Africa Republic
<i>Monitoring and reporting of IDA resources used for climate change</i>	9. Report annually on private finance mobilized for climate ⁴¹ and continue to report on overall climate finance together with other MDBs.	Annual reporting	<p><u>On track</u></p> <ul style="list-style-type: none"> • The WBG continues reporting annually on private finance mobilized for climate and overall climate finance. • The 2017 MDB’s Joint Report on Climate Finance was launched on June 13, 2018. <ul style="list-style-type: none"> ○ In 2017, MDB’s total climate finance reached US\$35.2 billion (up 28% from 2016). WBG remains the largest financier of climate-related projects with US\$13.2 billion in total finance and US\$8.7 billion in private mobilization (up from US\$6.8 billion in 2016). • In 2018, the WBG contributed US\$20.5 billion in climate related finance from its own account. The WBG climate co-financing reached US\$32.9 billion in FY18, of which US\$13.7 billion are mobilized from private sources.

³⁹ This category includes financing for the construction of new renewable generation facilities, the addition of generation capacity through rehabilitation or expansion of existing facilities, the conversion from non-renewable to renewable sources of generation, and the provision of risk mitigation financing to provide incentives for private sector participation. This includes on-grid, mini-grid, and off-grid solutions.

⁴⁰ This category can be further disaggregated into three sub-categories, and includes: (i) Renewable Energy Generation Facilities: financing for the construction of enabling facilities for investments in renewable energy generation; (ii) Renewable Energy Integration: financing for the construction of infrastructure to integrate renewable generation facilities into the grid and evacuate power from renewable generation facilities (thus avoiding stranded assets); (iii) Technical Assistance: financing for the preparation of least cost and master plans, the development of laws and regulations, resource mapping and data collection; and the analyses required for construction such as feasibility studies, and environmental and social analyses and plans.

⁴¹ Climate finance reporting will continue to follow the methodology and procedures agreed upon with other MDBs and will report on the WBG numbers.