Facilitating Finance to Accelerate Diffusion – World Bank Example in Climate Change

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Financing Needs to Deal with Climate Change

Additional investment needs in developing countries, by 2030

- **Mitigation**: $139–175 billion
- **Adaptation**: $75–100 billion
- **Funding for adaptation and mitigation**: $9 billion

Climate finance covers additional costs and serves to:

- To catalyze sustainable investments
- To enhance capacity & policy
- To leverage other sources of finance

*Source: World Bank, 2010*
Climate Finance: Fast Start & Long Term

• Fast Start Finance (2010-12)
  - To Date: $30 billion pledge legitimized at Cancun, about $12 billion committed

• Goal to mobilize Long-term Finance of $100 billion per year by 2020 agreed in Cancun

- Variety of sources including: public, private, bilateral, and multilateral

- Significant share of multilateral funding for adaptation should flow through the Green Climate Fund

• Issue: How to leverage (multiply) public funds through mixing with private, public, and carbon market funding
World Bank working in 130 countries

CLIMATE ADAPTATION AND MITIGATION SUPPORT PROVIDED BY THE BANK
Financial and Inv’t Flows for Climate Action in Developing Countries

A growing menu of climate finance instruments to catalyze and leverage

Adaptation
- The Adaptation Fund
- Special Climate Change Fund
- Least Developed Country Fund
- Global Environmental Facility (GEF)
- Pilot Program for Climate Resilience
- Global Facility for Disaster Reduction & Recovery
- Risk Instruments

Mitigation
- Global Environmental Facility (GEF)
- Carbon Funds
- Clean Technology Fund
- Carbon Partnership Facility
- Forest Investment Program
- Forest Carbon Partnership Facility
- Scaling Up Renewable Energy for the Poor
Mobilizing public finance through Climate Investment Funds (CIF)

Clean Technology Fund (CTF): Finances demonstration, deployment, and transfer of low carbon technologies
Total commitment: $4.5 billion
Leveraged: $37 billion

Strategic Climate Fund (SCF): Targeted programs to pilot new approaches and scale-up
Total commitment: $1.9 billion

Approved in July 2008 as an interim instrument, CIF have balanced governance with equal representation from developed and developing countries.
Clean Technology Fund

Thirteen investment plans endorsed with a total envelope of US$4.5 billion, mobilizing $36 billion (leverage ratio 1:8 with all other funding and 1:3 with private sector)

**Example: Mexico**
$500 million, leverages $6.2 billion

- Aims to reduce more than 20 percent of national energy consumption through energy efficiency
- Develop renewable energy, particularly wind power and mini-hydro installations
- Enables shift to efficient, low carbon bus rapid transit systems and light rail, and to retire old buses and replace them with lower carbon alternatives, such as hybrid vehicles

**Countries:** Colombia, Egypt, Indonesia, Kazakhstan, Mexico, Morocco, Philippines, South Africa, Thailand, Turkey, Ukraine, and Vietnam

**Regional Program for Concentrated Solar Power in Middle East and North Africa**
Scaling Up Renewable Energy (SREP)

• Program for Scaling up Renewable Energy in Low Income Countries launched in 2010, total pledges US$318 million
• Pilot countries Ethiopia, Honduras, Kenya, Maldives, Mali, Nepal
• Trigger for transformation of renewables market through programmatic approach
Creating, deepening and diversifying carbon markets

10 Carbon Funds
- Pioneered the concept of carbon markets in 1999
- 200+ projects in 57 developing countries
- Africa: 20% of all active projects
- Support UNFCCC process through CDM methodology/regulatory design and ‘learning-by-doing’

Carbon Partnership Facility (CPF)
- The future: support for programmatic interventions beyond 2012
- 10 programs under development, first 4 Seller Participation Agreements signed (Morocco, Brazil, Vietnam, Jordan)

Forest Carbon Partnership Facility (FCPF)
- Supporting country readiness and piloting incentives for REDD+
- 37 participating countries, 13 grants signed
Improved investment decision making through www.climatefinanceoptions.org
The CFO Platform **assists users** to:

- **Learn** about climate financing issues and ideas (*Glossary, Library, Links*)
- **Plan** their own project (*On the Ground, Library*)
- **Research** project feasibility (*Tools*) and how to finance it (*Funding Sources & Tools*)
- **Formulate** their project and **collaborate** with other CFO users (coming soon)

www.climatefinanceoptions.org