



DRIVING CLIMATE AMBITION THROUGH RESULTS-BASED FINANCE

The Climate Emissions Reduction Facility (CERF)

July 2022

WHAT IS CERF?

The **Climate Emissions Reduction Facility (CERF)** is a new **Umbrella Trust Fund** that will consolidate all the Bank's Results-Based Climate Finance (RBCF) work.

CERF provides **climate finance at scale – \$40 - \$60 million per project** – paid out during project operation to reward generation of verified emissions reductions.

CERF can support WBG projects in three sector pillars: **(i) natural climate solutions, (ii) sustainable infrastructure, and (iii) green fiscal and financial sector actions.**

CERF operations will incorporate the outcomes of **the Paris Agreement and the Glasgow Climate Pact.**

CERF incorporates over 20 years of lessons in RBCF to **mainstream processes into World Bank operations to simplify steps** to obtain and disburse funding.

CERF-supported projects create Emission Reduction Credits (ERCs) to help meet **increased ambition in NDCs and participate in voluntary and compliance offset markets.**

OBJECTIVE: SUPPORT TRANSFORMATION IN LINE WITH THE PARIS AGREEMENT

Article 2

- 2.1 (a) Mitigation
- 2.1 (c) Transforming finance

Article 5

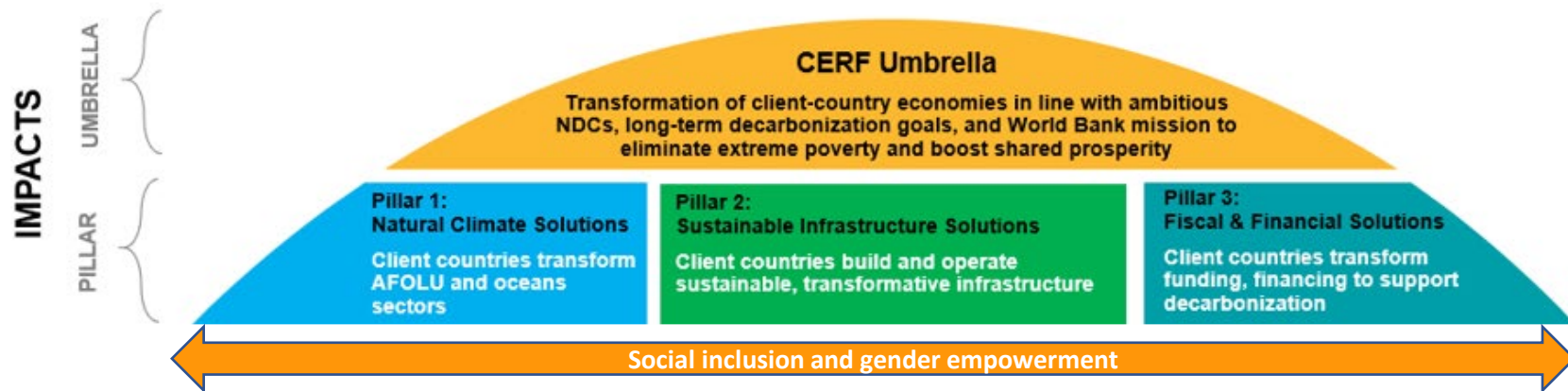
- RBCF for REDD+

Article 6

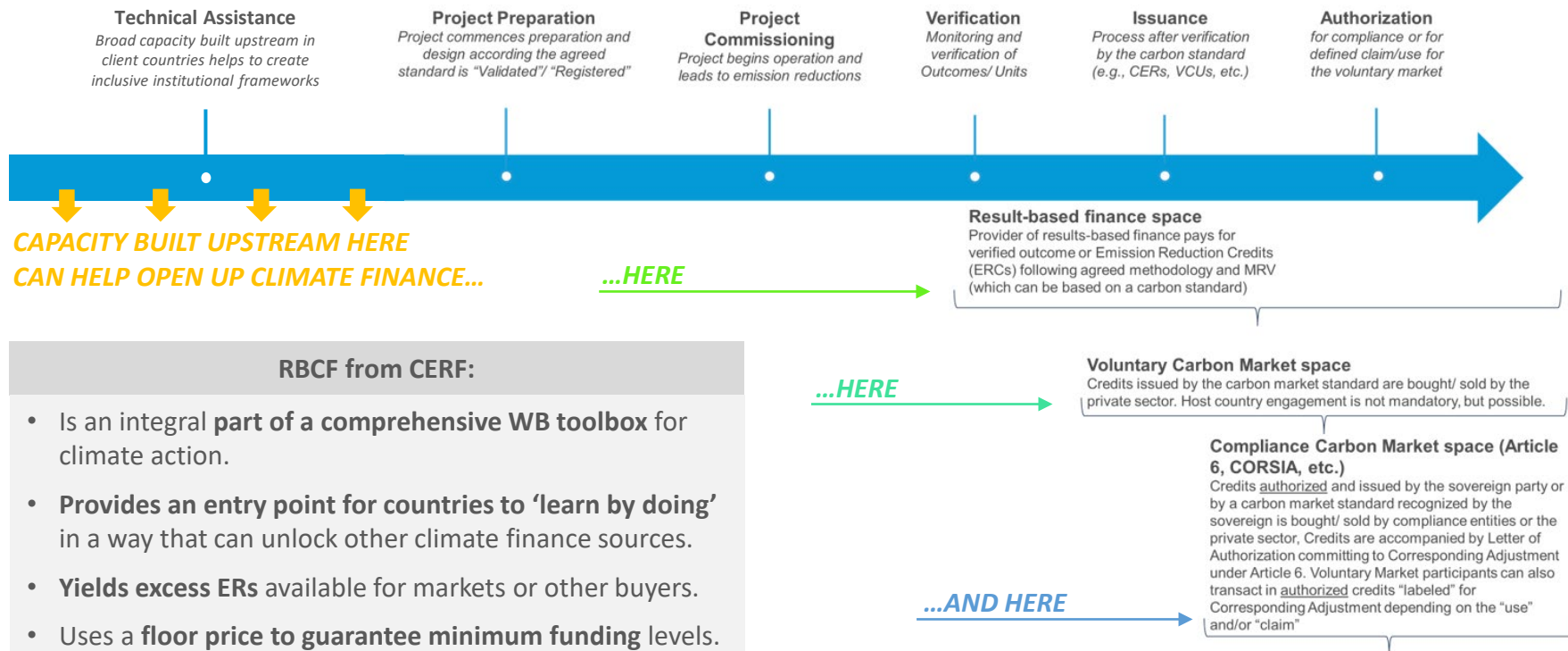
- 6.2 Mitigation outcome transfers
- 6.4 Carbon markets
- 6.8 Non-market based cooperative mitigation

Article 9

- Climate finance



CERF TA/CAPACITY & RBCF HELP UNLOCK CLIMATE FINANCE ACROSS THE SPECTRUM



CERF CONSOLIDATES RESULTS-BASED CLIMATE ACTION ACROSS SECTORS

Pillar 1: Natural Climate Solutions

Agriculture, forestry and oceans

Will support implementation of carbon sequestration and low-carbon programs through RBCF in agriculture, forest, and other land use (AFOLU) jurisdictions and blue carbon

Pillar 2: Sustainable Infrastructure Solutions

Energy, industry, buildings, transport, water and urban

Will support building and operation of sustainable infrastructure, including energy, industry, buildings, transport, water and waste management

Pillar 3: Fiscal and Financial Solutions

Fiscal policies and financial regulations and reforms

Will support policies that catalyze additional private and public funding flows through fiscal and financial sector channels for climate action

CROSS-CUTTING THEME: SOCIAL INCLUSION AND GENDER EMPOWERMENT IN RBCF

RBCF PARTNERING WITH CIVIL SOCIETY

Enhancing Access to Benefits while Lowering Emissions (EnABLE)

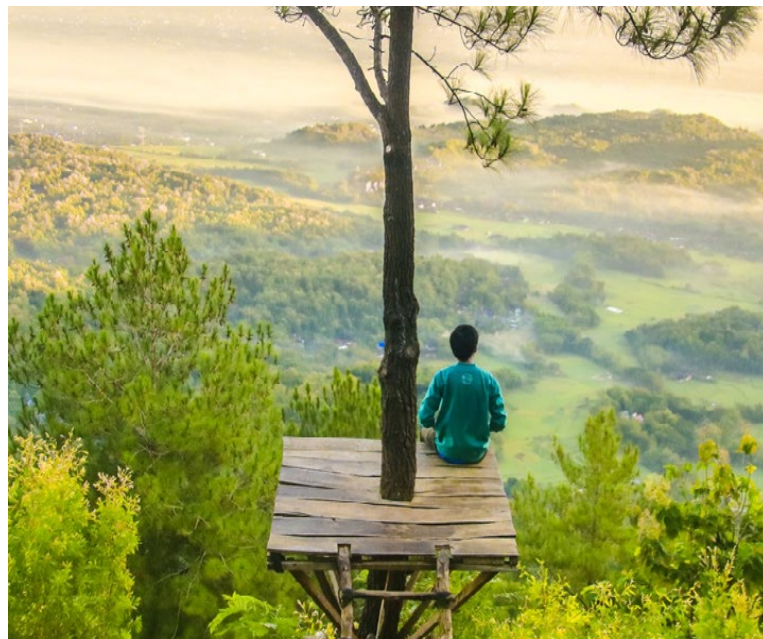
Enhancing inclusion of Indigenous Peoples, local communities, and disadvantaged groups (e.g., women, youth, people with disabilities).

Building capacities of target beneficiaries to access RCBF and engage in **collaborative partnerships** with stakeholders.

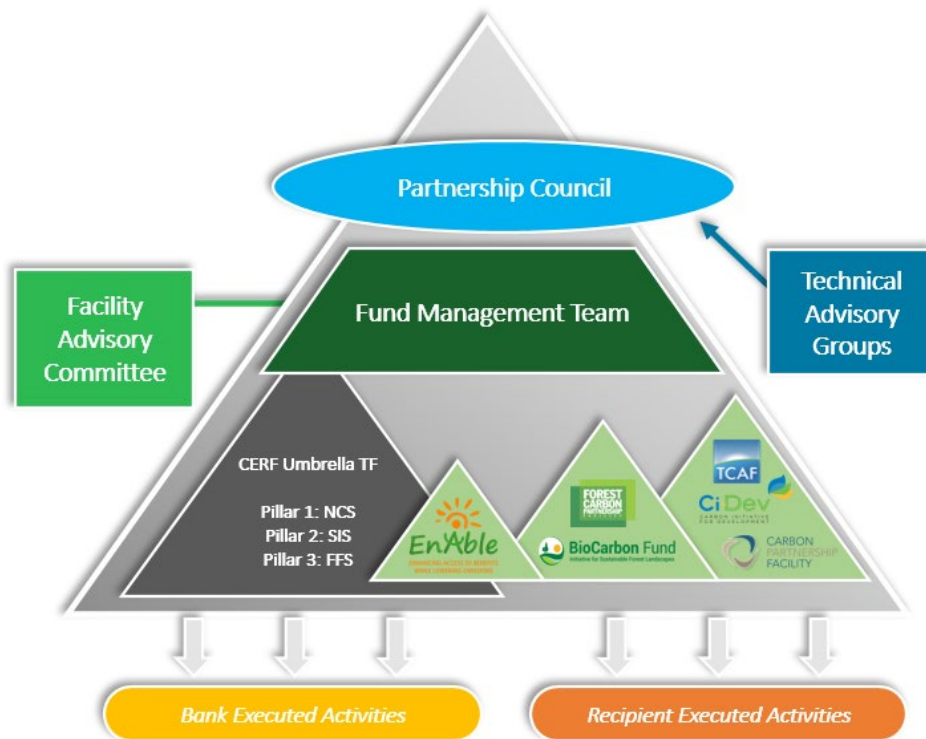
Integrating social inclusion and gender equity into the design and implementation of RCBF programs through knowledge transfer and sharing of best practices.

Advancing benefit sharing mechanisms to ensure equity, effectiveness, and long-term sustainability.

Implemented by non state actors to ensure their access to benefits



CERF GOVERNANCE IS DESIGNED TO BE STRATEGIC, COORDINATED & INCLUSIVE

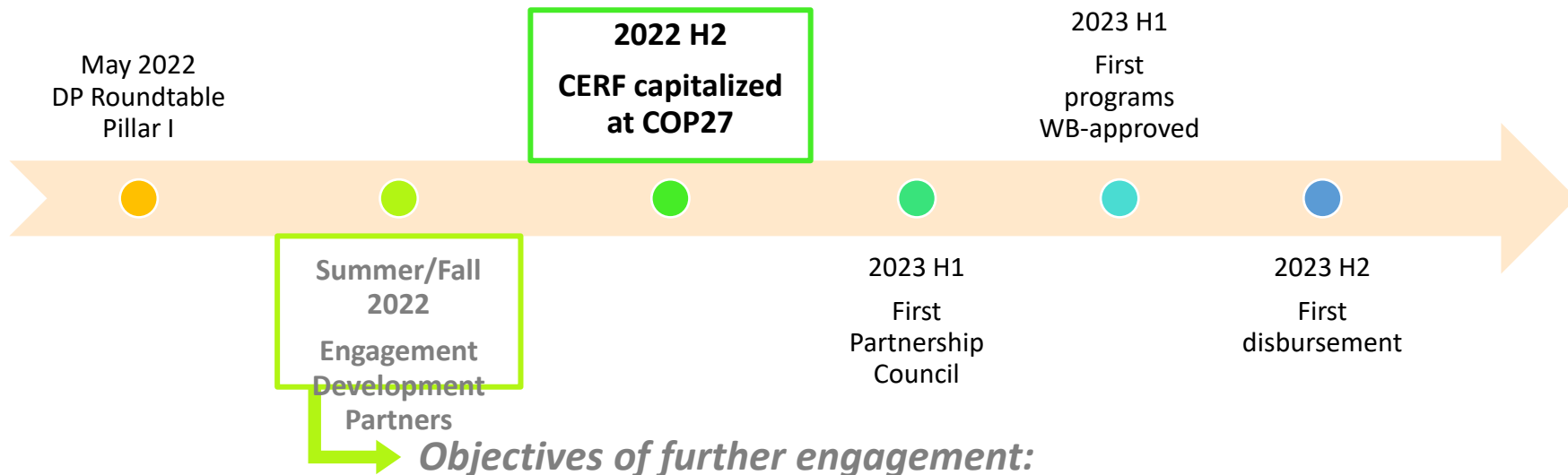


The **Partnership Council** amplifies development partner voices across all pillars, geographies and associated trust funds for consistently-applied and more powerful strategic guidance.

The **Facility Advisory Committee (FAC)** and **Technical Advisory Groups (TAGs)** will ensure that **CERF activities coordinate across the WB (FAC) and are technically-sound (TAGs)**.

CERF will proactively engage with key stakeholders – including and especially local communities and beneficiaries, and the marginalized and vulnerable. NGOs, CSOs and other key groups will also be engaged.

NEXT STEPS: WORKING GROUPS TO INFORM COP27 CERF CAPITALIZATION



- Details of COP27 capitalization & comms/visibility
- Core CERF principles to inform methodological frameworks
- CERF structure
- Theory of Change / Results Framework
- Pricing & financial/transaction structure(s)

THANK YOU