

**World Bank**  
**FY23** Climate-Related  
Financial Disclosures



**WORLD BANK GROUP**



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# Abbreviations and Acronyms

CCAP	Climate Change Action Plan	IFC	International Finance Corporation
CCDR	Country Climate and Development Reports	IFIs	International Financial Institutions
CCG	Climate Change Group	IFI TWG	Technical Working Group of the International Financial Institutions
COP	Conference of the Parties	IPF	Investment Project Financing
CO <sub>2</sub>	Carbon dioxide	ISSB	International Sustainability Standards Board
CRO	Chief Risk Officer	LEED	Leadership in Energy and Environmental Design
DPF	Development Policy Financing	LTSs	Long-Term Strategies
EMDE	Emerging Market and Developing Economy	MDB	Multilateral Development Bank
ESF	Environmental and Social Framework	MIGA	Multilateral Investment Guarantee Agency
ESG	Environmental, Social, and Governance	MIC	Middle-income country
ESSs	Environmental and Social Standards	NDCs	Nationally Determined Contributions
FY	Fiscal Year	OPCS	Operations Policy and Country Services
GEF	Global Environmental Facility	PforR	Program-for-Results
GHG	Greenhouse Gas	RMS	Results Measurement System
GRI	Global Reporting Initiative	SCALE	Scaling Climate Action by Lowering Emissions
HVAC	Heating, Ventilation, and Air Conditioning	SORT	Systematic Operations Risk Rating Tool
IBRD	International Bank of Reconstruction and Development	TCFD	Task Force on Climate-Related Financial Disclosures
ICSID	International Centre for Settlement of Investment Disputes	tCO <sub>2</sub> eq	Ton of CO <sub>2</sub> equivalent
IDA	International Development Association		

# 1. INTRODUCTION

**Climate and other sustainability considerations are woven into all aspects of World Bank-financed operations and corporate activities, including how we address climate-related challenges and opportunities to achieve positive development outcomes.** Our financial sustainability is critical for our development mission and is grounded in effective governance and financial policies, sound risk management, and strong shareholder support, as reflected in the triple-A credit ratings for the International Bank for Reconstruction and Development (IBRD) and the International Development Association (IDA).

**Last year IBRD and IDA (hereafter, the “World Bank”) began enhancing their climate disclosures by adopting the recommendations of the Task Force on Climate-Related Financial Disclosures (TCFD).**<sup>1</sup> The World Bank acknowledges the significance of those recommendations in providing a transparent framework for assessing, evaluating, and disclosing the associated risks and opportunities of climate change. This report is the World Bank’s second disclosure using the TCFD recommendations and demonstrates our progress in integrating climate into our development and corporate activities.

In fiscal year (FY) 2023, we continued to assess the impact of climate-related factors on our strategy, business, financial performance, and risk management. As part of these efforts, we have strengthened our processes and frameworks, built consensus internally within the World Bank and externally with the Board and other stakeholders, and trained staff to better articulate, manage, and report on the climate-related risks and results of our work. On the results side, for example, the revamped IDA20 Results Measurement System (RMS), the most ambitious in IDA’s history, creates stron-

ger linkages to connect IDA’s contribution to country-level outcomes through country programs and prioritizes climate through several new indicators.

**In FY23, the World Bank progressed in implementing the World Bank Group’s<sup>2</sup> Climate Change Action Plan (CCAP) 2021–2025, continuing to help drive country transitions toward low-carbon, climate-resilient development.** To this end, the World Bank has supported policy reforms, and has continued to help countries in developing, implementing, and updating Nationally Determined Contributions (NDCs) and Long-Term Strategies (LTSs), as well as greening financial systems to advance climate action. Launched in FY22, our Country Climate and Development Reports (CCDRs) continue to integrate the latest data and analysis to prioritize the most impactful actions that can deliver on development goals in changing global climates (see *Strategy* section).

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<sup>1</sup> The TCFD Framework helps organizations more effectively disclose climate-related risks and opportunities through their existing reporting processes. The TCFD recommendations on climate-related financial disclosures are widely adoptable and applicable to organizations across sectors and jurisdictions. Several key standard setters and regulators are using the TCFD framework in their standard setting activities. They are designed to solicit decision-useful, forward-looking information that can be included in mainstream financial filings. The recommendations are structured around four thematic areas that represent core elements of how organizations operate: governance, strategy, risk management, and metrics and targets. For more information, see [here](#). Effective 2024 the IFRS Foundation will take over the monitoring of the progress on companies’ climate-related disclosures from the Financial Stability Board.

<sup>2</sup> The World Bank Group consists of five organizations: International Bank for Reconstruction and Development (IBRD), International Development Association (IDA), International Finance Corporation (IFC), Multilateral Investment Guarantee Agency (MIGA), and International Centre for Settlement of Investment Disputes (ICSID).

The World Bank has been consistently scaling up our climate financing, with IBRD and IDA delivering a record high of \$29.4 billion—or 40 percent of total IBRD and IDA finance—in climate finance in FY23. As part of the 2021–2025 CCAP, the World Bank has committed to aligning all new financing operations with the objectives of the Paris Agreement, starting July 1, 2023. This is a comprehensive institutional effort by the World Bank to address development together with climate. To fulfill this commitment, in FY23 the World Bank developed methodological guidance and toolkits to assess an operation’s alignment with the Paris Agreement objectives.

The World Bank continues supporting the climate agenda with innovations in capital markets. For example, in 2023, IBRD issued an emission reduction-linked bond that provides investors with a return linked to the issuance of Verified Carbon Units that are expected to be produced by a project in Vietnam (see *Strategy* section). IBRD catastrophe (“cat”) bonds help finance insurance against natural disasters to boost financial resilience in countries like Jamaica, Philippines, and Mexico. The World Bank Group’s recent institutional initiatives, including the Private Sector Investment Lab, are designed to tackle barriers to private sector investment in emerging markets, and to help create a world free of poverty on a livable planet.

The World Bank continues to improve our financial disclosure for climate-related activities and to contribute to sustainability reporting standards. Through knowledge sharing, the World Bank helps advance the global sustainability reporting agenda by providing responses to public consultations conducted by key global standard-setters, and by actively participating in the governance structures of the International Sustainability Standards Board (ISSB) and the International Public Sector Accounting Standards Board (IPSASB). We will continue to be actively engaged in this agenda as it evolves.

Looking ahead, the World Bank will continue evaluating approaches to understanding climate risks and ways to enhance our climate-related disclosures, as well as, developing new tools to help clients respond to disasters and climate risks, including Climate-Resilient Debt Clauses. The World Bank will also continue identifying opportunities to support our developing country clients in their transitions toward low-carbon, climate-resilient development. To further enhance this effort, the Board of Executive Directors and Management have been working on an Evolution Roadmap that will help the World Bank Group adapt our vision and mission, strengthen our operating model, and enhance our financial capacity—all to better address the scale of development challenges, including climate.

## Box 1: Journey of World Bank’s Climate-Related Milestones

The World Bank’s journey to integrate climate into our development programs began decades ago and has evolved to support developing countries dealing with the intensifying impacts of climate change. This work includes phasing out fossil fuels, developing new diagnostics that drive climate action at the country level, issuing innovative sustainability bonds, and ensuring that the World Bank’s new financing operations are consistent with the objectives of the Paris Agreement. We aim to deliver on our core development mandate of reducing poverty while tackling the most pressing global challenges. Key milestones from this journey are shown below:

### 2000–2010

- Created first Global Carbon Fund
- Published Strategic Framework on Climate Change
- Helped establish the Global Reporting Initiative and began reporting under the Carbon Disclosure Project
- Published first World Bank Corporate Sustainability Report
- Financed the last World Bank energy project using coal
- Included climate change as a special theme for IDA
- IBRD issued first Green Bond

### 2011–2015

- Began tracking climate co-benefits
- IBRD issued Caribbean Catastrophe Risk Insurance Facility Cat Bond
- Developed the Pilot Auction Facility
- Included climate and disaster risk screening in IDA17
- Published inaugural IBRD Green Bond Impact Report

### 2016–2020

- Launched the Carbon Initiative for Development
- Launched Climate Change Action Plan (CCAP) 2016-2020
- Included climate-related commitments in IBRD-IFC Capital Package, such as applying greenhouse gas accounting and IBRD climate and disaster risk screening

### 2021–2023

- Launched CCAP 2021-2025
- Published inaugural Climate-Related Financial Disclosure aligned with TCFD
- Released inaugural CCDRs
- IBRD issued emission reduction-linked bond
- Began Paris alignment of new financing operations



# 2. GOVERNANCE

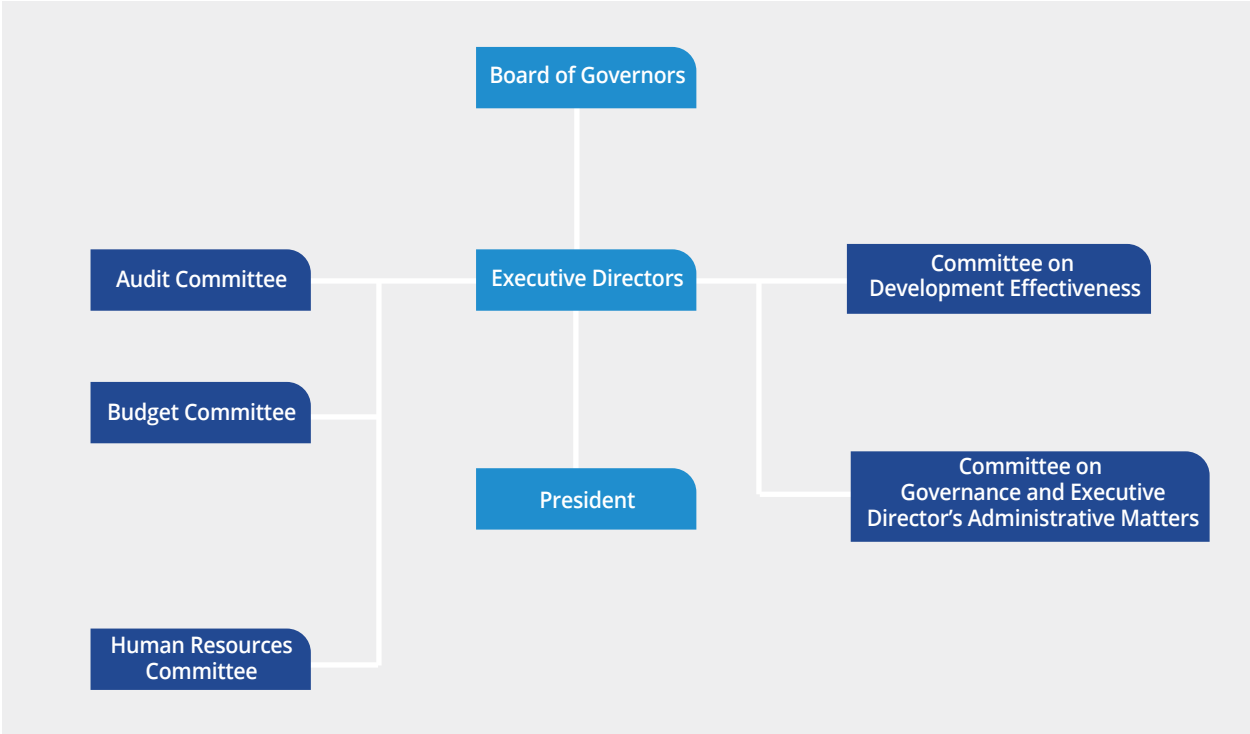
The decision-making structures of IBRD and IDA each consists of the Board of Governors, the Board of Executive Directors (hereafter “the Board”<sup>3</sup>), the President, management, and staff.<sup>4</sup> The Board of Governors is the highest decision-making authority for both IBRD and IDA. Governors are appointed by their member governments for a five-year renewable term. The Board of Governors may delegate authority to the Board of Executive Directors to exercise any of its powers, except for certain powers enumerated in IBRD’s and IDA’s Articles of Agreement. The President reports to the Board, which is responsible for the general operations of IBRD and IDA.

The Board has 25 Executive Directors, who represent all member countries (189 for IBRD, 174 for IDA). The President is the only member of the Board from management and serves as a non-voting member and as Chairman of the Board. The Board, particularly Audit Committee members, periodically reviews trends in the World Bank’s risk profiles and performance and any major developments in risk management policies and controls.

<sup>3</sup> Unless the context requires otherwise, the term “Board” refers to both the Boards of Executive Directors of IBRD and IDA.

<sup>4</sup> For a full list of senior management and an organizational chart, please refer to the appendixes of the World Bank Annual Report 2023.

**Figure 1: Governance Structure**



The World Bank also has the Corporate Responsibility Oversight Committee, which provides strategic leadership and guidance for the institution's internal corporate sustainability agenda. In addition to the managing directors, the Committee consists of high-level representatives of the World Bank's corporate units, including those that manage the environmental, social, and economic impacts of the World Bank's corporate activities and their reporting.

### **IBRD's and IDA's Governance and Oversight Around Climate-Related Risks and Opportunities**

**The management of climate-related risks and opportunities in the World Bank's development and corporate activities is overseen by our managing directors, who report to the President.** Both the Board of Executive Directors and the Board of Governors have recognized climate change as a global development issue<sup>5</sup> and have endorsed the institutions' ambition for, and commitments to, integrating climate and development action. Presented to the Board in 2021, the CCAP 2021–2025 details how the World Bank Group will integrate climate action into their support to developing countries and the private sector through 2025, building on the progress made under the inaugural CCAP 2016–2020. The Board receives annual updates from management on the progress made in implementing the Action Plan, as well as on climate-related policy commitments.<sup>6</sup> Delivering on climate and development goals is an institution-wide effort, cutting across the WBs global practices, operational and corporate units. This is enabled by close collaboration between 1) a dedicated Climate Change

Group (CCG) within the World Bank, which steers the climate agenda at the global level and offers expertise and funding to help integrate climate considerations into development operations; and 2) the regional units, which lead country engagement and delivery on the ground. The CCG leads on developing, monitoring, and reporting on the progress made on the CCAP 2021–2025 and other climate-related policy commitments.

### **Governance Over Climate and Sustainability Reporting**

**In 2022, a Sustainability Reporting Coordination Group, co-chaired by four World Bank vice presidents,<sup>7</sup> was established** to coordinate the ongoing work on the sustainability reporting agenda. The group's attention is centered around: 1) contributing to the policy dialogue around the development of sustainability reporting standards; 2) supporting our clients in adopting standards and frameworks; and 3) enhancing our own corporate reporting. An interdepartmental Technical Working Group composed of subject-matter experts from across the World Bank is working to enhance and strengthen the World Bank's climate and broader sustainability disclosures.

<sup>5</sup> For information regarding the Forward Look, see [here](#).

<sup>6</sup> Through the 2018 Capital Increase for IBRD and IFC and the IDA20 replenishment, the Board of Governors endorsed several climate-related commitments, such as increasing the share of climate-related financing and screening all lending investments for climate and disaster risks, among others.

<sup>7</sup> Vice President and World Bank Group Controller; Vice President of Equitable Growth, Finance, and Institutions; Vice President of Operations Policy & Country Services; and Vice President of Sustainable Development.

# 3. STRATEGY

**The world is facing an unprecedented confluence of crises—including climate change, inflation, conflict, and food insecurity, with developing countries hit the hardest.** Since 2020, the world has witnessed declines in growth, increases in poverty, and reversals in hard-won development progress. As these and other challenges evolve, the World Bank is finding ways to better support countries and strengthen our response to crises. Through our Global Crisis Response Framework,<sup>8</sup> the World Bank has been responding at unprecedented levels to the converging crises. In FY23, the World Bank approved 322 operations (including six IBRD and IDA blend operations) in 94 countries for total net commitments of \$72.8 billion, of which \$38.6 billion relates to IBRD (136 operations), and \$34.2 billion relates to IDA (192 operations).

## Overview of the World Bank's Climate Change Strategy

### Helping Our Client Countries Address Climate Change and Development

**The World Bank's interventions on climate and development are guided by the CCAP 2021–2025.** Under our second CCAP, the World Bank Group is helping countries and private sector clients fully integrate their climate and development goals; identify and prioritize action on the most impactful adaptation and mitigation opportunities, with a focus on transforming key systems that account for 90 percent of greenhouse gas (GHG) emissions and present major adaptation opportunities; and use those efforts to mobilize and enable private capital and other sources of

climate finance, including additional concessional funds. The CCAP 2021–2025 is designed to maximize impact and advance a livable world through an inclusive path that promotes economic progress and is environmentally and socially sustainable, consistent with the broader development objectives of the **Green, Resilient, and Inclusive Development** approach.

Key elements of CCAP 2021–2025 are as follows:

- **Ambitious new climate finance targets:** The CCAP 2021–2025 calls for an average of 35 percent of World Bank Group financing over FY21–FY25 to be climate finance, up from a target of 28 percent by 2020. This means that project financing directly contributes to climate change mitigation and adaptation, as at least 50 percent of the World Bank's climate finance will support adaptation.
- **A new core diagnostic on climate and development:** CCDRs provide economy-wide analyses of climate risks and opportunities for climate action by the public and private sectors, helping integrate climate and development considerations and prioritize interventions.
- **Aligning financing flows with the objectives of the Paris Agreement:** The World Bank will only support operations that are consistent with the objectives of the Paris Agreement and promote a country's path toward low GHG emissions and climate-resilient development.

<sup>8</sup> For more information about the Global Crisis Response Framework, see [here](#).

## Box 2: Integrating Climate Considerations into IBRD and IDA Operations

The World Bank continues to integrate considerations for climate-related risks and opportunities into our operations through our corporate commitments on climate change, such as climate and disaster risk screening for physical risks, and GHG accounting and applying a shadow price of carbon for carbon lock-in and transition risks.

**Climate and disaster risk screening** identifies short- and long-term physical risks faced by World Bank operations. This screening has been required for all IDA operations since FY15, and for all IBRD operations since FY18. Identifying risks and proactively incorporating resilience measures at the early stages of project design can help projects achieve their development objectives.

**Climate indicators** monitor and track the progress of climate results, measuring outputs or outcomes of financing interventions for mitigation and/or adaptation. Since FY21, all World Bank operations with 20 percent or more climate finance incorporate at least one climate indicator to monitor and track climate results.

**GHG accounting** is performed for all World Bank Investment Policy Financing (IPF) operations where methodologies are available. Applying a shadow price of carbon in the economic analysis has been required for all IBRD or IDA IPFs that are subject to GHG accounting since July 1, 2017. The purpose is to contribute to greater transparency and consistency of the project's GHG impacts and inform decision-making by the World Bank and our clients. Additional information on GHG accounting for the Bank's lending operations can be found in the *Metrics and Targets* section.

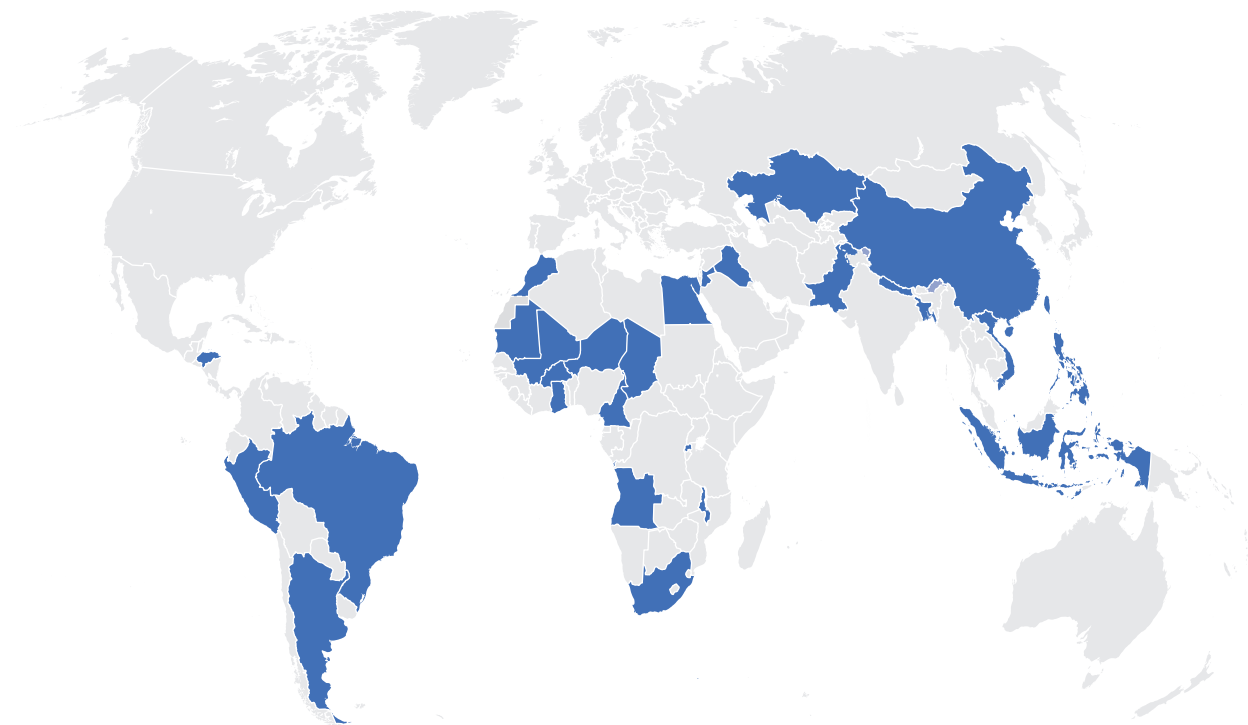
- **Prioritizing transformative investments in five key systems:** These systems—energy;<sup>9</sup> agriculture, food, water, and land; cities; transport; and manufacturing—are critical for development but account for over 90 percent of global GHG emissions and face significant adaptation challenges.
- **Driving climate finance to deliver the greatest results:** The World Bank will continue supporting global and country-level engagement to scale up public and private climate finance available to emerging markets for both mitigation and adaptation. This includes contingent and crisis financing options—such as the Crisis

Response Window available to IDA countries—that can be used in case of climate-related extreme weather events and other shocks. We will also support greening of the financial sector by working with central banks, national development banks, and private sector financial institutions.

<sup>9</sup> The World Bank Group is one of the largest multilateral providers of financing for renewable energy and energy efficiency projects in developing countries. Since 2010, the World Bank has not financed a new coal-fired power plant and currently has no active coal-fired power generation project in our pipeline. The World Bank has not financed any new upstream oil and gas projects since 2019. The World Bank has not financed any oil pipelines since 2014.

## Figure 2: CCDRs Status and Countries

Country Coverage of Published CCDRs:



### Published CCDRs in FY23

#### AFE

Angola  
Malawi  
Rwanda  
South Africa

#### AFW

Sahel G5<sup>a</sup>  
Cameroon  
Ghana

#### EAP

China  
Indonesia  
Vietnam  
Philippines

#### ECA

Kazakhstan

#### MNA

Egypt  
Jordan  
Iraq  
Morocco

#### SAR

Nepal  
Pakistan  
Bangladesh

#### LAC

Argentina  
Brazil  
Honduras  
Peru

<sup>a</sup> Burkina Faso, Chad, Mali, Mauritania, and Niger

## Implementation of World Bank Group CCAP 2021–2025

In FY23, the World Bank continued to deliver on the CCAP 2021–2025. Key highlights are as follows:

### Country Climate and Development Reports (CCDRs)

**Introduced in the current CCAP, the World Bank Group's CCDRs integrate climate change and development considerations.** Building on rigor-

ous research and data, CCDRs are designed to help countries prioritize the most impactful actions that can reduce GHG emissions and boost adaptation and resilience, while delivering on broader development goals. The reports suggest concrete actions to support the low-carbon, resilient transition. CCDRs aim to inform governments, citizens, the private sector, and development partners and enable engagements with the development and climate agenda. CCDRs feed into other core World Bank Group diagnostics, country engagements, and operations, and help attract funding and direct

financing for high-impact climate action. In FY23, we published 23 CCDRs covering 27 countries across all seven World Bank regions.

The CCDRs help identify high-impact actions that can be implemented through the mid-century by governments and inform substantive country engagements. For example:

- In Bangladesh, energy-efficiency solutions can reduce energy consumption by around 30 per cent and increase productivity by 10 to 15 per cent in one of the country's primary export sectors—textiles and ready-made garments.<sup>10</sup>
- Peru's CCDR fed into the Sustainable Growth and Finance Development Policy Financing (DPF) Deferred Drawdown Option, totaling \$750 million in World Bank financing. This operation supports reforms in several areas, including fiscal resilience, financial competitiveness, and greener production.<sup>11</sup>

## Implementation of the Paris Alignment Commitment

**The World Bank made a commitment in the CCAP 2021–2025 to align all new financing operations with the objectives of the Paris Agreement. Starting July 1, 2023, all new IBRD and IDA IPF, Program-for-Results (PforR), and DPF operations must demonstrate alignment with the objectives of the Paris Agreement and a country's pathway toward low GHG emissions and climate-resilient development.**

The Paris Alignment of the World Bank's new financing operations is the most comprehensive undertaking ever done by the institution to address development together with climate. This is part of a broader Multilateral Development Bank (MDB) vision to align all financing operations with the objectives of the Paris Agreement. Through close collaboration, 10 MDBs, including the World Bank, developed joint MDB methodological principles to inform and facilitate the Paris Alignment assess-

ments of their new financing operations. These [principles](#) were publicly disclosed in June 2023.

The World Bank has put in place internal processes and systems to assess and show that every financing operation is Paris-aligned. This entails an integrated vetting approach for every project, using publicly disclosed instrument methods, sector notes, and the joint MDB methodological principles. Ahead of the July 1, 2023, launch of the Paris Alignment commitment, we trained thousands of staff to screen, manage, and reduce climate risks for both adaptation and mitigation in their projects and demonstrate Paris Alignment in project documentation. The World Bank Paris Alignment process will involve learning-by-doing, refining guidance, building capacity, and adapting mechanisms as lessons emerge, jointly with other MDBs. It will also be iterative as technologies, markets, and innovations drive down costs of lower-carbon, resilient options.

## The World Bank's Contribution to the Global Sustainability Reporting Agenda

**The World Bank contributes to the development of standards and frameworks by global regulators and standard-setting bodies, advocating that the perspectives of emerging markets and developing economies be taken into consideration.**

The World Bank supports the development of the Network for Greening the Financial System and Taskforce on Nature-Related Financial Disclosure climate and nature scenarios for risk assessment and capacity-building in Emerging Market and Developing Economies (EMDEs) by organizations such as the Financial Stability Board, the International Organization of Securities Commissions, and the ISSB. The World Bank is also involved in initiatives such as the Coalition of Finance Ministers for Climate Action, the G20 Sustainable Finance Work-

<sup>10</sup> For more information, see [here](#).

<sup>11</sup> For more information, see [here](#).

### Box 3: The Evolution of the World Bank Group

In response to shareholders, the World Bank Group created an Evolution Roadmap to deliver development impact more effectively and efficiently for people and the planet. The roadmap identifies eight global challenges that are unique as they affect many countries and have cross-border implications. Addressing the following challenges will be key to advancing the World Bank's new vision and mission: (i) climate change adaptation and mitigation; (ii) fragility and conflict; (iii) pandemic prevention and preparedness; (iv) energy access; (v) food and nutrition security; (vi) water security and access; (vii) digitalization; and (viii) biodiversity and nature.

The roadmap outlines three building blocks of this process:

- i. Setting a new vision to match our ambition with a new mission to end extreme poverty and boost shared prosperity on a livable planet. With these, the World Bank will for the first time have the formal mandate to both fight poverty and address global challenges, leading the way among multilateral development finance institutions.
- ii. Creating a new World Bank Group playbook with solutions to achieve this ambition, double down on our impact, and better address both country development needs and global challenges, including through scale and replicability. We are enhancing and modernizing how we provide finance and knowledge, including working as One World Bank Group across our institutions to mobilize private capital and domestic public resources for development.
- iii. Taking steps to enhance the World Bank Group institutions' financial capacity to meet development needs.

ing Group, the G20 Environment and Climate Sustainability Working Group, and the G7 Disaster Risk Finance Working Group. By doing so, the World Bank ensures that global efforts to create a more sustainable financial system consider the needs and perspectives of EMDEs.

As sustainability reporting and sustainable-finance reforms advance, the World Bank Group is gearing up efforts to support client countries throughout the transition.

#### How the World Bank is Harnessing Climate-Related Opportunities

The World Bank is increasing our climate-related financing and integrating climate change across

**all relevant sectors in our financing operations. The World Bank is working closely with client countries and development partners to increase our impact on the ground.**

The World Bank is also embedding sustainability and climate in decisions across internal operations, including our facilities and supply chain.

#### Supporting Clients in Greening their Financial Systems

Greening the financial system is important for the World Bank's client countries due to the particular vulnerabilities of EMDEs to climate-related financial risks. The financial

sectors in EMDEs possess the potential to drive positive changes in the real economy toward a more sustainable future. EMDEs face challenges in transitioning their financial systems to green practices due to limited knowledge, data availability, and financial resources. The World Bank assists EMDEs in attracting capital and fostering sustainable development by ensuring that green-finance measures are compatible with their specific context. The World Bank is engaged in a wide range of green-finance initiatives across client countries, as shown on the map below (Figure 3). These initiatives include diagnostics, technical assistance, and financing to support the transition to a more sustainable financial system. The World Bank actively supports client countries in developing and applying sustainability disclosure and reporting standards, strengthening climate and nature risk-management practices, facilitating private finance, and greening of the financial system.

The World Bank is:

- **Supporting over 40 EMDEs in climate and nature risk assessments and regulation, recognizing and accommodating the different country contexts and capacities.** Climate-risk management is essential for maintaining financial stability and incentivizing greener investments. Prudential regulations and stress-testing ensure that climate risks are incorporated into market pricing, better financial resilience, and stronger regulatory frameworks; offering training and awareness programs; and developing a green taxonomy. The World Bank has also integrated Climate and Environmental Risk and Opportunity analyses for the financial sector in the [Financial Sector Assessment Program](#) and CCDRs.
- **Supporting countries with innovative financial instruments and policy reforms to unlock private capital in order to protect households,**

**Figure 3: World Bank Green Financial Sector Programs, Engagements and Selected Examples**





**firms, and governments against climate shocks and disasters.** Climate risk financing considerations are becoming more important within DPF programs, where prior actions to green the financial sector are increasingly part of the policy matrix.

- **Supporting countries in mobilizing domestic and international private capital for investments in climate-relevant sectors.** EMDEs face a lack of sufficient funding for climate and environmental goals and need an enabling environment to facilitate private capital. The World Bank supports countries in developing their local capital markets. Our sustainable-finance advisory services can help establish the groundwork for scaling climate finance. The World Bank also promotes incorporating climate and nature into the investment strategies of institutional investors and national development finance institutions.
- **Helping countries strengthen climate disclosure and market integrity to attract more investment in sustainable development initiatives in EMDEs.** Greening regulations and reporting frameworks in EMDEs address the lack of information and data on climate for financial markets to assess risks and investment opportunities. For instance, the World Bank developed and maintains the [sovereign environmental, social, and governance \(ESG\) portal](#), a tool to provide better data and analysis for global fund managers investing in ESG instruments. The World Bank also supports several client countries in developing taxonomies and reporting standards.

### Supporting the Climate Agenda through Treasury Products and Services

Since the early 2000s, the World Bank's Treasury has helped catalyze growing interest among investors to integrate ESG criteria into their

**bond-investment decisions and focus on the purpose of their investments.** In 2008, IBRD was the first institution to issue a green bond, which allocates equivalent amounts to certain mitigation and adaptation projects, introducing transparency and impact reporting as part of the process. This jump-started a sustainable-bond market that has seen over \$4 trillion in issuance over the last 15 years. Taking a holistic approach, IBRD and IDA label their bonds "Sustainable Development Bonds" to communicate the integration of social and environmental goals and the World Bank's overall [Sustainable Development mission](#).

**IBRD continues to innovate and be at the forefront of sustainable finance through its structured notes.** Climate-finance innovation started with structured bonds in the late 2000s, including notes linked to [climate-focused equity indices](#) in 2007 and the first [emission-reduction-linked bonds](#) in 2008; more recently, in a first-of-its-kind transaction, IBRD issued an outcome-based wildlife conservation bond in March 2022.<sup>12</sup>

To support countries' resilience to climate change and natural disasters, IBRD has been a leader in the issuance of catastrophe bonds. "Cat" bonds are issued under IBRD's "capital at risk" notes program,<sup>13</sup> which can be used to transfer risks related to natural disasters and other risks from developing countries to the capital markets. Nearly \$4 billion in cat bonds in 19 transactions have been issued, providing financial resilience to countries such as Chile, Jamaica, Indonesia, and Mexico.<sup>14</sup>

In addition to issuing IBRD and IDA bonds, the World Bank's Treasury advises and works closely

<sup>12</sup> Net proceeds of the bonds described herein are not committed or earmarked for lending to, or financing of, any particular projects or programs. Payments on the bonds described herein are not funded by any particular project or program.

<sup>13</sup> For more information, visit [here](#).

<sup>14</sup> Net proceeds of the bonds described herein are not committed or earmarked for lending to, or financing of, any particular projects or programs. Payments on the bonds described herein are not funded by any particular project or program.

## Box 4: Innovative Risk-Sharing and Private Capital Mobilization in 2023\*

### Catastrophe Risk Transfer for Chile

A \$630 million three-year [catastrophe bond and swap transaction](#) provided Chile with financial protection to mitigate the potentially disruptive economic impacts of earthquakes and resulting tsunamis.

### Emission Reduction-Linked Bond

A \$50 million five-year [outcome bond](#) mobilized private capital to help finance manufacturing and distribution of water purifiers to schools and institutions in Vietnam, while aiming to provide investors with a return linked to the issuance of verified carbon credits.

### Sovereign Green Bond

The World Bank Treasury provided technical assistance to the Government of India to establish its [sovereign green bond](#) program and mobilize private capital to fund climate action plans and resilient growth. As a result, the Government of India issued \$2 billion equivalent of sovereign green bonds in the first quarter of 2023 to support renewable energy, energy efficiency, clean transportation, climate change adaptation and other environmentally beneficial projects.

\* Net proceeds of the bonds described herein are not committed or earmarked for lending to, or financing of, any particular projects or programs. Payments on the bonds described herein are not funded by any particular project or program.

with member countries to help them develop sustainable capital markets through its [Sustainable Finance and ESG Advisory Program](#). These efforts include technical assistance to financial regulators for greening the financial system, identifying financing options to design and implement countries' climate plans under the Paris Agreement, and helping borrowers mobilize private sector capital through dedicated climate finance instruments.

### Supporting Access to Concessional Financing for Climate Action

Through the record-high \$93 billion 20th replenishment of resources for IDA (IDA20),

**the Board of Governors endorsed eight [Climate Change Policy Commitments](#) to increase the impact and scale of IDA's climate and development interventions.** The IDA20 [Climate Change Special Theme](#), which aligns with the CCAP 2021–2025, supports climate interventions in adaptation and mitigation and deepens the integration, scale, and impact of climate and development together in IDA countries.

**World Bank-administered trust funds and financial intermediary funds support the climate agenda by complementing core World Bank financing, helping clients mobilize resources, and funding technical assistance, capacity building, and analytical tools for greater climate resili-**

**ience and low-carbon growth.** As of FY23, active climate-related funds offering grants and concessional financing to countries include the [Climate Investment Funds](#), [Climate Support Facility](#), the [Global Environment Facility](#), and the [Global Facility for Disaster Reduction and Recovery](#).

At the 2022 United Nations Climate Change Conference of the Parties, or COP27, a new umbrella multidonor trust fund, Scaling Climate Action by Lowering Emissions (SCALE), was launched. SCALE seeks to catalyze transformative climate action through results-based climate finance to build an enabling environment and incentive mechanisms that catalyze greater financial flows for climate action, including from the private sector through carbon markets.

## Strategic Approach to Corporate Sustainability

**The COVID-19 pandemic and its aftermath have highlighted the deep interconnectedness between the planet, people, and economies. The pandemic has also served to strengthen the World Bank's commitment to environmental, social, and economic sustainability.**

The [Corporate Responsibility Strategic Plan](#), approved by the World Bank's Managing Director and Chief Administrative Officer, focuses on reviewing mandates and progress on corporate responsibility at the institution, evaluating the current corporate responsibility landscape and trends, engaging stakeholders for input, identifying implementation priorities, and maintaining a rolling three-year implementation plan for corporate responsibility.

The World Bank is also embedding climate and sustainability in decisions across internal operations, including our facilities and supply chain, based on [10 Corporate Sustainability Principles](#). The World Bank's progress on corporate sustainability can be found in the World Bank's annual

[Global Reporting Initiative \(GRI\) Index](#) and biennial [Sustainability Review](#).

## Climate-Related Considerations in the World Bank's Corporate Activities

**The World Bank's global facilities are not immune to the financial impacts of climate-related risks and opportunities. Climate change can pose direct physical risks to our office buildings, such as increased exposure to extreme weather events, including hurricanes, floods, or storms. These risks can lead to property damage, business interruptions, and higher insurance costs.** Additionally, rising sea levels and changing weather patterns may increase the vulnerability of coastal or low-lying office properties. For the World Bank, risk management includes retrofitting existing buildings to enhance their resilience to climate risks and incorporating new sustainable design principles to meet or exceed current building guidelines in both new construction and existing buildings where possible.

One-third of the facilities owned by the World Bank worldwide meet a green building certification standard, such as Leadership in Energy and Environmental Design (LEED), with an additional 17 facilities currently under review and/or recertification. All new buildings are designed with a focus on sustainability, and we continually seek to improve the performance of existing buildings.

Climate change can also impact the operational costs of office buildings. For example, rising temperatures can lead to more energy consumption for cooling, resulting in higher utility expenses. To mitigate these costs, the World Bank is investing in energy-efficient heating, ventilation, and air conditioning (HVAC) systems; insulation; energy upgrades; new renewable energy projects; water efficiency; and other sustainability measures. Such measures can have upfront costs but yield long-term savings.

## Box 5: Real Estate Case Study

### Dhaka, Bangladesh, Case Study

The Bangladesh country office in Dhaka has the largest IDA portfolio of the World Bank Group and is one of our largest country offices, with around 370 staff. The office recently achieved the **LEED Gold Certification for Operations and Maintenance**, joining the ranks of 21 other World Bank Group LEED-certified buildings.

The building underwent several upgrades to improve its sustainability and reduce its environmental impact. These included the installation of efficient filtration systems to enhance indoor air quality, the creation of green walls to minimize heat gain, and the implementation of water-saving devices to reduce water consumption. The installation of LED lighting decreased energy consumption by 80 percent, while the installation of new HVAC systems reduced energy consumption 15 to 20 percent. The 115-kilowatt solar panel installation includes panels on the main building and curved panels over the carpark, replacing 13 percent of grid electricity consumption. An 88,000-liter rainwater harvesting project is in process and expected to be completed by February 2024.

## The World Bank's Carbon-Neutrality Commitment through Emission-Reduction Offsets

**The World Bank purchases and retires carbon offsets to achieve carbon neutrality for our Scope 1, Scope 2, and Scope 3 GHG emissions (business travel and headquarters food procurement).** The World Bank has been carbon-neutral since 2009 for GHG emissions related to all our global facilities and global business travel. As part of our annual effort to offset carbon emissions, carbon offsets and Renewable Energy Credits equivalent to the World Bank's footprint are purchased and retired. Carbon-offset projects are chosen based on rigorous World Bank Group guidelines, including the requirement that projects are undertaken in IDA countries. These guidelines seek to align the World Bank's offset purchases with our institutional objectives and support

projects that help address climate change, while also improving other environmental and social outcomes. The World Bank aims to maintain diversity in our project portfolio and set the highest standards for procurement, with stringent due diligence that satisfies the above-mentioned strategy, resulting in a portfolio of high quality and high value projects.

The World Bank continues to measure, reduce, offset, and report GHG emissions associated with our global internal operations—including our facilities—and corporate air travel. The World Bank has measured the GHG emissions from our headquarters facilities since 2005 and globally since 2007, in accordance with the World Resources Institute and World Business Council for Sustainable Development's GHG Protocol. Emissions from headquarters have been offset since 2006 and globally since 2009. For emission-reduction targets, refer to the *Metrics and Targets* section.

# 4. RISK MANAGEMENT

The World Bank's risk management processes and practices continually evolve to reflect changes in activities in response to market, credit, product, operational, and other developments. Management believes that effective risk management is critical for the World Bank's overall operations. Accordingly, the risk management governance structure is designed to manage the principal risks that the World Bank entities assume in their activities and supports management in its oversight function, particularly in coordinating different aspects of risk management and in connection with risks that are common across functional areas.

**The World Bank has adopted the “Three Lines Model” for our risk management accountability structure.**<sup>15</sup> In line with this model, risks are managed at three levels of management to protect the World Bank from significant risks: (i) the business units, (ii) the risk and oversight units, and (iii) the independent audit function. Management's responsibility to achieve organizational objectives comprises both first- and second-line roles.

**The World Bank's risk management process comprises risk identification, assessment, response, and risk monitoring and reporting.** IBRD and IDA have policies and procedures under which risk owners and corporate oversight functions are responsible for identifying, assessing, responding to, monitoring, and reporting risks.

**Climate-related risks are incorporated into the World Bank's enterprise risk taxonomy so they can be managed and monitored.** The taxonomy provides common categories and standard definitions through which risks can be described and discussed. The current categories of risk include strategic, operational, financial, and development-outcome risk.

## Management of IBRD's and IDA's Risks and Integration of Climate Risks

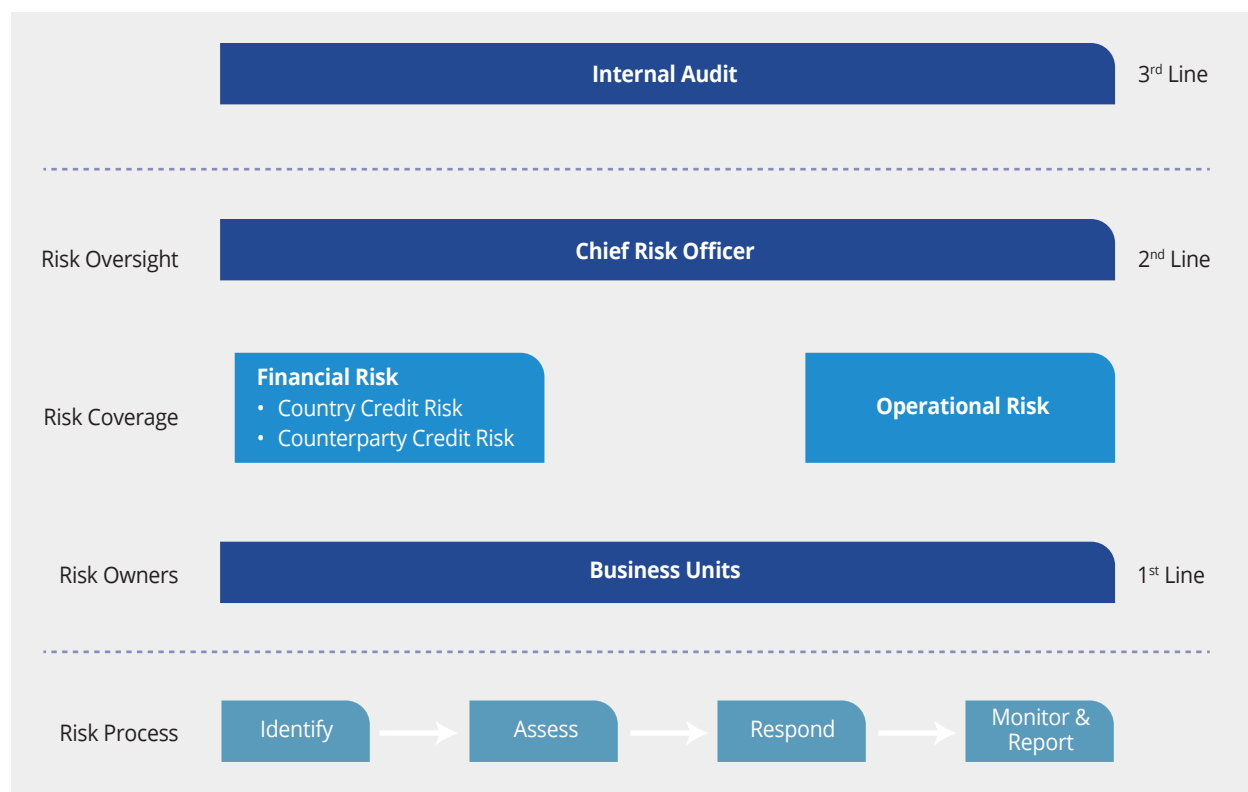
**The World Bank's risk management framework is designed to enable and support IBRD and IDA in achieving their development goals in a financially sustainable manner.** The Chief Risk Officer (CRO) oversees financial and operational risks for IBRD and IDA. The CRO also promotes cooperation between the World Bank Group entities and facilitates knowledge-sharing in the risk management function. The Board, particularly Audit Committee members, periodically reviews trends in IBRD's and IDA's risk profiles and performance, as well as any major developments in risk management policies and controls. The risk of operations financed by IBRD and IDA not meeting their development outcomes (development-outcome risk) is monitored at the corporate level by Operations Policy and Country Services (OPCS).

**Processes for identifying, assessing, and responding to climate-related risks, like any other risks, are integrated into the World Bank's risk management framework.** IBRD and IDA consider both physical risks from climate change and transition risks<sup>16</sup> in their risk management and assess the impact of each on sovereign borrowers and operations.

<sup>15</sup> An update of the Three Lines of Defense, The Institute of Internal Auditors (IIA), July 2020.

<sup>16</sup> Physical risks are those resulting from impacts of climate change-related events and can be both acute and chronic. Examples of physical risks include droughts, floods, rising sea levels, and rising temperatures. Physical risks may affect supply chains, operational capacity, damage to physical assets, and other aspects of economic or business activity. Transition risks correspond to the global shift to a less carbon-intensive economy. Examples of transition risks include changes in climate and energy policies, a shift to low-carbon technologies, changes in consumer preferences, and reputation and liability

**Figure 4: Financial and Operational Risk Management Structure**



### Management of Climate-Related Financial and Operational Risks

Financial and operational risks overseen by the CRO include (i) country credit risks in the core sovereign-lending business, (ii) market and counterparty risks, including interest rate, exchange rate, commercial counterparty, and liquidity risks, and (iii) operational risks relating to people, processes, systems, and external events.

#### Country Credit Risk

**Country credit risk is the most significant financial risk IBRD and IDA face. The World Bank uses our own sovereign credit rating methodology to assess all IBRD and IDA borrowers and manage**

**country credit risk.** The assessment is performed at least once a year by the CRO, and more often if needed. The approach is comprehensive, using quantitative and qualitative inputs covering a wide range of economic, financial, and political factors relevant to the country’s risk of default to IBRD and IDA. This includes physical and transition risk factors, such as the frequency and magnitude of disasters, rising temperatures, and dependency on carbon-intensive industries. These sovereign credit ratings are key inputs for managing IBRD and IDA exposure and ensuring capital adequacy. In addition, stress testing analyzes the potential effects of

issues. Transition risks can vary substantially depending on economic reliance on carbon-intensive industries, a country’s energy consumption mix, and scenarios for policy and technology changes.

changes in market variables and geopolitical events on the IBRD and IDA portfolios to complement their capital adequacy framework.

### Counterparty Credit Risk

**IBRD and IDA are exposed to commercial and non-commercial counterparty credit risk.** IBRD and IDA mitigate the counterparty credit risk from their investment and derivative holdings through the credit approval process, the use of collateral agreements and risk limits, and other monitoring procedures. The credit approval process involves evaluating counterparty and product-specific creditworthiness, assigning internal credit ratings and limits, and determining the risk profile of specific transactions. Credit limits are set and monitored throughout the year.

Commercial credit risk management includes climate-related factors in the approval and monitoring of higher-exposure counterparties for the liquid asset portfolio and for derivative counterparties.

### Operational Risk

**The World Bank recognizes the importance of operational risk management activities, which are embedded in our financial operations.** As part of their business activities, IBRD and IDA are exposed to a range of operational risks, including physical security, staff health and safety, data and cyber security, business continuity, and third-party-vendor risks. The World Bank's approach to identifying and managing operational risk encompasses a dedicated program for these risks and a robust process that includes assessing and prioritizing operational risks, monitoring and reporting relevant key risk indicators, aggregating and analyzing internal and external events, and identifying emerging risks that may affect business units and developing risk response and mitigating actions.

Climate-related operational risk is managed through the Operational Risk Management Framework, which is built on a three-lines model. As the first line, business units manage climate-related operational risks, which are part of the World Bank's operational risk taxonomy. As the second line, the operational risk unit analyzes key climate-related risks highlighted by the business units, and thematic issues (if any) are discussed with the Operational Risk Committee, as appropriate, on a quarterly basis starting from FY24. As the third line, the World Bank's Group Internal Audit periodically reviews the World Bank's operational risk management program and provides assurance on its design and operating effectiveness.

Changes are incorporated into the Operational Risk Taxonomy to identify, manage, and report climate-related operational risks. Climate-related operational risks is a separate risk domain, in addition to existing operational risk domains. Under the climate-risk domain, the World Bank will report risks associated with World Bank activities impacting climate, and/or climate-related events impacting the World Bank's activities.

### Management of Development-Outcome Risk

**The World Bank assesses how climate risks may affect the ability of IBRD- and IDA-financed operations to deliver their intended development outcomes.** Development-outcome risk is the risk to the client's ability to achieve expected results in World Bank-supported projects, programs, or strategies, as well as the risk of unintended consequences. Those risks, along with other economic, political, and social factors, are assessed by operational teams using the Systematic Operations Risk Rating Tool (SORT) and monitored at the corporate level by OPCS. SORT is complemented by the World Bank's Environmental and Social Framework (ESF)

and, starting July 1, 2023, the Paris Alignment assessment in relation to climate-related risks:

The **ESF** requires borrowers to consider trans-boundary and global environmental aspects, including climate change, in project design. The ESF specifies that the World Bank's commitment to environmental sustainability includes stronger collective action to support climate change mitigation and adaptation, taking climate change into account in our environmental and social risk and impact due diligence, and actions that are proportionate to the level of identified risk. The ESF consists of environmental and social standards (ESSs), which set out requirements that apply to borrowers. The third standard, ESS3, presents requirements to address resource efficiency as well as pollution prevention and management throughout the project life cycle.

**Paris Alignment** adopts a risk-based assessment approach, involving a three-step process that

leads to a conclusive answer as to whether a given financing operation is aligned with the Paris Agreement. Starting July 1, 2023, all new financing operations provided by the World Bank will be consistent with the objectives of the Paris Agreement and a country's pathway toward low GHG emissions and climate-resilient development. In practice, this means that the task manager of a project must design the project to support the deployment of lower-carbon options as applicable, whenever technically and economically feasible, and prevent carbon lock-in; and ensure that material climate risks have been assessed and reduced to an acceptable level. To demonstrate this alignment, the World Bank has developed instrument methods, as well as World Bank Group sector notes that complement the joint MDB Methodological Principles for Assessing Paris Alignment. This guidance has been publicly disclosed on the [World Bank Group's external website](#).



# 5. METRICS AND TARGETS

The World Bank monitors and reports progress on climate-related targets, commitments, and indicators tied to our operations and corporate practices. The World Bank is on track to meet our targets and commitments, including those outlined in the CCAP 2021–2025.

## Metrics for World Bank Operational Activities and Advisory Services in FY23

### The World Bank Corporate Scorecards

The World Bank has adopted quantitative metrics and indicators to track and report on our climate-related targets and commitments, as well as other sustainability- and resilience-related operational performance. The [Corporate Scorecards](#)<sup>17</sup> of the World Bank Group and the World Bank include three tiers: i) Tier 1 on development context and the poverty and prosperity goals, ii) Tier 2 on results delivered through operations, and iii) Tier 3 on operational and organizational effectiveness. Indicators related to climate, resilience and sustainability include global carbon dioxide (CO<sub>2</sub>) emissions, GHG emission reductions, number of countries with a completed CCDR, and share of climate-related financing in total commitments. The latest results can be found [here](#).

Over the current Corporate Scorecard cycle (FY19-FY23), IBRD/IDA approved operations are making significant contributions toward the reduction of GHG emissions, amounting to 176.2 million tons (CO<sub>2</sub> equivalent/year). Much of the anticipated emission reductions come from countries with the highest emission levels, such as Indonesia and India.

The World Bank Group is revamping the Corporate Scorecards to report on the outcomes and impact of our climate interventions. The new Score-

card will serve three primary purposes: to drive a unified focus on key outcomes, to manage with evidence, and to communicate results. The new Scorecard will span FY24-FY30, covering the launch of the new playbook, with 2024 serving as an initial transition year and concluding in line with the final reporting year of the Sustainable Development Goals.

### IDA Results Measurement System

Separately, the [IDA Results Measurement System \(RMS\)](#)<sup>18</sup> tracks results in countries supported by IDA. The purpose of the IDA20 RMS is to measure and steer progress toward IDA20's ambition for a green, resilient, and inclusive future. It includes climate- and resilience-related Tier 1, Tier 2, and Tier 3 indicators, such as net (relative) GHG emissions, renewable energy generation capacity (in gigawatts), share of adaptation co-benefits over total climate co-benefits in IDA-supported operations, and millions of people provided with access to clean cooking.

Under IDA19 (FY21-FY22), the World Bank exceeded the targets of seven policy commitments, significantly advancing the integration of climate change at the national level, while concurrently

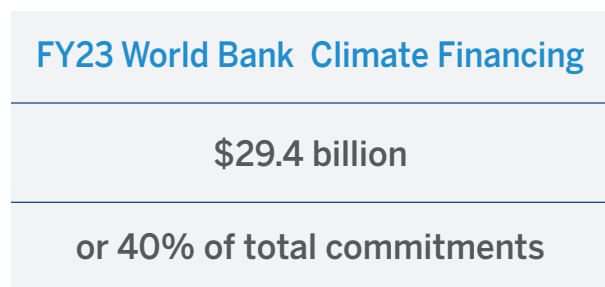
<sup>17</sup> The Corporate Scorecards of the World Bank Group provide an overarching view of the results and performance indicators of the Group's three institutions: the World Bank, the IFC, and MIGA. Separate scorecards for the World Bank, IFC, and MIGA complement the World Bank Group's Scorecard. The Scorecards are critical tools for monitoring the World Bank Group's performance in key global and institutional priority areas.

<sup>18</sup> The World Bank Group introduced the RMS as a key reporting and accountability tool for tracking progress and reporting results achieved by IDA during each replenishment cycle. The IDA RMS is a central part of the World Bank Group's framework for tracking progress at an aggregate level and integral to the World Bank's efforts to improve the focus on results. The IDA RMS uses a three-tiered development results framework with 79 indicators to track results of IDA countries at an aggregate level.

strengthening assistance for adaptation and resilience measures. The [IDA20 replenishment](#), covering FY23–FY25, began implementation in FY23 and builds on these achievements, deepening the integration, scale, and impact of climate action, prioritizing countries with larger carbon emissions and higher climate vulnerabilities. Collectively, IDA20’s eight policy commitments under the climate change special theme will help to address short- and long-term adaptation needs, decarbonization objectives, and protection of biodiversity, natural capital, and ecosystem services, while stimulating growth, enabling a green recovery, focusing on crisis preparedness, and maintaining harmony between humans and nature.

We report regularly on progress toward IDA policy commitments, including through a mid-term review and final retrospective. The recently published IDA19 Retrospective notes that \$25.4 billion in climate finance was delivered through IDA19, of which \$15.2 billion (60 percent) was for adaptation.

### Climate Financing Targets and Commitments



The World Bank tracks our climate finance using the [methodology developed jointly by the MDBs](#). In FY23, the World Bank delivered \$29.4 billion in climate finance, representing 40 percent of total IBRD and IDA commitments. This reflects our progress toward meeting the CCAP 2021–2025 World Bank Group target of 35 percent climate finance on

average, which was 36 percent for the FY21–FY23 period. The CCAP 2021–2025 also highlights the significance of adaptation, with the goal of allocating at least 50 percent of IBRD/IDA climate finance to support adaptation. In FY23, 41 percent of IBRD/IDA climate finance supported adaptation, and 59 percent supported climate mitigation.

In FY23, IBRD delivered \$16.2 billion in climate finance, representing 42 percent of total IBRD commitments. IDA delivered \$13.2 billion in climate finance, representing 39 percent of total IDA commitments.

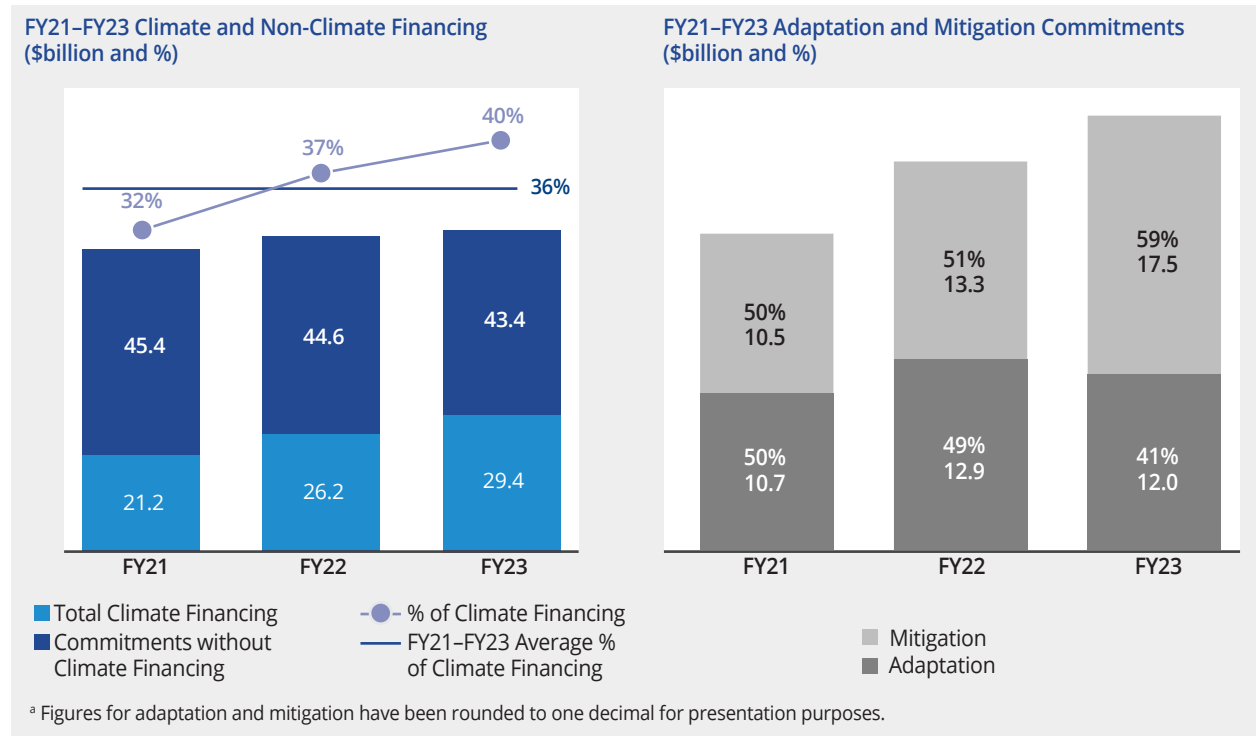
In FY23, 96 percent of World Bank projects had a climate financing component, while the share of projects with a climate financing component for IBRD was 93 percent, and for IDA 98 percent, illustrating the institution’s commitment to mainstreaming climate change in our operations. The latest project-level climate finance data for the World Bank are available [here](#).

In FY23, low-income countries accounted for 16 percent of total World Bank climate financing, lower-middle income countries for 45 percent, and upper middle-income countries for 30 percent. Lower-middle income countries had the highest share of both adaptation and mitigation financing.

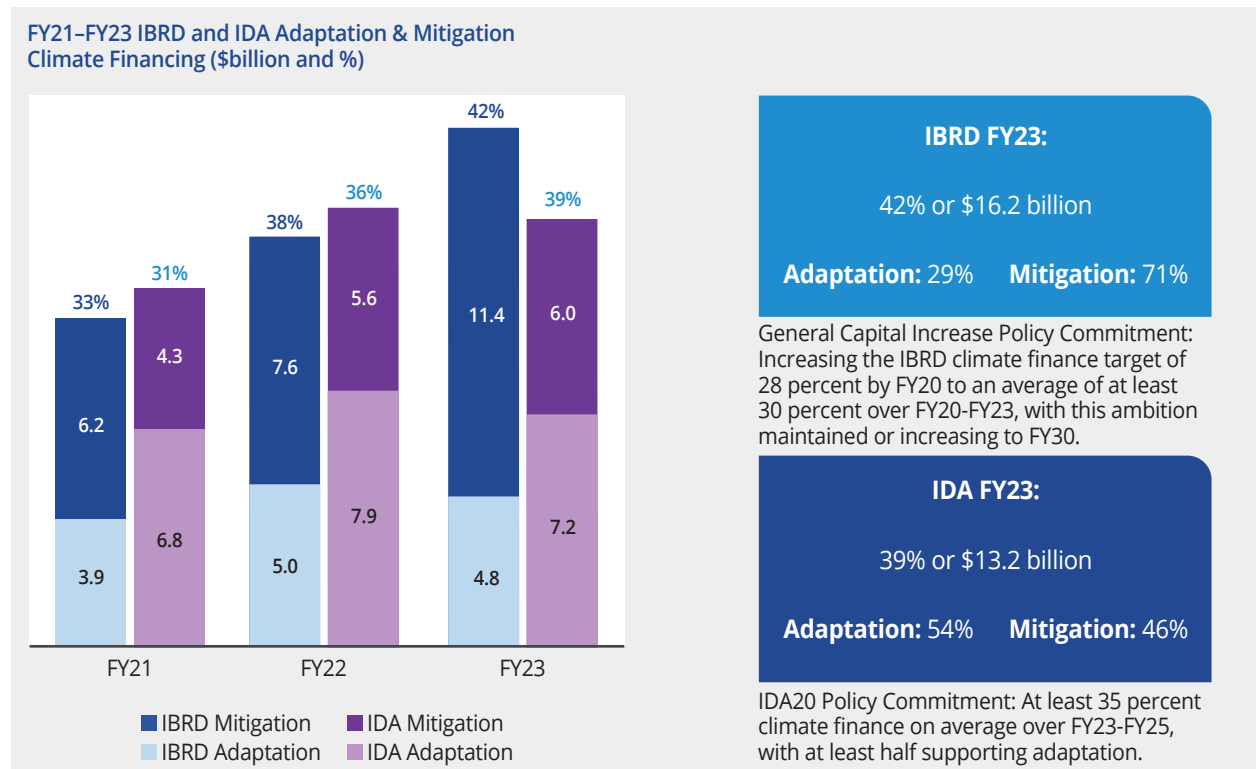
### GHG Accounting for the World Bank’s Lending Operations

Development often involves potentially emissive activities, such as the expansion of energy use, transport, or agricultural production. GHG accounting is a practice among international financial institutions (IFIs) committed to better understanding how they can reduce emissions associated with their investment portfolios. Since 2012, MDBs and other IFIs have collaborated through the Technical Working Group of the International Financial Institutions (IFI TWG) to harmonize project-level GHG emissions accounting, agreeing on a Harmonized

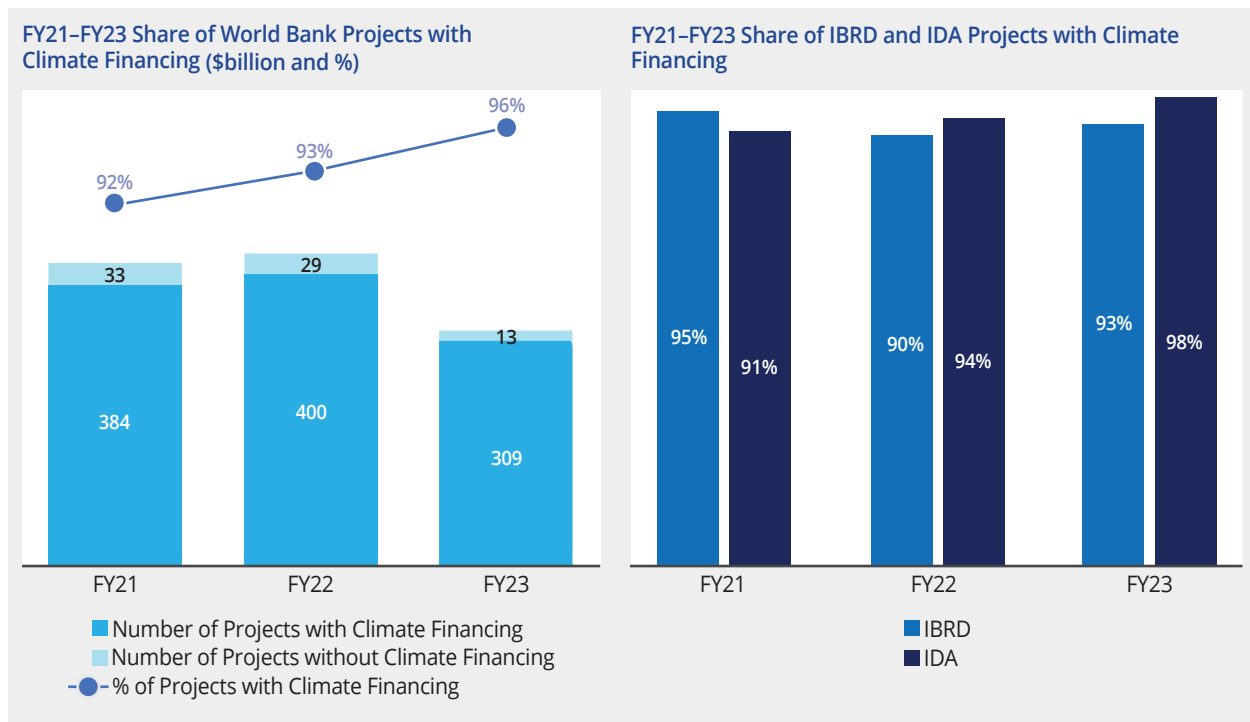
**Figure 5: Overview of World Bank Climate Financing<sup>a</sup>**



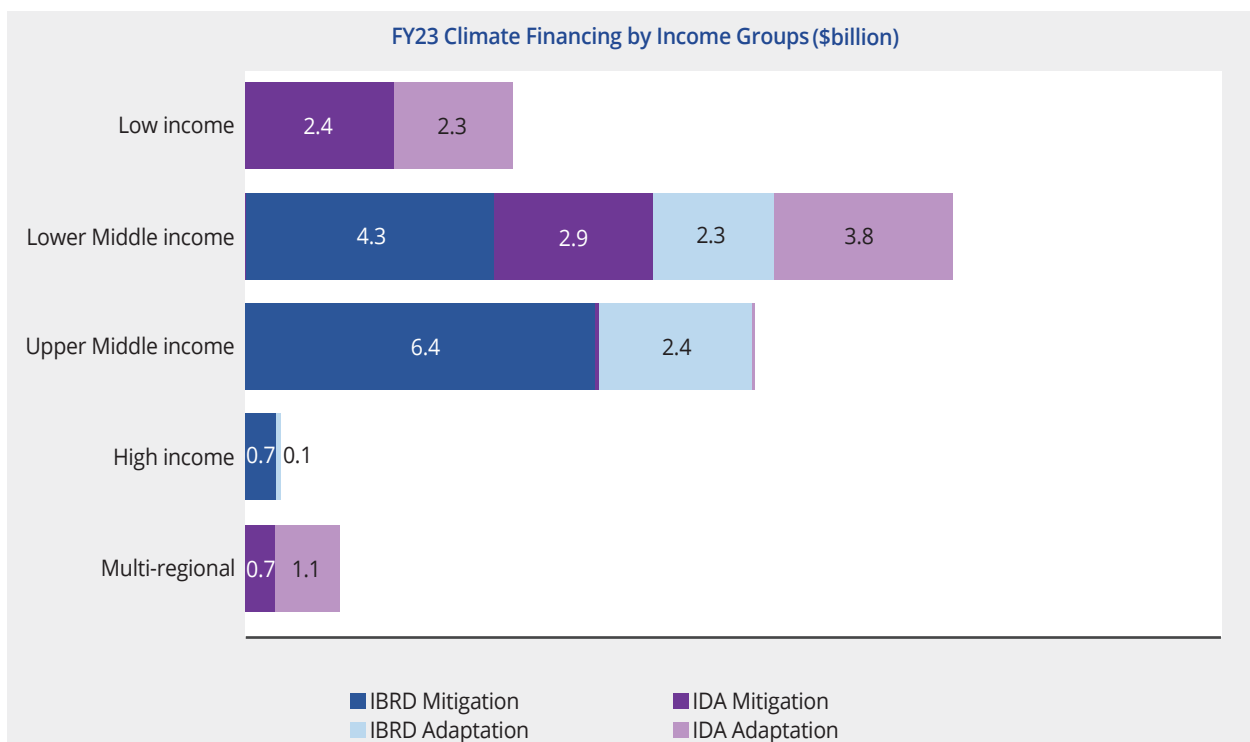
**Figure 6: Overview of IBRD and IDA Climate Financing**



**Figure 7: Share of World Bank (IBRD/IDA) Projects with Climate Financing**



**Figure 8: Climate Finance Committed in FY23 by Income Group<sup>a</sup>**



<sup>a</sup> Figures for adaptation and mitigation have been rounded to one decimal for presentation purposes. Amounts less than \$0.1bn are not labeled in graph.

## Box 6: Coverage of the World Bank's GHG Accounting Methodologies

Sector	Project Types Covered
Agriculture	Land-use change, crop production, grassland, livestock, land degradation, wetlands, fertilizers, irrigated crops, agribusiness value chain, fisheries, and aquaculture.
Energy	Transmission and distribution, power generation (fossil fuel, solar, wind, geothermal, and hydro, including pumped-storage) supply- and demand-side energy efficiency, and energy access.
Forestry	Afforestation/reforestation, and sustainable forest management/fire control.
Transport	Roads, rail, waterways, and urban transport.
Water and Sanitation	Water treatment plants, wastewater treatment plans, desalination plants, wastewater reuse, multipurpose water reservoirs, and irrigated rice.
Urban	Solid waste management.

Framework for GHG accounting in 2012. Along with applying an internal shadow price of carbon<sup>19</sup> in the economic analysis to incorporate the impact of GHG emissions, GHG accounting is increasingly used as the primary means to assess and avoid carbon lock-in or transition risks at the World Bank.

The World Bank's GHG accounting methodologies cover key sectors with high GHG mitigation potential: energy, forestry, agriculture, transport, water and sanitation, and urban (see Box 6). Methodologies are periodically revised and informed by experience, our evolving business needs, the evolution of international methodologies,<sup>20</sup> methodologies and guidelines adopted by the [IFI TWG](#), and publicly available methodologies.<sup>21</sup> All IBRD and IDA IPFs in sectors with approved or endorsed methodologies that exceed predefined thresholds specified for each activity are mandated to undertake GHG accounting. At the project level, GHG accounting<sup>22</sup> is conducted as an ex-ante estimate of GHG emissions.

Since FY18, the World Bank has operated a quality assurance process to ensure GHG estimations are robust before they are reported externally. This includes both internal reviews and engage-

ment of an independent third-party verification process. GHG indicators are publicly reported for both the World Bank and the World Bank Group in the organizations' Corporate Scorecards.

## Metrics for World Bank Corporate Activities

### Internal GHG Emissions

Buildings operations, together with travel, constitute the largest sources of GHG emissions

<sup>19</sup> For more information, visit [here](#).

<sup>20</sup> This includes the UN Framework Convention on Climate Change's Clean Development Mechanism, Verra and GHG protocol standards.

<sup>21</sup> This includes the Food and Agriculture Organization's Ex-Ante Carbon-Balance (ExAct) Tool, the Highway Development and Management Model Four (HDM-4) Software, and the Advanced Practices for Environmental Excellence in Cities (APEX, developed with IFC).

<sup>22</sup> The thresholds for activities vary and have been set in agreement with the World Bank Group's Global Practices with approval from the respective directors. Agriculture and forestry projects are required to report GHG emissions if the net GHG emissions exceed 20,000 tCO<sub>2</sub>e per year. Transport activities and energy transmission and distribution activities have a threshold of \$15 million for each project sub-component. Energy access projects have a threshold of \$5 million for

for the World Bank’s current carbon footprint.<sup>23</sup> The World Bank measures direct (Scope 1) and indirect (Scope 2) GHG emissions for our internal operations based on site-specific data for facilities.<sup>24</sup> For methodology details and data, please see the Inventory Management Plan on the [Corporate Responsibility website](#). In FY22, Scope 1 emissions from the World Bank’s global facilities decreased by 28 percent from FY21. While the World Bank’s building occupancy rose compared to pandemic-related shutdowns, our dependence on diesel generators decreased, resulting in an overall reduction in Scope 1 emissions. Scope 2 emissions from the World Bank’s global facilities remained the same as in FY21, even with the partial return of staff to the office, due to energy efficiency projects implemented during pandemic-related shutdowns.

The World Bank measures indirect GHG emissions globally from business air travel and contractor-owned vehicles. Beginning in FY20, Scope 3 emissions expanded to include emissions from

World Bank headquarters food procurement, calculated with the World Resource Institute’s Cool Food Pledge.

Business air travel emissions represent most Scope 3 emissions. FY22 carbon emissions from business air travel increased from FY21 (pandemic levels) but were only 24 percent of FY19 (pre-pandemic) levels.

### GHG Emissions Intensity

Overall, the FY22 Scope 1 and 2 emissions intensity for the World Bank’s 169 global facilities (in over 140 countries) decreased by 5.5 percent from FY21.

each sub-component. Water projects have thresholds of > 18.5 gCO<sub>2</sub>e/kWh and > 2,500 tCO<sub>2</sub>e/km<sup>2</sup> for projects with multi-purpose reservoir (water and hydro electricity generation) and hydroelectric components and those with only a reservoir component, respectively.

<sup>23</sup>The World Bank does not disaggregate GHG emissions of our global facilities between IBRD and IDA.

<sup>24</sup>Data lag by one fiscal year due to timing of data collection.

**Table 1: Scope 1, 2, and 3 GHG Emissions (tCO<sub>2</sub>eq)**

GHG Emissions	FY18	FY19	FY20	FY21 <sup>a</sup>	FY22
Scope 1	8,490	7,114	8,348	6,317	4,539
Scope 2	43,663	42,654	36,843	29,059	29,016
Scope 3 <sup>b</sup>	—	198,568	135,699	4,398	51,925

<sup>a</sup> World Bank facilities were closed or at reduced occupancy and travel was at a minimum for most of FY21.

<sup>b</sup> Data are for all World Bank facilities worldwide and include Scope 1, Scope 2, and Scope 3 business travel and headquarters’ food procurement emissions. Scope 3 business air travel emissions include radiative forcing and exclude GEF and MIGA business air travel emissions, which are included in the World Bank’s GRI report. FY20 includes the addition of Cool Food Pledge emissions from World Bank headquarters food procurement. Details have been captured in the Inventory Management Plan.

**Table 2: Emission Intensities**

Emission Intensities	FY18	FY19	FY20	FY21	FY22
Scope 1 and 2 <sup>a</sup>	0.085	0.080	0.071	0.055	0.052
Scope 3 <sup>b</sup>	—	11.52	7.64	0.24	2.74

<sup>a</sup> In tCO<sub>2</sub>eq per square meter.

<sup>b</sup> In tCO<sub>2</sub>eq per full-time equivalent.

**Table 3: World Bank Energy Intensity (Gigajoules per Square Meter)**

FY18	FY19	FY20	FY21	FY22
0.77	0.74	0.74	0.61	0.56

### Energy Intensity Ratio

The World Bank's owned and managed facilities continued to increase energy efficiency (reduce energy use), going from 0.77 gigajoules per square meter in FY18 to 0.56 gigajoules per square meter in FY22.

### Targets for the World Bank Corporate Activities

#### Corporate Sustainability Targets

The world's poor remain most impacted by environmental degradation. Hence reducing our cor-

porate environmental impacts is aligned with our institutional mission to reduce poverty. Increasing the efficiency of how we run our business at both the facility and staff level reduces natural resource waste and decreases the cost of day-to-day operations.

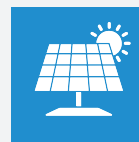
The World Bank Group has set two goals for emission reductions: (1) reduce absolute carbon emissions from our own global facilities by 28 percent by 2026, compared with a 2016 baseline;<sup>25</sup>

<sup>25</sup> 28% target includes all five organizations within the institution, for which IBRD/IDA currently emit approximately 80% of global emissions.

### Box 7: Selected World Bank Corporate Real Estate Sustainability Metrics<sup>a</sup>



36 green building certifications on 33 buildings.  
17 certifications in process.



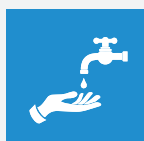
13 Country Offices with solar.  
10 solar projects in progress.



48 GHG emission projects in progress.



132,000 gigajoules of energy savings since FY16.



141 megaliters of water saved since FY16.



19,500 metric tons of facility-based GHG emissions saved since FY16.

<sup>a</sup> FY16 is the baseline year for the World Bank corporate target. The figures are as of FY22.

and (2) reduce food-related emissions from cafeterias, coffee bars, and catering operations at headquarters by 25 percent by 2030.<sup>26</sup> A comprehensive strategy to tackle the emissions target has been revised and is being implemented by a World Bank cross-functional team, with the Corporate

Responsibility Program and under the leadership of the Global Corporate Solutions department, which oversees World Bank facilities and staff services.

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<sup>26</sup> This goal extends to all World Bank Group's institutions.



# Looking Ahead

This latest disclosure is part of our commitment to transparency about our assessment and integration of climate risks into our strategies and risk management process.

Over the coming years, we will continue to refine our approach to climate risk, which includes developing a methodology for scenario analysis and climate-risk stress testing and its application to sovereigns. Furthermore, we will continue to develop appropriate climate-risk metrics that allow us to measure, monitor, and manage climate risks.

We recognize that our key shareholders, investors, and stakeholders are keen to understand emissions and other climate-related implications of our corporate and development activities. We are working to include a targeted set of indicators in the World Bank Group's Corporate Scorecard

to capture and report on outcomes of World Bank climate interventions. The new World Bank Group Corporate Scorecard, which will be launched in FY24, not only integrates climate but elevates it to a cornerstone of the World Bank's mission. It ensures a robust methodology, indicators, and transparent underlying data to track climate mitigation and adaptation outcomes. In addition, the World Bank Group has a commitment in CCAP 2021–2025 to report on aggregate gross emissions for investment operations for which methodologies exist (tCO<sub>2</sub>eq/year).

As climate reporting is rapidly evolving, we will continue to assess the impact of climate-related factors on our strategy, business, financial performance, and risk management, and will enhance our disclosures in line with evolving global standards.

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