



**WORLD BANK GROUP**  
Climate Change

**Plenary 7 – Result Based Finance**

**RBF AS A COST EFFECTIVE  
TOOL FOR CLOSING THE  
PRE-2050 GAP**

Claudia Barrera  
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- Ci-Dev is a US\$ 123 million fund that seeks to increase low-carbon energy access in the world's poorest countries by offering carbon-linked results based finance (RBF) utilizing the Clean Development Mechanism (CDM)
- Readiness Fund: US\$ 25 million
  - Technical Support for Carbon Fund
  - **Methodology Work Program**
    - Methodology Development
    - CDM Reform
    - Studies: e.g. *Increasing credit issuance through improving monitoring and verification procedures and issuance rules in the CDM*
  - Readiness Grants / Technical Assistance
  - Knowledge compilation & dissemination
- Carbon Fund: US\$ 100 million
  - ERPA payments
- 16 programs under pipeline

# Pilot Auction Facility for Methane and Climate Change Mitigation (PAF)



- Pilots an innovative climate finance mechanism that uses auctions to maximize impact of funds
- Provides incentive for private sector investment in projects that reduce greenhouse gas emissions
- Disburses resources against independently verified emission reductions
- Rely 100% on CDM infrastructure
- \$100m target capitalization – learning a key objective for scaling-up or replication for use with other pollutants or other results



# Both Ci-Dev and PAF use existing CDM infrastructure

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Why and how to use CDM?

- Rely 100% on CDM methodologies for calculating emission reductions
- Monitoring and verification framework of CDM is the main pillar for payments under Ci-Dev and the PAFs first auction
- While Ci-Dev is focusing, apart from project development, on paving the way for larger structural low carbon energy interventions, the PAF is experimenting with efficient ways for leveraging private sector investments
- Through the Ci-Devs Methodology Work Program the bank is aiming at improving the attractiveness of the CDM
- Through the PAF, financing is available *now* for otherwise stranded projects

# What is needed to scale up RBF that uses CDM?

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- **Proof of concept**
  - Pilot facilities of WBG and other organizations.
- **Recognition as a mechanism to deliver climate finance**
  - Bridging the carbon market and climate finance communities;
  - Results-based finance recognized under more ambitious funds, GCF?.
- **Strategic CDM reform**
  - Make CDM understandable for broader business communities and commercial Banks: standardization;
  - Reduce regulatory risk and transaction costs: methodology simplification and project cycle reform;
  - Improve general perception of CDM by continuing to simplify processes, while maintaining environmental integrity.



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Gracias!

[www.ci-dev.org](http://www.ci-dev.org)  
[www.pilotauctionfacility.org](http://www.pilotauctionfacility.org)

Claudia Barrera  
[cbarrera@worldbank.org](mailto:cbarrera@worldbank.org)