

Headline: World Bank to launch new trust fund for emissions reduction grants

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WASHINGTON – The World Bank said on Monday it is launching a trust fund aimed at pooling public funds to provide grants for projects to reduce carbon emissions, including decommissioning coal-fired power plants.

The Scaling Climate Action by Lowering Emissions (SCALE) fund will provide grants to developing countries as they deliver pre-agreed results in reducing greenhouse gas emissions, World Bank President David Malpass said in a LinkedIn post.

SCALE will be the new umbrella trust fund for the bank's results-based climate finance activities. Malpass said the World Bank was in the process of capitalizing the new fund, with the aim of launching it at the COP27 climate change conference in Egypt in November.

In a paper provided to the World Bank's and International Monetary Fund's joint Development Committee, the bank said it has identified three areas that are particularly well suited to such results-based financing grants: natural climate solutions based on agriculture, forestry, land-use and oceans; sustainable infrastructure such as energy and transport; and fiscal and financial solutions that directly or indirectly mobilize resources for climate actions.

The bank said the SCALE fund will bring new resources to emissions reduction projects in low- and middle-income countries, help generate larger projects, generate high-quality carbon credit assets and help countries enhance access to international carbon markets.

The World Bank did not identify a projected size for the new fund. The world's biggest multilateral development lender in fiscal 2022, ending on June 30, delivered over \$30 billion in climate-related finance.

But U.S. Treasury Secretary Janet Yellen last Thursday urged the World Bank and other multilateral development banks to shift their business models beyond country-specific project finance and to dramatically boost lending to address climate change and other pressing global needs.

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