

GUIDANCE NOTE ON CLIMATE CHANGE IN GOVERNANCE OPERATIONS

Key Messages

Discuss climate change actions with your clients at project identification, before starting to define project activities.

Consult the list of climate change governance activities (Annex 1) to identify opportunities to address climate change across the Governance Practice's core business lines.

Describe the institutional reforms that the project will support and how they will help the country address climate change challenges.

Raise the profile of climate change activities by: giving prominence to climate change-related activities in the description of components and activities; weighting disbursements in favor of climate change-related DLIs and PBCs in results-based lending (PforRs and IPF-PBCs).

Climate change is the consequence of market and governance failures. The World Bank Group's climate change strategy, laid out in its *2025 Climate Targets and Actions*, recognizes that governance will play a critical role in addressing climate change. The strategy commits the World Bank to support clients' efforts to mainstream climate action and fully integrate climate change into their planning, budgeting and fiscal policies. The Governance Practice plays a leading role in the implementation of this strategy, through its work with center of government, planning and finance agencies, inter-governmental relations, governance of State-Owned Enterprises, and open government initiatives.

This Note provides an overview of the Bank's corporate climate change commitments and the application of these commitments in the Governance Practice. Annex 1 provides an illustrative list of climate change governance activities by business lines and identifies example projects. Annex 2 presents an illustrative list of Governance Climate Change indicators. Annex 3 provides additional information on climate co-benefits in projects with ICT and Gov-Tech activities.

MAINSTREAMING CLIMATE CHANGE IN WORLD BANK OPERATIONS

There are five corporate commitments to mainstream climate change in World Bank operations: Climate and Disaster Risk Screening; Climate Indicators; Climate Finance (Co-Benefits) Tracking; GHG Accounting; and use of the Shadow Price of Carbon in economic appraisal. Only the first three of the five climate change corporate commitments are relevant to most Governance projects because most Governance projects support institutional development and relate to activities that do not generate significant GHG emissions.

Climate and Disaster Risk Screening

Screening seeks to assess the impact of climate change on projects and identify project-specific climate change and disaster risks, vulnerabilities and opportunities. Screening is a requirement for all IDA and IBRD operations. Task teams are responsible for conducting the screening ideally at Concept Stage. The CCG's Climate & Disaster Risk Screening Team is available to advise and provide support via the Climate Screening Help Desk (climatescreeninghelpdesk@worldbankgroup.org). Climate and Disaster Risk

Screening helps task teams: assess climate vulnerability context for the country and sector; identify and propose activities to address the climate change and disaster risks and vulnerabilities facing the project; identify activities generating adaptation co-benefits that could be included in the project. Task teams should consult with clients on the implications of climate and disaster risk screening and make sure that the climate change dimensions of the project design are articulated in the project document, typically with a summary of key identified risks in the main body of the PAD or PD and more thorough review in a Technical Annex. Visit [riskscreening/](#) for more information on the climate and disaster risk screening commitment.

The WB Climate and Disaster Risk Screening Tools (FURL: [CCScreen](#)) can be used for screening at an early stage of national level planning processes or project design (in particular the National/Policy Tool or ICT Tool for Governance projects). The tools link to climate projections, country adaptation profiles and sectoral guidance, and disaster risk data sources from the World Bank's [Climate Change Knowledge Portal](#) and [ThinkHazard!](#). The data, combined with the team's understanding of the subject matter and country context, generates a characterization of risks to help inform dialogue, consultation, and planning processes at the project and program level.

Climate Indicators

As the World Bank increases the volume of climate-related finance, it also needs to focus on projects' contributions to climate-related outputs and outcomes. The World Bank has committed to measuring results of its climate-related interventions through climate indicators. Starting in FY21, all IDA/IBRD lending operations with 20 percent or more Climate Co-Benefits are expected to include at least one climate indicator in the operation's Results Framework ¹.

Climate Indicators monitor and track the progress of interventions that contribute toward low-carbon pathways or/and reduce vulnerability to climate change impacts. Climate indicators must be rooted in an operation's theory of change: the causal linkage to climate change results must be explicitly established in the indicator name or description for an indicator to be considered as valid.

The Climate Indicators Team is available to provide targeted guidance/consultations at any stage of the project development cycle and can be reached at the Climate Indicators Helpdesk (climateindicators@worldbank.org). Regular trainings are also delivered for sectors and regions. In addition, Task Teams can refer to resources on the [ccindicators/](#) webpage. The [Climate Indicators Guidance Note](#) provides technical guidance to support the selection of Climate Indicators. The [Illustrative List of Climate Indicators](#) offers a sortable list of sector-specific examples of Climate Indicators for each instrument gleaned from a portfolio review of World Bank operations, including for the Governance GP. [Frequently Asked Questions](#) cover the purpose, applicability and substance of the corporate commitment on climate indicators.

An illustrative list of climate indicators for Governance operations is attached in Annex 3. Please note this list is only for illustrative purposes. Task teams are encouraged to design Climate Indicators that best suit their operation's development context.

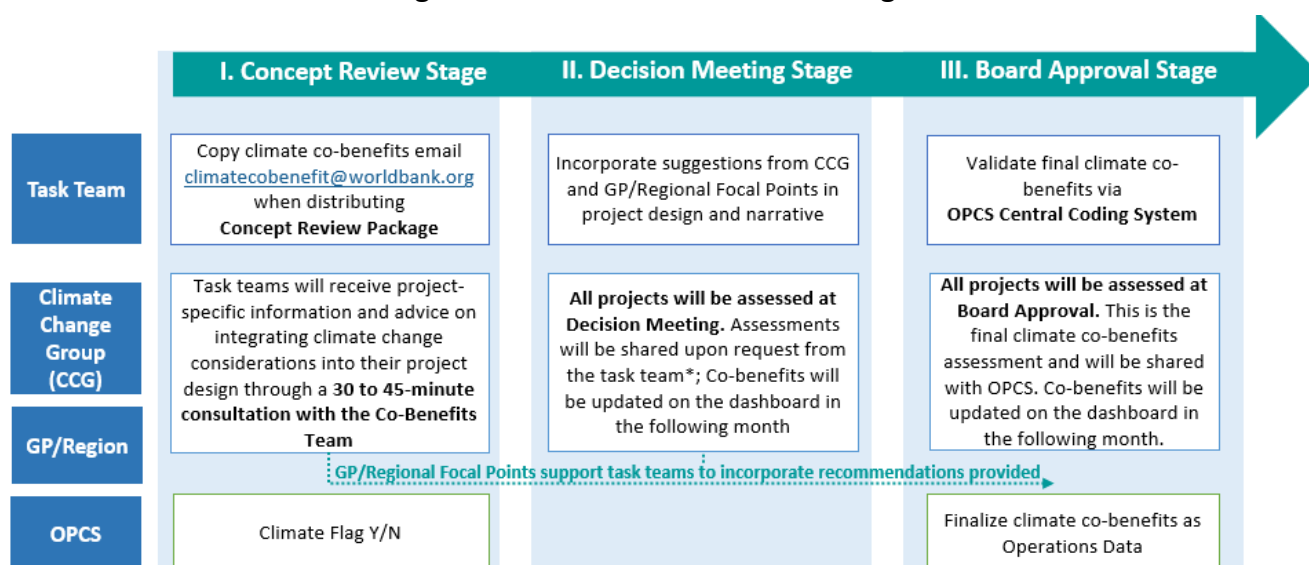
Climate Co-Benefits

¹ IDA19 Policy Commitments and WBG 2025 Targets and Actions.

The Multilateral Development Banks prepare an annual Joint Report on Climate Finance.² The report tracks financial flows from MDBs to support climate change action in developing economies and emerging economies in transition. The report distinguishes between financing for adaptation and financing for mitigation. The World Bank refers to its climate finance commitments as “climate co-benefits”: financing that has a development purpose that will also contribute to the achievement of climate change objectives. The World Bank has committed to increasing the climate co-benefits share of its total commitments from 28 percent in FY2015-19 to an average of at least 35 percent in FY2021-25.

Climate co-benefits are calculated for all IBRD/IDA lending projects and operations. The CCG’s co-benefits tracking process covers three project milestones (see Figure 1).

Figure 1: Climate Co-Benefits Tracking



*Task teams are requested to submit the final DM package to climatecobenefit@worldbank.org or least 7 business days prior to the scheduled Decision Meeting, in order to receive an assessment in time.

The CCG’s Climate Co-Benefits Team calculates the co-benefits for each project. The Task Team is not expected to calculate the co-benefits for the project. The Task Team’s role is to integrate climate considerations on Adaptation and Mitigation in the project design.

At **Concept Stage**, the CCG’s Advisory and Operations (SCCAO) Regional Focal Points offer face-to-face consultations with task teams, along with the provision of a set of GP-specific resources – including this Note – that help teams strengthen the climate narrative, the project design and gauge the climate co-benefits potential of their projects early-on. Task Teams should copy the Climate Co-Benefits Team at climatecobenefit@worldbank.org when distributing the Concept Review Package. The CCG’s Climate Co-Benefits Team will not provide an assessment of co-benefits percentage at this stage.

At **Decision Review**, the CCG’s Climate Co-Benefits Team will assess **ALL** projects and update the co-benefits numbers on the climate dashboard in the following month. Detailed project assessments will be shared with task teams *upon request* ahead of the Decision Meeting. Task teams are requested to

² [Joint Methodology for Tracking Climate Finance](#) The participating MDBs are: World Bank Group, European Bank for Reconstruction and Development, the African Development Bank, the Asian Development Bank, the European Investment Bank, the Inter-American Development Bank Group, the Islamic Development Bank and the World Bank Group

submit the final DM package to climatecobenefit@worldbank.org at least seven business days prior to the scheduled Decision Meeting, in order to receive an assessment in time. For high-priority IBRD/IDA operations (having a commitment of \$400 million or higher and/or operations reviewed in the Operations Committee), task teams have the option of making **two** requests for assessment between Concept stage and DM.

At **Board Approval**, **ALL** projects are assessed. Climate co-benefits are finalized upon OPCS's validation of the sector/theme/climate coding prior to Board Submission. Task teams will receive the assessment results from the OPCS Central Coding Team after Board Approval.

Task Teams may consult CCG at any time at climatecobenefit@worldbank.org.

Calculating Climate Co-Benefits

The World Bank applies the Common Principles for Tracking Climate Finance as agreed with the Multilateral Development Banks and the Joint MDB Methodologies to calculate the share of adaptation or mitigation climate co-benefits in the Bank operation.³ Climate co-benefits are calculated as the sum of finance allocated to specific components or sub-components, actions or activities of projects and operations that directly contribute to or promote climate change adaptation or mitigation. In the case of IPF operations climate co-benefits are assessed for project components, sub-components, or activities; for IPF with PBCs, climate co-benefits are assessed for performance-based conditions; and PforR operations, climate co-benefits assessed for Disbursement Linked Indicators (DLIs); for DPOs climate co-benefits are assessed for Prior Actions.

There are two distinct methodologies for tracking climate co-benefits: one for mitigation finance and one for adaptation finance.

Mitigation Finance

Mitigation co-benefits are calculated for activities that promote efforts towards the reduction, limitation, or sequestration of GHG emissions. Following the Joint Methodology, mitigation co-benefits are restricted to a pre-defined list of activities that are compatible with low-emission pathways under the Paris Agreement. Mitigation activities are grouped under the following categories: energy; mining and metal production for climate action; manufacturing; agriculture, forestry, land use and fisheries; water supply and wastewater; solid waste management; transport; buildings, public installations and end-use energy efficiency; information and communication technology and digital technologies research, development, and innovation; and cross-sectoral activities. Virtually, all GOV activities are cross-sectoral, with the exception of investments in Gov-Tech, government buildings, facilities, and equipment (including ICT hardware).

Five activities, listed in the Table 1 below, require evidence of substantial GHG emissions reduction, energy savings, or carbon sequestration in order to receive mitigation co-benefits⁴. In these cases, a quantitative or qualitative approach is used to demonstrate substantiality as illustrated in Figure 2. When a WB methodology is not available, teams can use eligible GHG accounting standards available elsewhere (Box E below), if applicable. Otherwise, the framework provides the flexibility of using the qualitative

³ [Joint Methodology for Tracking Climate Finance](#)

⁴ [Interim Guidance Note on Demonstrating Substantial Net GHG Emissions Reduction](#)

approach (Box F). The substantiality approach applied differs for IPF, DPO and PforR operations as indicated in Table 2.

Table 1: Governance activities that require evidence of substantial GHG emissions reduction, energy savings, or carbon sequestration in order to receive mitigation co-benefits

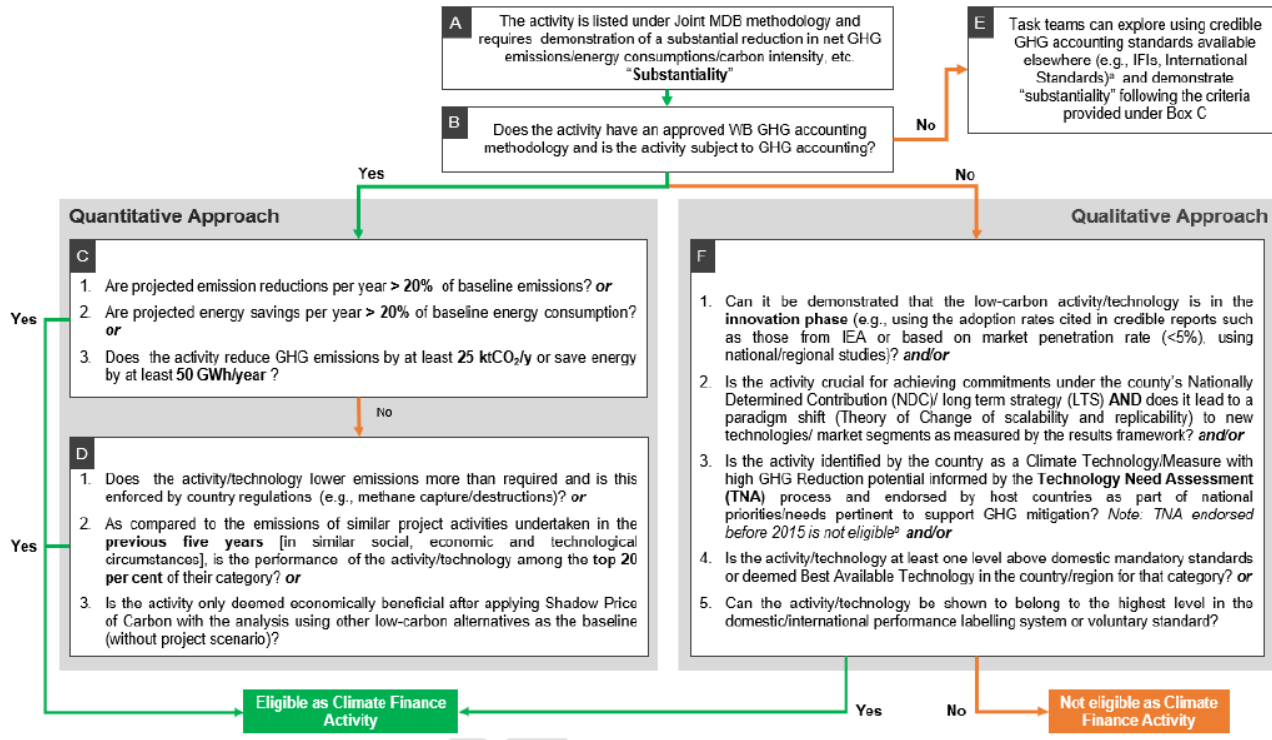
Category	Eligible Activity	WB Methodology
Energy efficiency, renewable energy and CO2e emission reduction*	Energy Efficiency improvement, renewable energy deployment, or CO2e-emission reduction in existing data centers	Yes
Energy efficiency*	Telecommunications networks with energy efficiency levels that meet BEST international practices	Yes
Energy and resource-use efficiency (green public procurement)	An activity that enables a reduction in energy or material use across a supply chain (upstream or downstream) through energy efficiency or resource-use efficiency improvements in the existing supply chain, through a shift to a less carbon-intensive supply chain, or by implementing circular economy systems	No
Energy efficiency and renewable energy*	Greenfield data centers that are supplied largely by on-site renewable energy generation	No
Electronic service delivery*	Digitization of service delivery or internal operations, leading to a substantial reduction in travel or material use (other than first of its kind activities)	No

*These activities relate to ICT and Gov-Tech operations and are also summarized in Annex 3.

Table 2: Substantiality Requirements for different lending instruments

Substantiality Requirement by Lending Instrument	
Investment Project Financing	All boxes within the substantiality framework can be applied to an IPF. This allows an IPF project to decide the quantitative (Box C,D,E) or qualitative (Box F) option that best aligns with project activities.
Development Policy Loan	DPLs do not need to meet the quantitative options within the substantiality framework. However, DPL projects do need to demonstrate a direct link between the policy action and the eligible quantitative activities on the list. This allows teams to illustrate mitigation policy actions for those activities with GHG methodologies using the qualitative boxes of the framework (Box F).
Program for Results	PforRs do not need to meet the quantitative options within the substantiality framework. However, they do need to demonstrate how the defined results related to the prior action qualify under the qualitative boxes of the framework (Box F). This is not for the lending operation as a whole and instead needs to be done for each individual activity within a Prior Action that is required to demonstrate substantiality. IPF lending activities with performance-based conditions or within a PforR should follow the substantiality requirements presented above for IPFs.

Figure 2: Demonstration of Substantiality



Adaptation Finance

Adaptation seeks to reduce the risks and vulnerabilities posed by climate change and to increase the project's resilience to the impacts of climate change. The share of financing that can be classified as adaptation co-benefits is assessed using a context- and location-specific approach. Project documentation should:

1. Set out clearly the context of climate change risks and vulnerabilities for the sector, beneficiaries and location targeted by the project using robust evidence;
2. Make an explicit statement of intent to address the context- and location specific vulnerabilities to climate change identified by the project's climate vulnerability assessment; and
3. Demonstrate a clear and direct link between the identified climate risks and vulnerabilities and project components or sub-components, actions or activities.

Climate and Disaster Risk Screening and subsequent consultations with clients and CCG will help task teams identify and justify potential adaptation co-benefits. Task teams should document the rationale for adaptation co-benefits in a Technical Annex to the Project Appraisal Document or Program Document.

Adaptation co-benefits are the estimated incremental cost or investment associated with any discrete components, sub-components, activities, DLIs and prior actions of the project that address risk and vulnerabilities under current and future conditions of climate change and the improved resilience resulting from the investment. When it is not possible to estimate the incremental cost or investment directly from project budgets – for example, when using policy instruments or balance-sheet lending, equity investments or credit-line lending through financial intermediaries – a proportion of the project

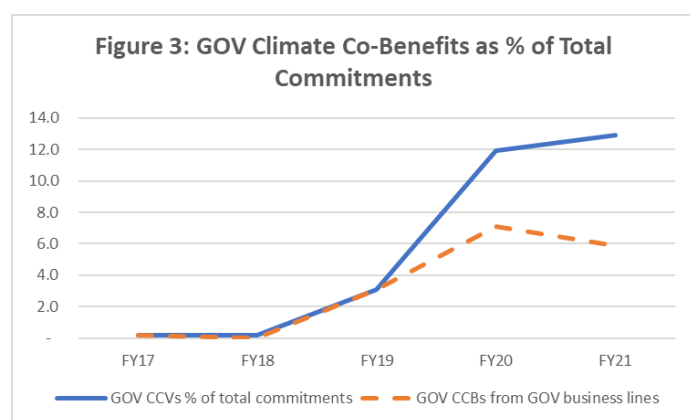
cost or investment corresponding to adaptation activities may be used to represent the incremental amount. This has important implications for the calculation of adaptation co-benefits in Governance projects and operations.

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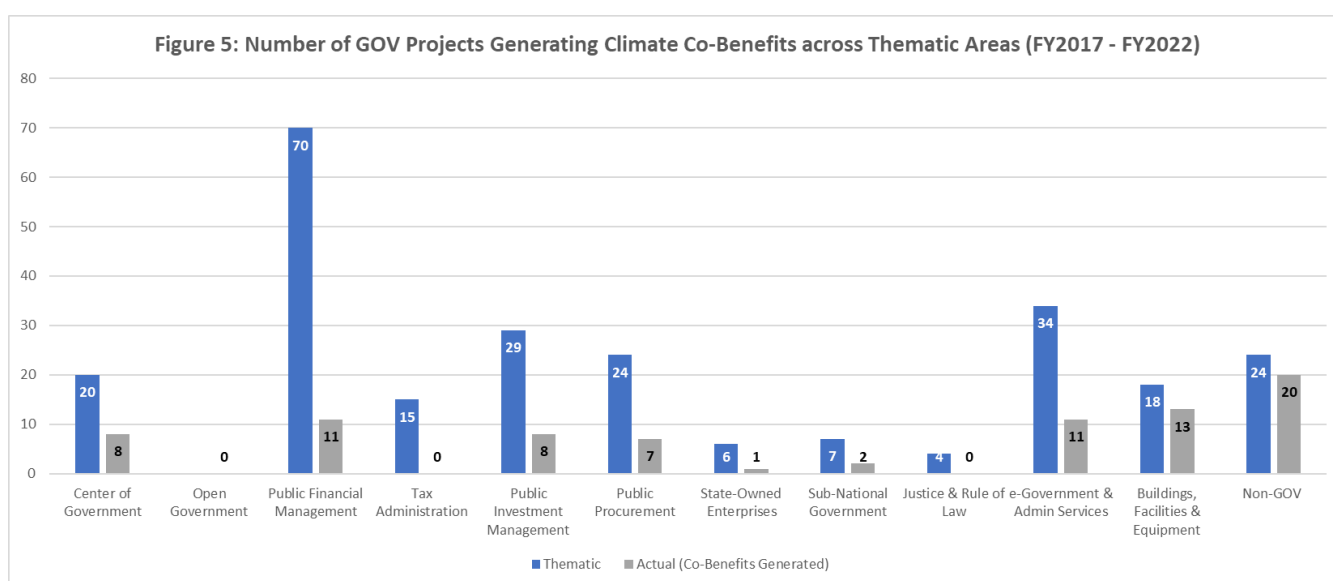
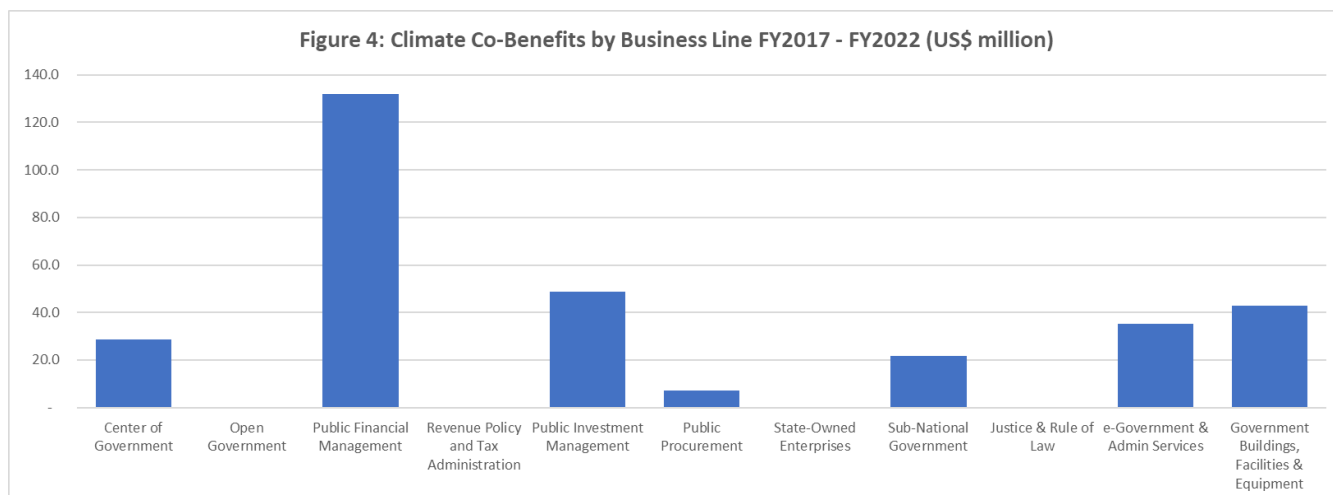
The application of these methodologies to Governance projects and operations poses challenges. Governance projects and operations support the development of institutions, functions and systems. Mainstreaming usually entails adjustments in existing institutions, functions and systems rather than their creation or fundamental redesign. Where new institutions, functions and systems are put in place, these will typically support a wide range of policies, including but not limited to climate change. Only the incremental costs – that part of the financing directly supporting the integration of climate change considerations in these institutions, functions and systems – can be assigned to climate co-benefits.

Governance DPOs, PforRs and IPF/PBCs offer greater potential for generating climate co-benefits than IPFs. In the case of IPFs, co-benefits are limited to the cost of inputs for climate-related project activities. These costs tend to be modest when the inputs are primarily technical assistance. In the case of DPOs, PforRs and IPF/PBCs, financing is assigned to Prior Actions, PBCs and DLIs taking into account their development impact. Consequently, the financing assigned to the integration of climate change considerations in policies, institutions, functions and systems can be significantly higher than the direct cost of implementing the reforms.

The Governance GP has increased its share of co-benefits from 1 percent in FY2017 to 11 percent in FY2020 and 13 percent in FY2021 (see Figure 3). However, half of the co-benefits over this period have been generated from activities that are not related to Governance Practice business lines, instead the co-benefits come from activities that managed by other GPs (water, agriculture, transport, energy) in Governance-mapped projects. Furthermore, the share of co-benefits from activities in Governance business lines has fallen from FY20 to FY21.



Most of the climate co-benefits from GOV business lines come from activities in the areas of public financial management, public investment management, center of government and sub-national government (see Figure 2). However, many of the projects with activities in these business lines have not received co-benefits (see Figure 3). The challenge ahead is to ensure that activities across all of these business lines take advantage of every opportunity to generate co-benefits.



Annex 1 provides an indicative list of climate change governance activities by business lines. The table distinguishes Governance activities that can be assigned Adaptation and Mitigation Co-Benefits. In the case of mitigation co-benefits – which are limited to the eligible activities in the Joint Methodology for Tracking Climate Mitigation Finance – most mitigation activities listed in Annex 1 fall under unless otherwise stated. The table provides examples of Governance projects and operations that have been assessed climate co-benefits for the function and activity. Task teams are encouraged to review the tables at an early stage in project preparation to identify potential activities that could be included in the project design. The list of Governance functions and activities that can be assigned climate co-benefits is not exhaustive. Task teams should consult with the CCG to identify other potential climate co-benefits. The table and examples will be updated periodically to reflect experience in implementation.

Annex 2 presents an illustrative list of Governance Climate Change indicators.

Annex 3 provides additional information on climate co-benefits in projects with IT investments.

Annex 1: Illustrative List of Climate Change Governance Activities

GGP Function	Adaptation Activities Policies and institutions that integrate and improve adaptation and resilience to climate change and related extreme weather events	Project Example	Mitigation Activities Policies and institutions that integrate and promote energy efficiency, climate change mitigation and the transition to a low carbon economy	Project Example
Public sector institutions - Center of Government, Policy and Planning	<ul style="list-style-type: none"> • Policy processes • Surveys, data collection and data sharing • National, regional and sector planning, including NDC preparation and action plans and Long-Term Strategies in line with Paris Agreement • Performance management • Monitoring and evaluation • Climate legislation (including framework and procurement legislation) that addresses adaptation and resilience • Analyze legislation supporting adaptation and resilience to ensure they are in line with relevant targets • International treaties and compliance with the policy and planning processes arising from treaties • Training of officials on climate change risks, vulnerabilities and adaptation policies 	<p>P164322 Maldives</p> <p>P170728 Colombia</p>	<ul style="list-style-type: none"> • Policy processes • Surveys, data collection and data sharing • National, regional and sector planning, including NDC preparation and action plans and Long-Term Strategies in line with Paris Agreement • Performance management • Monitoring and evaluation • Climate legislation (including framework and procurement legislation) that addresses mitigation and decarbonization • Analyze legislation supporting decarbonization to ensure they are in line with relevant targets • International treaties and compliance with the policy and planning processes arising from treaties • Training of officials on climate change policy related to decarbonization 	<p>P166923 India</p> <p>P167491 Bangladesh</p>
Open Government	<ul style="list-style-type: none"> • Public disclosure of climate-relevant information and data for risk assessment and climate change monitoring, reporting and verification • Stakeholder consultation on climate change adaptation issues in policy, planning and budget processes • Reporting and information disclosure on implementation of climate change adaptation policies • Enhanced transparency and accountability through climate legislation and institutional arrangements for consultation 		<ul style="list-style-type: none"> • Public disclosure of information on climate change mitigation to promote action by households, businesses and public entities • Stakeholder consultation on climate change mitigation issues and transition in policy, planning and budget processes • Reporting and information disclosure on implementation of climate change mitigation policies • Enhanced transparency and accountability through climate legislation and institutional arrangements for consultation 	

GGP Function	Adaptation Activities Policies and institutions that integrate and improve adaptation and resilience to climate change and related extreme weather events	Project Example	Mitigation Activities Policies and institutions that integrate and promote energy efficiency, climate change mitigation and the transition to a low carbon economy	Project Example
Public Financial Management	<ul style="list-style-type: none"> • Macro-fiscal modelling of climate change and disaster risk impacts • Assessment and reporting on fiscal risks and contingent liabilities arising from climate change • Use of financial instruments to manage government's exposure to climate and disaster risks, such as contingency funds, parametric and indemnity insurance • Budgeting, tagging and reporting on public expenditures supporting adaptation and resilience • Earmarking resources, including climate change funds for adaptation and resilience • Assessing and evaluating expenditures, including spending reviews, expenditure reviews and program evaluations • Auditing of expenditures, performance and statutory commitments related to adaptation and resilience • Information systems for external assistance management and tracking of climate finance • Issuance of green bonds and financing instruments integrating climate adaptation considerations 	<p>P172352 Costa Rica</p> <p>P162302 Pakistan</p> <p>P174042 Nigeria</p>	<ul style="list-style-type: none"> • Macro-fiscal modelling • Measures to curtail fiscal policies with adverse climate impacts, including reduction of subsidies on fossil fuels • Taxation of GHG emissions and activities with adverse climate impacts • Fiscal policies to promote mitigation actions, including use of tax expenditures and subsidies • Budgeting, tagging and reporting on public expenditures with both positive and negative climate impacts • Earmarking resources, including climate change, energy efficiency and technology funds • Assessing and evaluating expenditures, including spending reviews, expenditure reviews and program evaluations • Auditing of expenditures, performance and statutory commitments related to mitigation and decarbonization • Information systems for external assistance management and tracking of climate finance • Issuance of green bonds and financing instruments 	P160480 Vietnam
Public Investment and Asset Management	<ul style="list-style-type: none"> • Project screening, appraisal and evaluation of climate change impacts and climate induced risks • Establishing and implementing climate-related disaster resilience standards for public infrastructure • Vulnerability and physical risk assessment of public infrastructure assets, identification of critical infrastructure (i.e. geo-tagging) 	<p>P164322 Maldives</p> <p>P166923 India</p> <p>P164961 Malawi</p> <p>P169959 Mexico</p>	<ul style="list-style-type: none"> • Project screening, appraisal and evaluation • Establishing and implementing guidelines that integrate energy efficiency and GHG emissions in investment appraisal, including the use of shadow price of carbon • Systems in place for prioritizing investments aimed at GHG emissions reduction and encouraging green investments 	<p>P166923 India</p> <p>P169959 Mexico</p>

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	<ul style="list-style-type: none"> Risk management of public infrastructure assets, including use of insurance products 		<ul style="list-style-type: none"> Vulnerability and transition risk assessment of infrastructure assets, identification of potential stranded assets 	
Revenue Policy and Tax Administration	<ul style="list-style-type: none"> Tax expenditure to promote adaptation and resilience (investments in hazard risk mitigation and adaptive technologies, ecosystem protection and afforestation) Taxes on property and land use intended to promote appropriate risk management 		<ul style="list-style-type: none"> Assessment and disclosure of tax expenditures with adverse environmental impacts Environmental taxes on energy (carbon tax, fuel taxes), pollutants, waste, durables (vehicles, appliances and equipment), property, land use, commodities designed to promote sustainable practices and reflect social costs production and consumption Tax expenditures to promote sustainable practices (energy shift, modal shift, ecosystem protection and afforestation) 	
Public Procurement	<ul style="list-style-type: none"> Regulation of green procurement integrating resilience standards Regulation of public procurement responsibilities and procedures for disaster risk management and response Climate-related disaster resilience standards for goods, services and works Procurement planning for disaster response Integration of resilience standards and metrics in the procurement information system 	P171417 India	<ul style="list-style-type: none"> Regulation of green procurement standards, practices and procedures Green procurement approaches, such as use of energy efficiency standards and life cycle costing Integration of green procurement metrics in the procurement information system 	P171417 India P168425 Tunisia P162949 Sri Lanka
State-Owned Enterprises	<ul style="list-style-type: none"> Performance management Physical risk assessment and management Screening, appraisal and evaluation of investments Climate-related disclosures and corporate reporting Payments for climate-related environmental services provided 		<ul style="list-style-type: none"> Performance management, such as use of energy efficiency and GHG emissions targets Screening, appraisal and evaluation of investments Transition risk assessment and management Climate-related disclosures and corporate reporting 	

GGP Function	Adaptation Activities Policies and institutions that integrate and improve adaptation and resilience to climate change and related extreme weather events	Project Example	Mitigation Activities Policies and institutions that integrate and promote energy efficiency, climate change mitigation and the transition to a low carbon economy	Project Example
	<ul style="list-style-type: none"> • by SOEs • Incentives through oversight policies for SOEs to adapt and focus more on climate resilient investments. 		<ul style="list-style-type: none"> • Corporate energy efficiency and GHG emissions reporting • Payments for environmental services provided by SOEs contributing to GHG reduction and sequestration • Green procurement standards and considerations for SOEs • Incentives through oversight policies for SOEs to adapt and focus more on GHG reduction and sequestration. 	
Sub-National Government	<ul style="list-style-type: none"> • Legislation that defines institutional mandates and obligations for climate change and disaster risk management and response • Assessment, reporting and information sharing on climate change and disaster risks and appropriate policies • Local and territorial planning • Fiscal measures, such as structuring of property tax regime • Fiscal transfer regimes that incorporate incentives and address moral hazards related to climate change and disaster risk management • Risk management instruments to support sub-national government, including contingent financing and insurance • Payments for environmental services by sub-national governments 	P170728 Colombia P164961 Malawi	<ul style="list-style-type: none"> • Legislation that defines institutional mandates and obligations for mitigation, such as through GHG emission reduction targets • Local and territorial planning integrating environmental protection and sequestration • Assessment, reporting and information sharing on GHG emissions • Fiscal transfer regimes that incorporate incentives for GHG emission reduction and address moral hazards in mitigation • Payments for environmental services contributing to GHG reduction and sequestration 	
Justice and Rule of Law	<ul style="list-style-type: none"> • Definition and protection of rights, such as in disaster response and to redress adverse climate impacts • Litigation and dispute resolution for households and businesses 		<ul style="list-style-type: none"> • Definition and enforcement of energy efficiency and GHG reduction obligations for households, businesses and public entities • Legal protection of activities and 	

GGP Function	Adaptation Activities Policies and institutions that integrate and improve adaptation and resilience to climate change and related extreme weather events	Project Example	Mitigation Activities Policies and institutions that integrate and promote energy efficiency, climate change mitigation and the transition to a low carbon economy	Project Example
	adversely impacted by climate impacts <ul style="list-style-type: none"> • Access to justice in disaster response • Legal protection of activities and assets that provide environmental services 		assets that provide environmental services such as GHG sequestration	
e-Government and Administrative Services	<ul style="list-style-type: none"> • Business continuity during extreme weather events • Information management on climate and disaster risks • Use of IT systems for disaster response • Systems and communications infrastructure for continuity and climate-related disaster recovery 	P164824 Serbia P167588 Grenada	<ul style="list-style-type: none"> • Information sharing on energy efficiency and GHG emissions reduction • Energy audits to energy end-users, including data centers and use of information systems 	P167491 – Bangladesh
Government Buildings, Facilities and Equipment	<ul style="list-style-type: none"> • Regulation of construction of public buildings through construction standards and land use zoning • Climate change vulnerability mapping of government buildings and property, classification of critical assets • Upgrading of buildings and infrastructure to increase resilience to climate and disaster risks • Design and use of public building and infrastructure for business continuity during extreme weather events • Information sharing on climate and disaster risks 	P162833 Peru P163711 Kyrgyz Republic	<ul style="list-style-type: none"> • Regulation of energy efficiency and renewable sourcing for the public sector buildings, equipment, vehicles and appliances • Energy audits of public buildings, equipment, transport systems <i>MDB Table 1: Energy</i> • Generation of renewable energy with low lifecycle GHG emissions to supply electricity, heating, mechanical energy, or cooling <i>MDB Table 7: Transport</i> • Existing vehicles, rail or boat fleet retrofit or replacement (including the use of lower-carbon fuels, electric or hydrogen technologies) <i>MDB Table 8: Buildings, Public Installations and End-Use Energy Efficiency</i> • Energy efficiency improvement in lighting, appliances and equipment • Substitution of existing heating/cooling systems for buildings by cogeneration plants 	P162833 Peru P167247 Croatia

GGP Function	Adaptation Activities Policies and institutions that integrate and improve adaptation and resilience to climate change and related extreme weather events	Project Example	Mitigation Activities Policies and institutions that integrate and promote energy efficiency, climate change mitigation and the transition to a low carbon economy	Project Example
			<p>that generate electricity in addition to providing heating/cooling</p> <ul style="list-style-type: none"> • Retrofit of existing buildings: architectural or building changes that enable reduction of energy consumption • Use of highly efficient architectural designs, energy efficient appliances and equipment, and building techniques that reduce building energy consumption, exceeding available standards and complying with high energy efficiency certification or rating schemes 	

Annex 2: Illustrative List of Climate Indicators for GOV Operations*

Business Lines	Climate Change Governance Indicators
Center of Government, Policy and Planning	<ul style="list-style-type: none"> • Climate Change framework legislation lays out governance arrangements for climate change policy and its implementation (Yes/No) • National /territorial/sector risk and climate change vulnerability assessment available (Yes/No) • Long-term climate change strategy lays out decarbonization and adaptation policy and targets (Yes/No) • Development plan/strategy specifically references and is aligned with NDCs (Yes/No) • National climate coordination mechanism established/operational (Yes/No) • Independent climate change expert advisory mechanism established/operational (Yes/No) • Hazard risk reduction and emergency management framework legislation proposed/adopted to improve preparedness for extreme climate events (Yes/No) • National reporting framework to monitor implementation of climate change policy and progress towards targets (Yes/No)
Open Government	<ul style="list-style-type: none"> • Key climate change information (risk and vulnerability assessments, GHG inventories) and policies (plans, strategies) published in accessible formats that are easy to digest (Yes/No) • Multi-stakeholder forum ensures broad interests outside of government can contribute to climate policy making and monitoring implementation (Yes/No)
Fiscal Policy and Public Financial Management	<ul style="list-style-type: none"> • Climate-informed Fiscal Risk Assessment prepared (Yes/No) • Climate-informed long/medium-term Macro-Fiscal Framework prepared (Yes/No) • Budget guidance and/or call notice provides guidance on the integration of climate change policy considerations in the preparation of agency expenditure plans and budgets (Yes/No) • Budget regulatory framework provides guidance on budget amendment and execution procedures in context of response to climate-induced disasters (Yes/No) • Disaster risks and financing addressed in the government's short and medium-term financing strategy to improve preparedness for extreme climate events (Yes/No) • Issuance of green bonds and/or dedicated climate change financing to support the government's climate change strategy (Yes/No) • Audit authority undertakes periodic audits of government implementation of climate change policy and progress towards targets (Yes/No)
Public Investment Management	<ul style="list-style-type: none"> • National/sectoral infrastructure development strategy addresses physical and transition risks from climate change and is aligned with climate change policy (Yes/ No) • PIM regulatory framework/technical guidance addresses physical and transition risks from climate change and requires public investment to be aligned with climate change policy (Yes/ No) • Public sector infrastructure project proposals screened for climate risk and alignment with climate change policy (Percentage investment or projects/percentage of agencies) • Framework for Public-Private Partnership explicitly addresses physical and transition risks from climate change (Yes/No) • Register of public physical assets includes a climate-informed risk assessment and identifies critical infrastructure (Yes/No; share of assets covered by value)
Tax	<ul style="list-style-type: none"> • Regulation of environmentally friendly taxes (carbon taxes, fuel taxes and excises, land use

Business Lines	Climate Change Governance Indicators
Administration	<ul style="list-style-type: none"> and forestry taxes with environmental objectives) (Yes/No) • Revenue share from environmentally friendly taxes • Regulation of tax expenditures to support environmental objectives (investments in energy efficiency, renewable energy sources, green business practices, green innovation and investment, protection of ecosystem asset, afforestation) (Yes/No) • Elimination of tax expenditures with adverse climate impacts (tax incentives for investments using GHG emitting fuels, leading to deforestation) (Yes/No) • Reporting on tax expenditures with beneficial and adverse environmental impacts (Yes/No) • Cost of tax expenditures with beneficial and adverse environmental impacts
Public Procurement	<ul style="list-style-type: none"> • Law introduced to parliament/regulations adopted to mandate the use of climate informed procurement for certain product categories (Yes/No) • Regulatory framework for public procurement specifies responsibilities and procedures for disaster risk management and response to climate change-induced events/extreme climate events (Yes/No) • E-Procurement system which monitor green criteria used in procurements that reduce GHG emissions and/or strengthen resilience to climate change impacts (Yes/No) • Less GHG emissive procurement plans and targets adopted (Yes/No) • Environmental criteria which contribute to climate mitigation and/or adaptation for product and service categories accessible online in common formats (Yes/No) • Share of public procurement applying energy-efficient/climate resilient procurement practices and standards (Number agencies / percentage of contracts by value)
State-Owned Enterprises	<ul style="list-style-type: none"> • Regulatory framework for SoEs mandates the application of climate-related financial disclosures/integration of climate change considerations in strategic and operational plans/reporting on climate-relevant indicators (Yes/No) • Share of state-owned enterprises publishing climate-related financial disclosures/preparing strategic and operational plans integrating climate change considerations/reporting on climate-relevant indicators (Number or percent by turnover/capitalization) • Share of state-owned enterprises providing payment for environmental services that reduce GHG emissions (Percentage) • SoEs include in their corporate plan/Statement of Corporate Intent, the assessment of the physical and transition risks from Climate change and proposed mitigation measures (# of SoEs; share of SoE portfolio in value) • SOE aggregate annual report includes information on climate change actions by SOEs (Yes/No)
Sub-National Government	<ul style="list-style-type: none"> • Regulatory framework for SNG lays out mandates, accountability, coordination and financing arrangements for climate change policy/disaster risk management and response (Yes/No) • Fiscal transfer regime provides incentives for SNGs to invest in climate action/disaster risk management (Yes/No) • Increase in revenue transferred to subnational governments to spend on decarbonization and adaptation which contribute to climate mitigation and/or adaptation (Percentage)

Business Lines	Climate Change Governance Indicators
	<ul style="list-style-type: none"> • SNGs with disaster risk financing strategy in place to respond to natural and extreme climate events (Number/Share of SNGs/population)
Justice and Rule of Law	<ul style="list-style-type: none"> • Regulatory framework provides recourse for those adversely impacted by physical and transition risks from climate change (Yes/No) • Stakeholders using means of recourse to improve resilience to climate change impacts (Number)
e-Government and Administrative Services	<ul style="list-style-type: none"> • Regulatory framework establishes procedures and accountability for business continuity and resilience and response to extreme climate events for administrative services (Yes/No; Number of agencies) • Business continuity and disaster risk management and response strategy in place for critical administrative services to improve resilience to extreme climate events (Yes/No; Number of agencies) • Beneficiaries of administrative services in post-disaster context to improve beneficiaries' capacity to respond to extreme climate events. (Number/percent share of affected households/businesses) • Businesses/citizens accessing e-government services (with causal link to GHG emission reduction in road traffic) e-government services (with causal link to GHG emission reduction in road traffic)
Government Buildings, Facilities and Equipment	<ul style="list-style-type: none"> • Regulatory framework for government facilities lays out standards for energy efficiency, sustainability and climate resilience (Yes/No) • Government facilities undertaking energy audits (Number/percentage of facilities) • Government facilities built or retrofitted with climate change resilience considerations (Number/percentage of facilities) • Improvements in energy efficiency in government facilities (Absolute/percentage reduction in electricity consumption)

**Since hazards and disasters can include earthquakes and other natural or manmade disasters that are not related to climate change, task teams must explicitly specify that “disaster” or “hazard” refers to climate change-related disasters in the indicator name or description. Similarly, wherever relevant, task teams must explicitly establish a causal linkage between disaster risk management, disaster/hazard risk assessment or disaster risk financing and climate change results. Task teams must also elaborate on the specific environmental services mentioned in the indicator name or description (i.e. sustainable forest management services).*

Annex 3: Climate Co-Benefits Guide for ICT and Gov-Tech Operations

Many projects within the Governance GP invest in information technology and the digitization of systems and services. While these investments can help alleviate the impact of climate change, they can also contribute to increased GHG emissions. IT investments must satisfy specific criteria if they are to be assessed for mitigation and/or adaptation co-benefits. As of FY21, only 40 percent of Gov-Tech and ICT-related projects have generated climate co-benefits. These co-benefits have mostly been from adaptation related activities. There are missed opportunities to incorporate climate mitigation and adaptation considerations in project design. The following sections describe the rationale for mitigation and climate change co-benefits for IT and Gov-Tech projects drawing on the experience of projects mapped to the Governance and Digital Development Practices.

Mitigation Co-Benefits

Mitigation co-benefits can be assessed for IT investments if *significant* energy efficiency measures are in place when enhancing existing infrastructure (brownfield projects) or building new facilities (greenfield projects). Significant energy efficiency is understood as at least a 20 percent reduction in energy consumption relative to the baseline from measures that are eligible under the MDB List of Eligible Mitigation Activities.⁵ Teams should also consider the impact of increased emissions as a result of the inclusion of back-up servers (i.e. cloud computing) and other IT-related systems in their projects. For greenfield projects, such as those involving the installation of new data centers, climate co-benefits are generated when efforts are made to incorporate energy and resource efficiency criteria into the infrastructure's design.

MDB Table 9: Information and Communications Technology (ICT) and Digital Technologies includes the following list of eligible activities. Teams are encouraged to refer to Table 9 of the Joint Methodology for specific screening criteria and guidance.

Category	Eligible Activity
Energy efficiency, renewable energy and CO2e-emission reduction	Energy efficiency improvement, renewable energy deployment, or CO2e-emission reduction in existing data centers
Energy efficiency and renewable energy	Greenfield data centers that meet best international practices for energy efficiency or that are supplied largely by on-site renewable energy generation
Energy efficiency	Telecommunications networks with energy efficiency levels that meet best international practices

MDB Table 11: Cross-Sectoral Activities includes the following list of eligible activities. Teams are encouraged to refer to Table 11.7 and 11.9 of the Joint Methodology for specific screening criteria and guidance.

Category	Eligible Activity
Policy support and technical assistance for energy or resource-use efficiency	Policy actions, programs, or technical assistance for establishing more stringent energy or resource-use efficiency standards or more stringent enforcement of efficiency standards (e.g., tighter energy efficiency standards, certification schemes, and procurement schemes)

⁵[Joint Methodology for Tracking Climate Finance](#)

Category	Eligible Activity
Energy efficiency and renewable energy	Energy audits aimed at identifying scope for increasing energy efficiency or on-site renewable energy generation

Demonstration of substantial GHG emissions reduction is required for the activities outlined below.

Category	Eligible Activity	WB Methodology
Energy efficiency, renewable energy and CO2e emission reduction	Energy Efficiency improvement, renewable energy deployment, or CO2e-emission reduction in existing data centers	Yes
Energy efficiency	Telecommunications networks with energy efficiency levels that meet BEST international practices	Yes
Energy efficiency and renewable energy	Greenfield data centers that are supplied largely by on-site renewable energy generation	No
Electronic service delivery	Digitization of service delivery or internal operations, leading to a substantial reduction in travel or material use (other than first of its kind activities)	No

Specific project examples are referenced in the table below. Please note that these projects were prepared under the old co-benefits methodology and so do not demonstrate substantiality.

Project	Country	GP	Mitigation Co-Benefits
P170658	Peru	DD	Energy efficiency in the design of new buildings
P167543	Niger	DD	Financing solar power generation
P170718	Micronesia	DD	Improved energy efficiency by installing fiber optic cables in telecommunications systems; and the use of PV systems to power telecom infrastructure
P167247	Croatia	GOV	Adoption of energy efficiency standards and the use of solar energy when possible
P172647	Mexico	GOV	Procuring energy-efficient and low-carbon equipment for telecommunications infrastructure
P169413	Madagascar	GOV	Promotion of renewable energy through digital services and equipment packages
P168425	Tunisia	GOV	Adoption of the Digital Law which is expected to promote energy efficiency

Mitigation co-benefits for greenfield projects require higher standards for energy efficiency compared with brownfield projects, because they are more likely to cause lock-ins to high-carbon infrastructure in the long run. The specific criteria applied to greenfield projects are outlined in *MDB List 8.1: Measures that reduce net energy consumption, resource consumption or CO2e emissions, or increase plant-based carbon sinks in greenfield and brownfield buildings and associated grounds*. These include the use of highly efficient architectural designs, energy-efficient appliances and equipment, and building techniques that reduce energy consumption of buildings, complying with high energy efficiency certification or rating schemes.

The reduced use of paper is not included in mitigation climate co-benefit assessments due to the difficulty of calculating the impact in terms of reduced GHG emissions in the long run.

Climate co-benefits related to transport and travel under *MDB Table 11.3: Digitization of service delivery or internal operations, leading to a substantial reduction in travel or material use* are eligible if the activity supports a large-scale transformation of service delivery or operations, leading to a substantial reduction in net GHG emissions in the long term, or if the activity is first of its kind.

Adaptation Co-Benefits.

Adaptation co-benefits for IT projects are assigned based on three criteria:

- the investment increases the climate resilience of the asset, such as the ability of IT equipment and facilities to resist extreme weather events;
- the investment includes a recovery function, such as digitized data and back-up servers AND the country has experienced data loss as a result of climate-related events or shows that future climate change trends are putting information systems at risk; and
- the digital service increases the resilience of a beneficiary population. An ID4D project, for example, may increase the resilience of the population by helping identify, track and respond to populations at risk during a weather-related emergency.

In all cases the PAD must describe the *vulnerability context*, including a description of a country's climate-related threats such as an increase in natural disasters, and explain how the project activities will address these climate change impacts.

For Governance GP IT projects, adaptation activities include: enhancing digital services and business continuity during extreme climate-related events; improving disaster response through the implementation of a document management system to preserve critical government records; incorporating resilience considerations in building rehabilitation and data/equipment storage or new data centers; and strengthening IT management institutions through capacity building to address climate change threats and challenges. Specific project examples are referenced in the table below.

Project	Country	GP	Adaptation Co-Benefits
P172352	Costa Rica	Gov	Consideration of climate risks in preparedness and recovery guidelines for the IT strategy
P164824	Serbia	Gov	Implementation of the disaster recovery data to enhance disaster risk preparedness by addressing climate vulnerability to data infrastructure
P167588	Grenada	Gov	Implementation of a document management system and the development of the spatial data platform aimed at improving the government's disaster response rate; Leveraging digital technologies and building capacity
P172647	Mexico	Gov	Use of electronic ID to facilitate delivery of relief aid and improve identification of climate migrants; Improving infrastructure to be climate resilient and improving the efficiency of disaster response management to climate-induced shocks
P174946	Argentina	Gov	Climate change considerations in knowledge exchange/lessons learned activities; Inclusion of DRM and natural disaster recovery considerations in training for digital service center operators.