World Bank Drops 45% Climate Finance Target

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Why in News?

Recently, World Bank has retired its 45% climate finance target and the previous 35% CCAP target, while extending the Climate Change Action Plan (CCAP) after shareholder negotiations.

- **World Bank Group's (WBG) CCAP –** A framework that links climate action with economic growth, helping developing countries cut emissions and adapt to climate impacts.

Key Highlights

- **Shareholder split –** 19 of 25 supported climate goals, 6 (US, Japan, India, Saudi Arabia, Russia, Kuwait) did not sign.
- **Collaboration –** France and several developing economies strongly argued that Multilateral Development Banks (MDBs) must maintain ambitious climate targets to meet global obligations.
- **Shift in approach –** Strategy ***from inputs to outcomes:*** instead of tracking fixed funding percentages, it will report progress based on ***specific scorecard indicators –***
  - Net greenhouse gas emissions.
  - Number of beneficiaries with enhanced resilience to climate risks.
- **Independent evaluation –** CCAP to be reviewed by the Bank's Independent Evaluation Group.

Impact on Developing Economies and India

- **Mitigation safe** – Big renewable energy projects remain attractive, so funding won't drop much.
- **Adaptation risk** – Projects like flood defenses, heat resilience, and climate-friendly farming may lose funds since they depend on concessional (low-cost) finance.

- **India's case** – India can raise private money for mitigation, but adaptation sectors will suffer more without World Bank's quota protection.

Reference

Down-to-earth | CCAP