



# WORLD BANK GROUP



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Methane Forum  
Finance Roundtable  
March 29, 2016





# About the World Bank Group



GOVERNMENTS

PRIVATE SECTOR



Middle Income  
Countries

Low Income  
Countries

Business

Insurance

US\$41 Billion IBRD/IDA

US\$17.3 Billion – IFC

US\$3.2 Billion – MIGA

\*Fiscal Year 2014



# Approach to Methane Mitigation Finance

The World Bank Group approaches methane mitigation finance from 3 angles:

1. Integrating methane and SLCP reductions into the most relevant World Bank activities;
2. Acting in specific sectors; and
3. Acting via specific financial mechanisms.

## SAMPLE WBG SECTORS



Solid waste management



Oil & gas



Landfill gas to energy



Animal waste capture



Household biogas



# WBG Financing Mechanism Case Study: Pilot Auction Facility

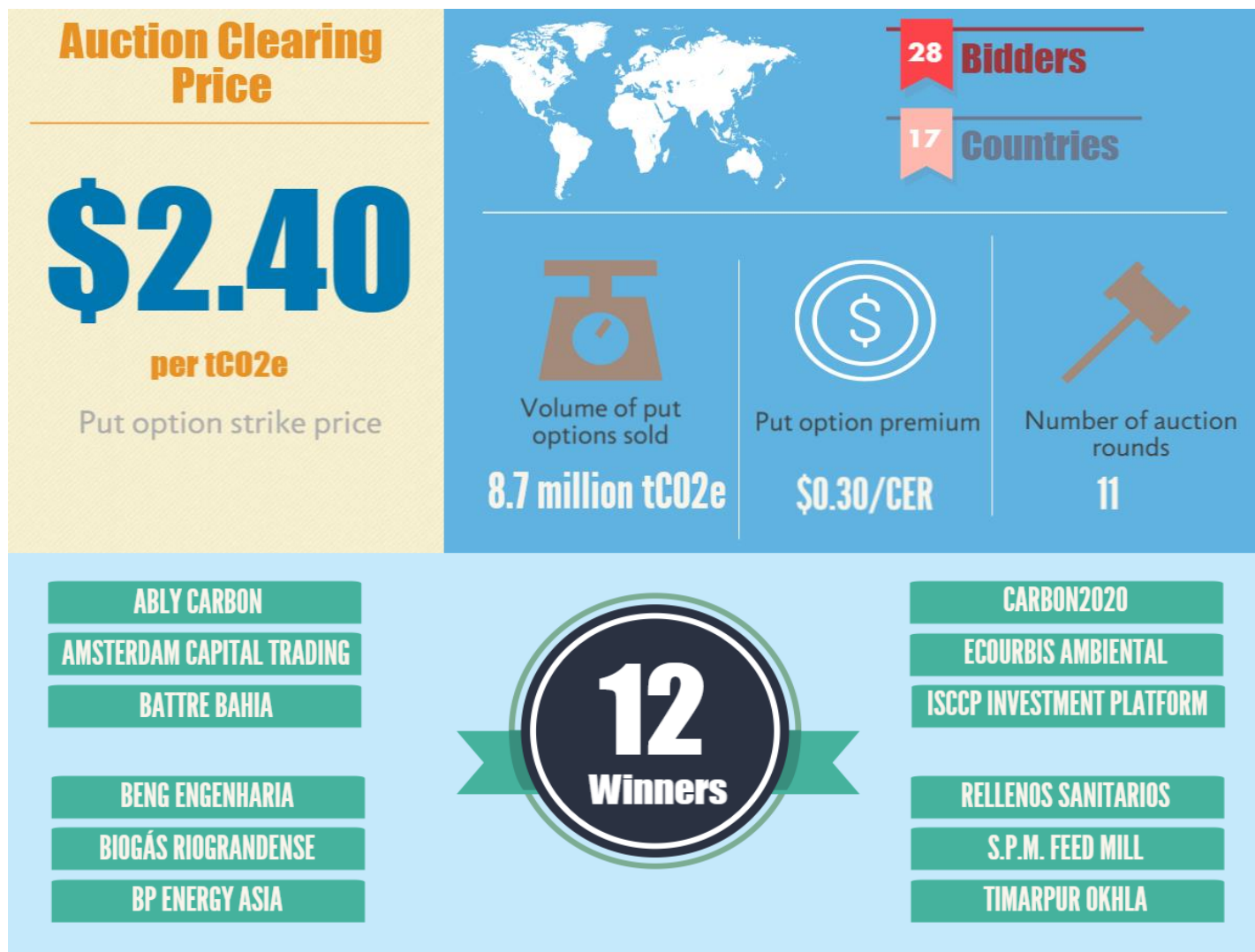
- **Objective:** to pilot an innovative climate finance mechanism
- **Financial incentive:** the PAF provides an incentive for private sector investment methane reducing projects (to-date waste, wastewater and ag. waste)
- **Price guarantee:** the PAF promises to purchase projects' carbon credits, in a sense a "buyer of last resort"
- **Auctions:** the PAF uses auctions to maximize use of funds & projects supported
- **Emphasis on learning:** as a pilot facility, learning, scale-up and replication key



*\*CCAC Partners provided inputs, encouragement and the Secretariat is an official observer to the PAF*



# PAF First Auction Results





# PAF Next Steps

- **Second Auction**

- Focus on methane projects
- Verified Carbon Standard and Gold Standard methodologies added to CDM
- Forward auction, where the guarantee price is set and the premium is bid upwards

- **Potential Replication and Scale-Up**

- Countries seeking to achieve domestic mitigation or to support other goals (air pollution, energy access)
- Countries seeking to achieve INDCs
- Potential for significant scale-up, with resources from the GCF or other public funders

- **Oil & Gas**

- The World Bank in September 2015 published a study on the potential application of a PAF-like mechanism to the oil & gas sector with a focus on leak reduction and gas flaring. The PAF will continue to consult with O&G experts to test the viability of the PAF model in this sector

- **Lessons Learned**

- The PAF in December 2015 released a detailed review of the establishment of the PAF and the first auction to share lessons with institutions that might replicate the approach. The PAF will produce subsequent reports and other resources on the lessons learned from future auctions

