



TCAF

TRANSFORMATIVE  
CARBON ASSET FACILITY



# Transformative Carbon Asset Facility





# TCAF at a Glance

The Transformative Carbon Asset Facility (TCAF) is a World Bank trust fund established to support developing countries to implement their Nationally Determined Contributions (NDCs). It offers a unique combination of capacity building, results-based climate finance, and carbon market funding. Using results-based climate finance,

TCAF supports developing countries' efforts to scale up mitigation actions, create the conditions needed for private sector investments in low-carbon technologies, bridge financial gaps, and access carbon markets.



# How TCAF Achieves Results

TCAF offers tailored results-based climate finance and capacity building support to encourage developing countries to raise their climate ambitions.

TCAF develops innovative carbon accounting methodologies that enable countries to attribute emission reductions to the implementation of green policies as well as economy/sector-wide programs, beyond project-by-project mitigation activities. For example, the six emissions reductions crediting blueprints pioneered by TCAF—covering carbon pricing, transport, energy efficiency, climate-smart agriculture, urban programs, and greening the financial sector—represent critical new knowledge contributions that can help unlock significant additional financing for transformative climate action.

TCAF offers an innovative hybrid funding structure—mobilizing both climate finance and carbon market funding for payment against emission reductions. The climate finance, under Article 9 of the Paris Agreement, is disbursed as a results-based grant to support NDC implementation, with the Verified Emission Reductions remaining in

the country. The carbon market funding, under Article 6 of the Paris Agreement, requires that the emission reductions be transferred out of the client country as Internationally Transferred Mitigation Outcomes (ITMOs). This phased approach provides flexibility to the client country in accessing international carbon markets.

Through the use of conservative baselines and accounting practices, TCAF programs allow countries to generate carbon assets that have strong environmental integrity and are compliant with the international carbon accounting and reporting system. The support provided by TCAF will enable the host country to monitor their NDC implementation progress, prepare robust monitoring, reporting, and verification (MRV) mechanisms, and facilitate inter-agency cooperation.





# What is Results-Based Climate Finance?

The World Bank is increasingly using results-based climate finance —or RBCF—in developing countries to incentivize climate action and help countries achieve their Nationally Determined Contributions (NDCs). Results-based climate finance are payments made for achieving agreed-upon climate-related results, particularly those targeting reducing greenhouse gas emissions.

They can offer recipient countries another funding stream, and often spur local communities, the private sector, and other stakeholders to participate in and benefit from climate action.

Because results-based climate finance is paid when results are achieved it appeals to project donors, rewards good project management, and increases the likelihood that a project will be successful.



# Key Objectives



## Helping countries achieve Nationally Determined Contributions targets

Working with national policy makers, TCAF helps shape domestic environmental, energy, and climate change policy to reach meaningful scale and create a lasting, transformative mitigation impact.

TCAF helps developing countries implement carbon pricing and sector-wide or policy-based mitigation measures.

## Creating the conditions needed for private sector investment

TCAF mobilizes public finance to create favorable conditions for private sector investment in low-carbon technologies, provide blueprints for efficient and low-cost mitigation.

## Informing international climate finance policies

TCAF is making significant contributions to both the theory and practice of scaled-up emissions reductions crediting in a range of sectors by informing international climate negotiations and providing lessons learned from its engagements with developing countries.



# Types of TCAF Programs



## Policy-based

Energy sector reforms, financial and fiscal policy changes, pricing and regulatory measures to promote sustainable mobility.



## Sector-based

Emission Reductions from a combination of increasing energy efficiency, promoting the use of alternative fuels and increasing the use of renewable electricity.



## Jurisdictional

Sustainable communities (urban) programs targeting efficient buildings, reductions in consumption of electricity, gas, and water and a decrease in waste generated beyond the baseline.





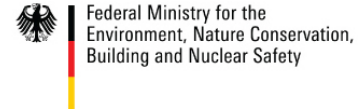




# Donors



The Canadian Department of  
Environment and Climate Change



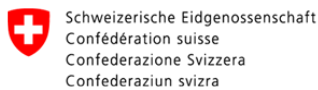
The Federal Ministry for the Environment,  
Nature Conservation, Building and  
Nuclear Safety of Germany (BMUB)



The Royal Norwegian Ministry  
of Climate and Environment



The Swedish Energy Agency



Switzerland State Secretariat  
for Economic Affairs (SECO)



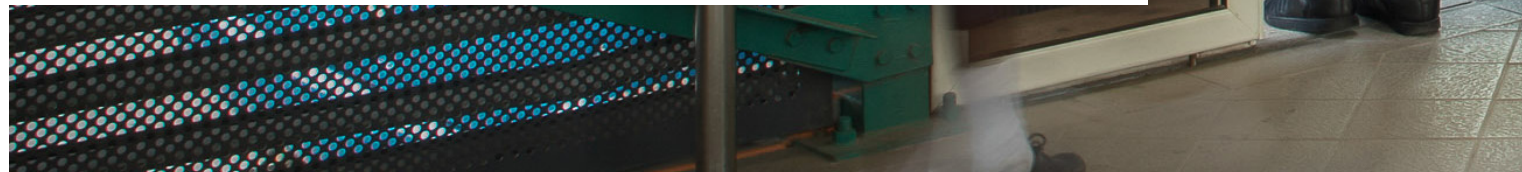
Kingdom of Spain



The Climate Cent Foundation  
(CCF - Switzerland)



The Department of Business,  
Energy and Industrial Strategy











TRANSFORMATIVE  
CARBON ASSET FACILITY

**Contact:** [tcaf@worldbank.org](mailto:tcaf@worldbank.org)  
[www.tcafwb.org](http://www.tcafwb.org)