

WBG support to countries to develop low-carbon economy

*Second Strategic Dialogue of the
Carbon Market Platform*

September 27, 2017



WBG Climate Commitments

The WBG is committed to “doubling down” on climate change and playing a key leadership role

The WBG Climate Change Action Plan (CCAP)

Aims to accelerate efforts to tackle climate change over the next 5 years and is committed to:

- Increase the climate-related share of WBG’s portfolio from **21 to 28 percent** by 2020, with financing (including co-financing) of potentially **\$29 billion** per year
- Mobilize at least **\$13bn a year** in external private sector investment through IFC operations by 2020
- Support new enabling **policies and institutional change** in client countries, integrating the development and climate agendas, with a focus on the poorest and most vulnerable.
- De-risk RE investments, adding **20GW** RE generation and enable **10GW** RE integrated into grids over next 5 years
- **Mobilize \$25bn** in commercial financing for clean energy
- Develop **100% of agriculture operations to be climate-smart by 2019**
- Support REDD+ strategies in **50+ countries by 2020** and prepare Country Forestry **Notes in 20+ countries**
- Increase share of transport portfolio that contributes to **adaptation to \$2 billion in lending over FY16-20**
- Scale-up adaptive social protection schemes for an additional **50 million people by 2020.**
- **“Green” the financial sector** across banking, pensions, and capital markets both globally and nationally
- Screen all projects for **climate risks** and **account for the social cost of carbon** emissions in project evaluations

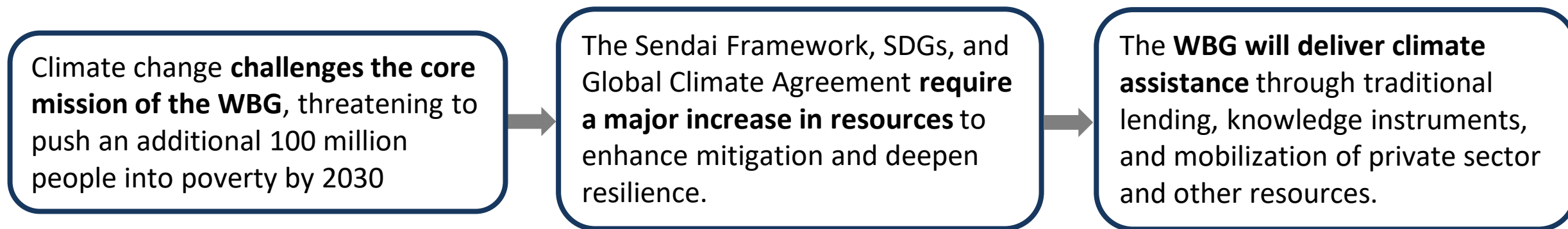
IDA 18 Climate Commitments

- Record IDA 18 replenishment of **\$75 billion**
- All IDA **SCDs and CPFs to incorporate climate and disaster risk considerations** and opportunities and reflect NDCs
- All IDA operations continue to be screened for climate change and disaster risks and integrate resilience measures
- **Support at least 10 countries (on demand) to translate their NDCs** into specific policies and investment plans and start to integrate these into national budget and planning processes
- Increase use of **DPOs that support climate co-benefits**
- **Report annually on private finance mobilized for climate** and continue to report on overall climate finance together with other MDBs
- Apply **GHG accounting and shadow carbon price** for all operations in significant sectors, and apply a revised guidance note on discount rates
- Develop at least **10 climate-smart agriculture investment plans** and **10 programmatic forest policy notes**
- Support the addition of **5 GW in renewable energy generation**
- **Develop Investment Prospectuses in 7 additional countries** with low electricity access



WBG Forward Look & Climate Change

WBG action on climate change aligns closely with the Forward Look exercise and the WBG's ability to support the development agenda for 2030 while staying focused on its own corporate goals



The Forward Look highlighted the main strategic directions of the WBG, which link with the CCAP in a number of ways:

1 Leading on the global public goods agenda.

- Climate change threatens global public goods, and implementing the CCAP will allow the WBG to utilize its convening power & technical expertise to help address those challenges effectively & efficiently.

2 Creating markets to broaden reach & impact of private sector solutions & support economic growth

- Just as in development more broadly, the scale of the climate challenge requires that private finance be 'crowded in'. A key goal of CCAP is to mobilize resources.

3 Continuing to improve effectiveness & internal operational model to support strategic direction

- The CCAP has set a priority of aligning internal processes & incentives, which will be necessary to achieve the WBG's climate goals.

4 Sustaining adequate financial capacity to deliver

- A successful IDA replenishment will help the WBG address climate challenges in low-income countries, but sustained IBRD financial capacity and concessional finance is a key prerequisite for CCAP.

WBG CCAP with Four Priorities

Priority I

Support Transformational Policies and Institutions: Deep economic transformations need to be enabled by a supportive policy and investment environment and stronger institutional capacity that redirects investment flows, including public and private as well as international and domestic capital.

Priority II

Leverage Resources: Meeting global climate goals will require the crowding in of much higher levels of private sector finance and investment.

Priority III

Scale Up Climate Action: To accelerate transformation and develop new solutions, the WBG will increase its investments with climate co-benefits, focusing on a few high-impact areas and rebalancing its portfolio with more focus on adaptation and resilience.

Priority IV

Align Internal Processes and Work with Others: The climate challenge can only be met through collective action and partnerships. The Action Plan will strengthen the WBG's partnerships, engage in focused global advocacy, develop and share knowledge and solutions, and align internal processes to support staff in implementation.

Priority - Scale Up Climate Action

Snapshot of Key Targets and Progress

Renewable Energy (RE)

2020 TARGETS

- De-risk RE investments, adding **20GW** RE generation
- Enable **10GW** RE integrated into grids
- Mobilize **US\$ 25b** over next 5 years

PROGRESS

- In **CY16-17**, projects representing **~10GW** of RE and **\$6.5bn** of fund mobilization approved or under advanced stage of preparation.

STATUS



Energy Efficiency (EE)

- Support 10 Support **10** operations, investing **US\$ 1b** to promote EE and resilient building

- In **CY16**, **2** EE projects representing **US\$ 154M** were approved: Mexico and Indonesia.
- A strong pipeline of about **US\$ 700M** worth of investments are being prepared.



Climate Smart Agriculture

- **100%** agriculture operations are climate-smart by **2019**
- Climate smart agriculture (CSA) profiles and investment plans (CSIP) developed for **40** countries by 2020

- **50%** of **FY16** agriculture operations had both mitigation & adaptation co-benefits
- **14** CSA profiles developed with **7** being drafted. Approach for CSIPs developed, with **2** pilot CSIPs under development and to be delivered **FY18**.



Forestry and REDD+

- Support REDD+ strategies in **50+** countries by **2020**
- Prepare Country Forestry Notes in **20+** countries

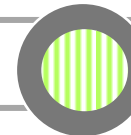
- **40** countries signed grants to receive support on REDD+ strategy development
- **4** Country Forest Notes developed, **4** more expected by end of 2017



Resilient Transport

- **US\$ 2b** adaptation share in transport portfolio over **FY16-20**

- **US\$ 402m** in **FY16** and **US\$ 412m** in **FY17**



Climate-adaptive social protection systems

- Scale-up adaptive social protection schemes for an additional **50 million** people by 2020

- **9.1 million** core beneficiaries and **4.7 million** seasonally affected individuals reached through 3 ASP programs (Fiji, Ethiopia, and Kenya).



Disaster and climate risk management

- Provide access to hydro-met data and early warning systems to an additional **100 million** people in **15** developing countries by **2020**

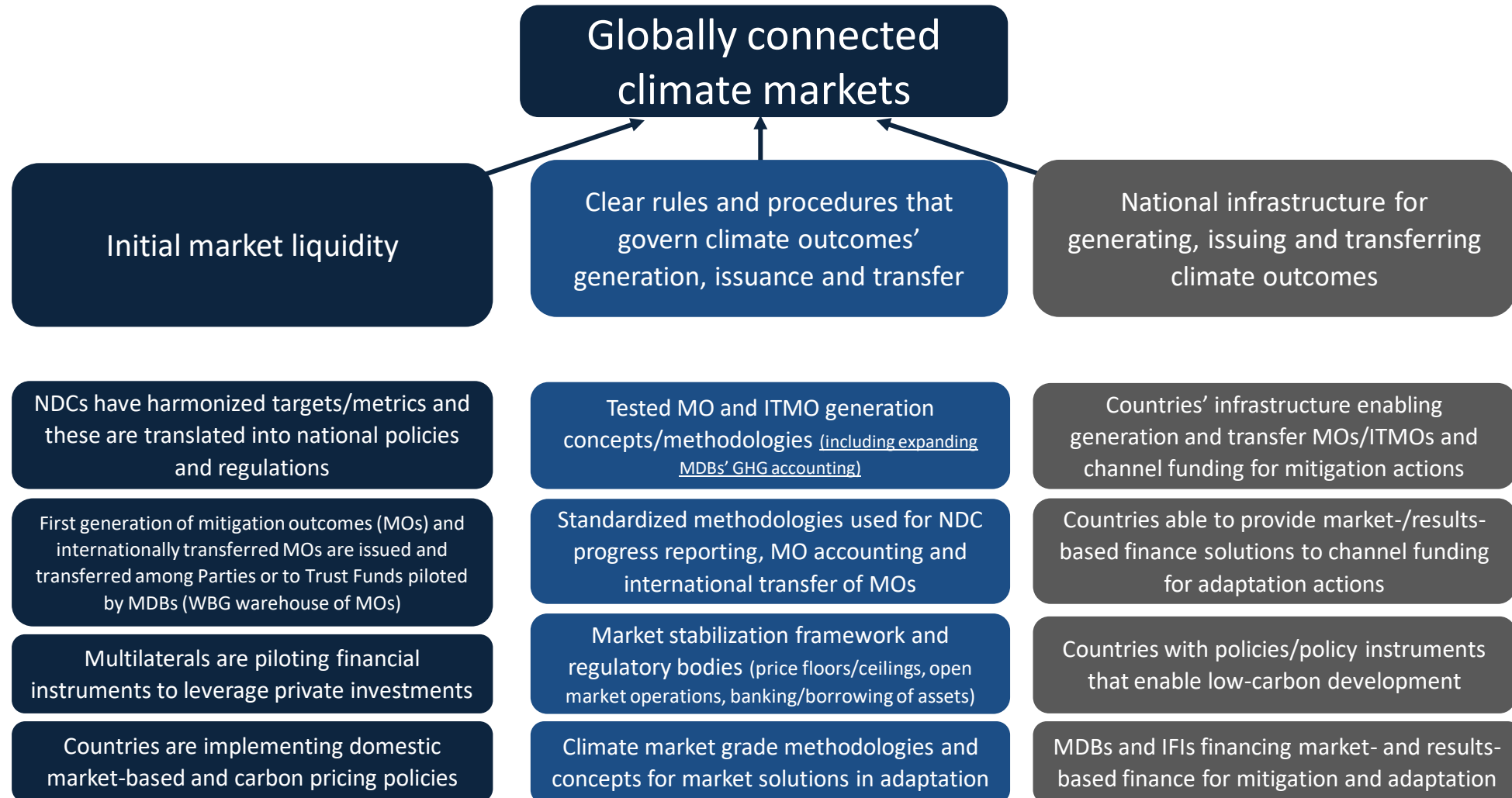
- In **FY16 and FY17 YTD**, **10+** new operations were approved, aiming to increase the resilience of at least **4.5 million** people, on top of 38 million from ongoing projects



Carbon Pricing and Markets

Vision: ENHANCE GLOBAL AMBITION THROUGH CLIMATE MARKETS

Expected outcomes



Building Blocks

Investment Services

- ❖ Generate demand
- ❖ Create market supply

Knowledge Services

- ❖ Market intelligence
- ❖ Asset creation
- ❖ Asset exchange
- ❖ Market regulation and institutions
- ❖ Financial product development
- ❖ Market solutions for adaptation

Advisory Services

- ❖ Capacity building (mitigation)
- ❖ Capacity building (adaptation)
- ❖ Policy analysis
- ❖ Policy reform

Advocacy Services

- ❖ Understanding stakeholder expectations
- ❖ Consensus building on design elements
- ❖ Awareness building
- ❖ Stakeholder engagement

Complementary Initiatives

Investment Services

- Monetization of climate benefits (e.g. TCAF, CPF, CiDev, PAF)
- Development of financial instruments (e.g. Bonds, Guarantees)
- Invest4Climate (Crowding in financing)

Advisory Services

- PMR (MRV, registries, etc.)
- NCM (MAAP tool)
- NDC Partnership

Knowledge Services

- PMR (Handbooks on ETS and Carbon Tax, etc.)
- NCM (transparency, linking)
- RBCF (crediting methodologies)

Advocacy Services

- CPLC
- CF-Assist
- PMR

Summary

