



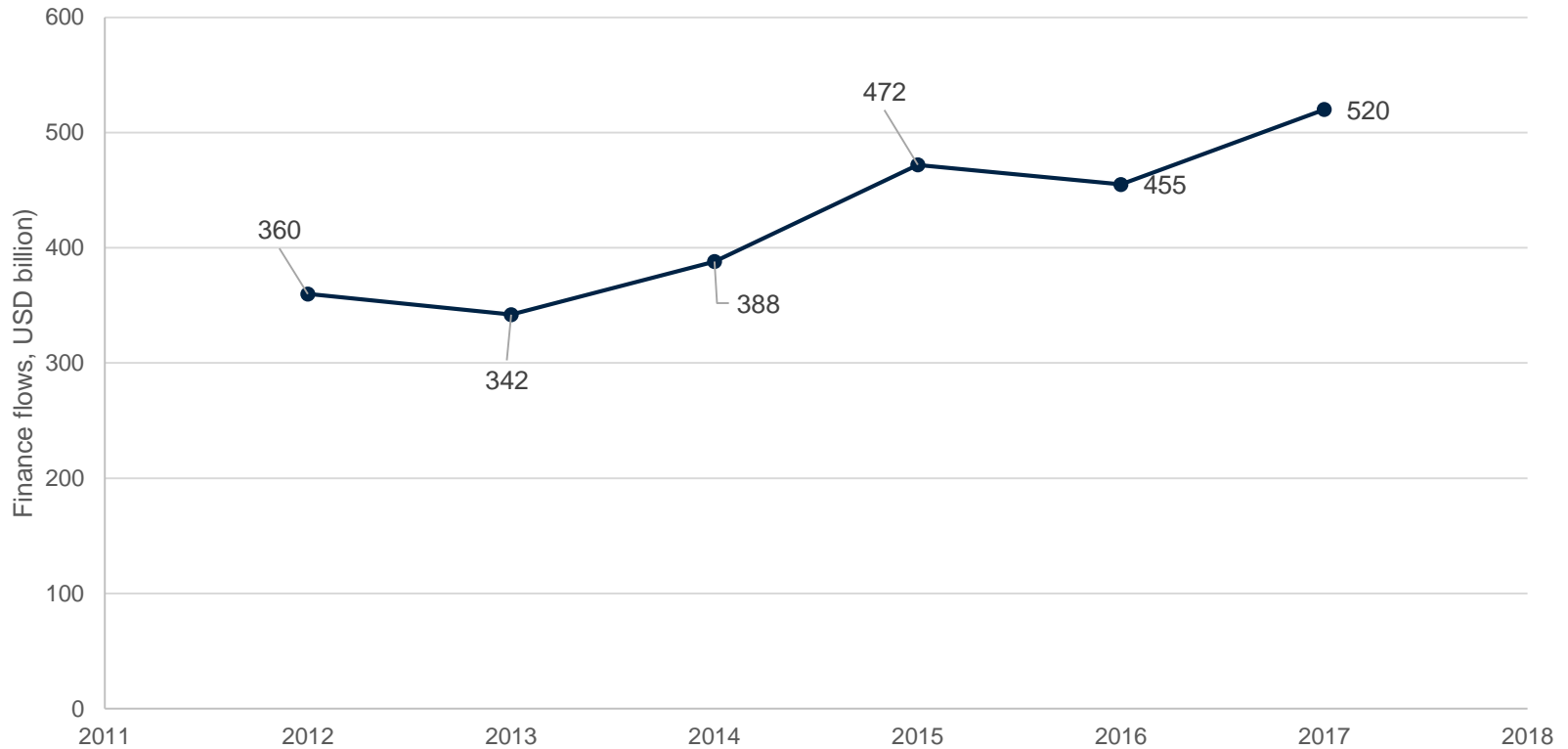
WORLD BANK GROUP
Climate Change

Climate Finance and National Level Climate Action



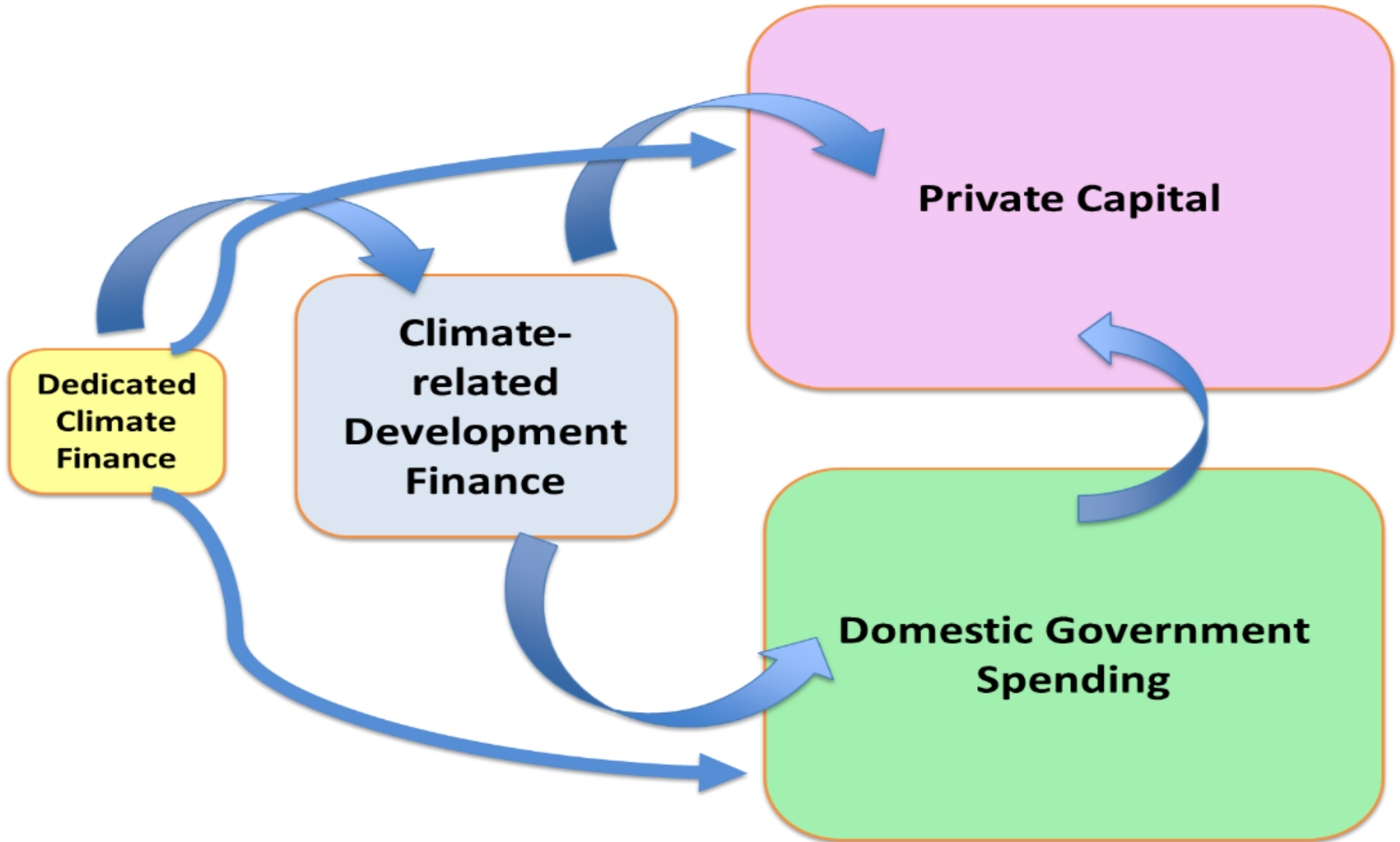
Climate Finance Overview

Global Climate Finance
Annual public and private flows (\$bn)



'Global Landscape of Climate Finance', CPI (2018)

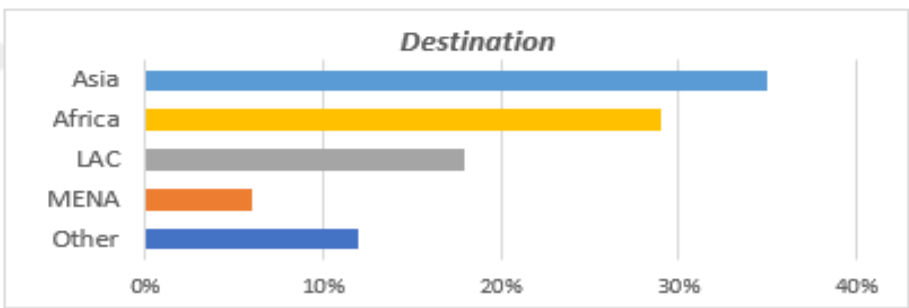
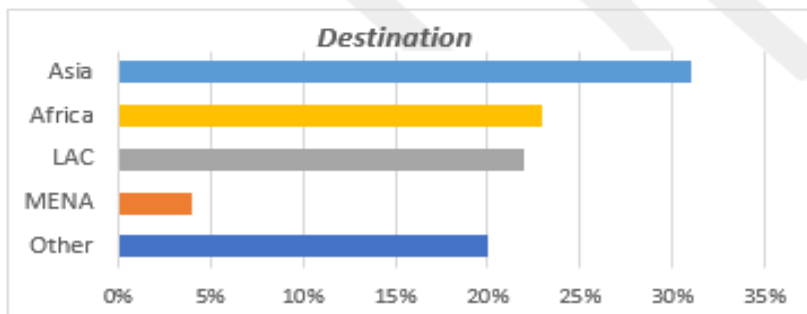
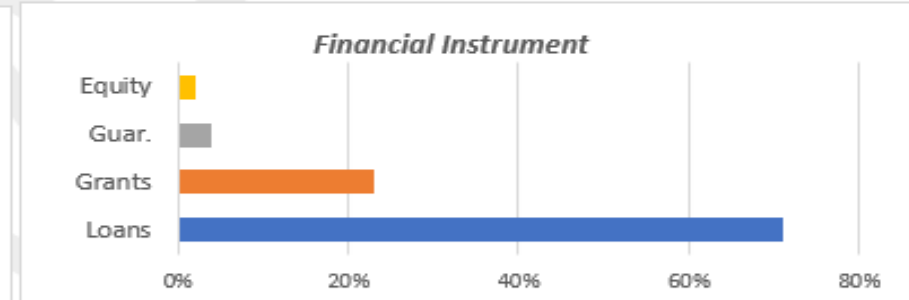
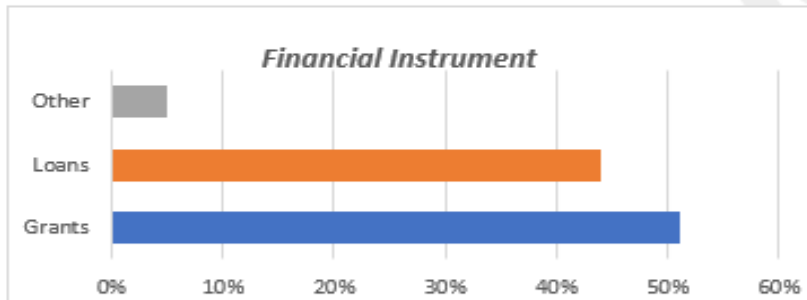
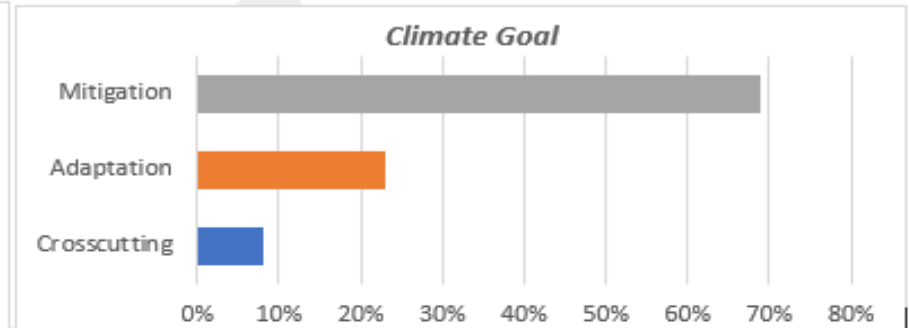
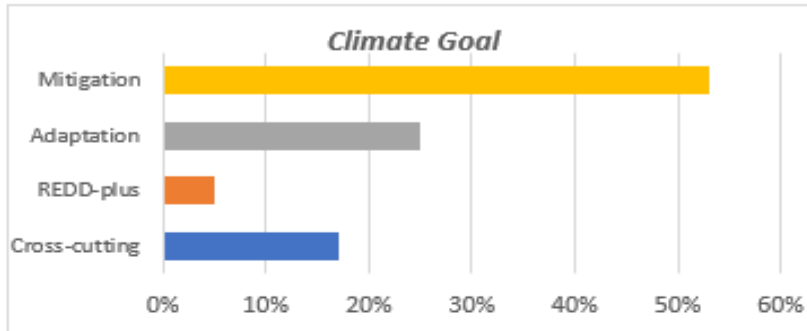
Multiple Flows Contribute to Climate Finance



Unpacking the Flows (NB – DCF = '15-'16 average)

DEDICATED CLIMATE FINANCE Approx \$ 2 bn annually

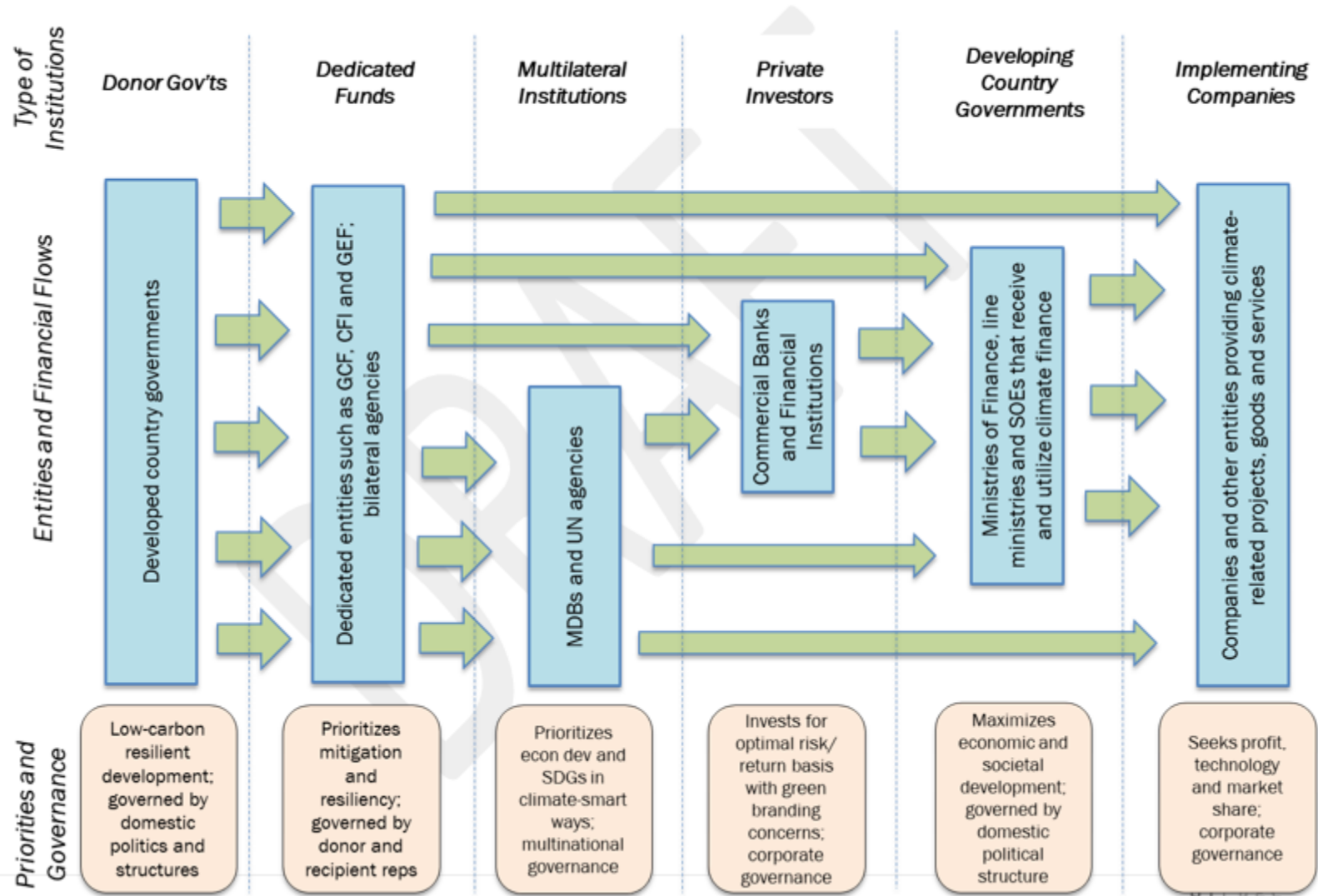
CLIMATE-RELATED DEVELOPMENT FINANCE Approx \$ 57 bn annually



UNFCCC and OECD data

Different Pipelines

Dedicated Climate Finance Institutions and Flows

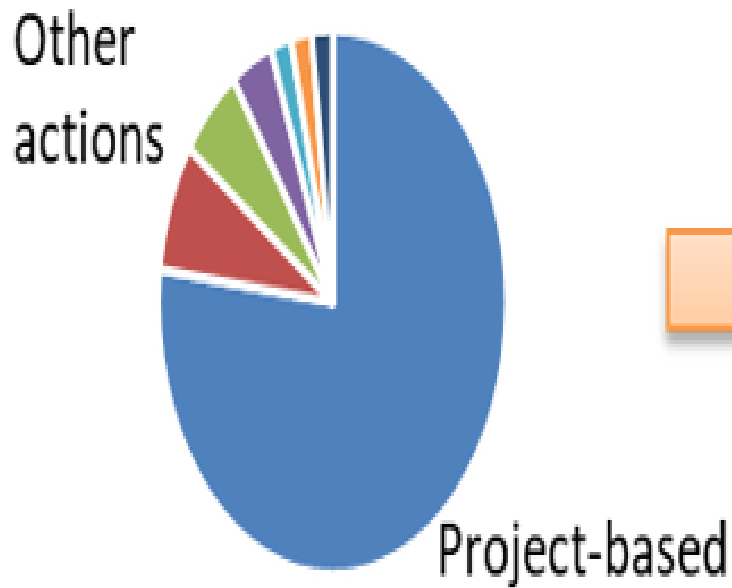


Levers for Climate Action – Not just about Projects

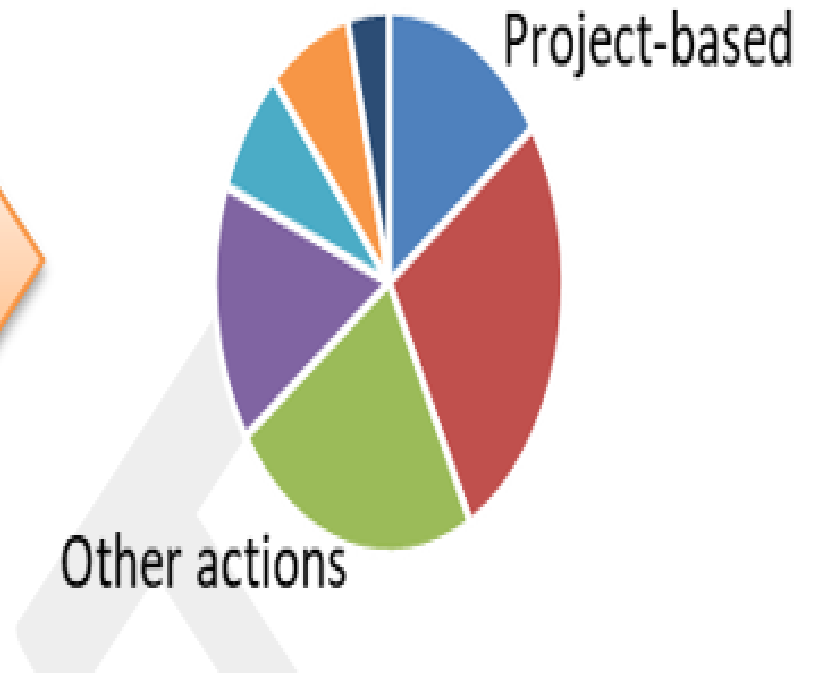
CLIMATE ACTION	DRIVER	DESCRIPTION / EXAMPLES
Project-based	Investment	Individual investment projects with climate benefits e.g. wind plant, climate-resilient road
Financial sector reform	Incentives / Investment	Financial sector regulations that catalyze green investment e.g. regulations to promote green bonds, climate risks in portfolio assessments
Fiscal Policies	Incentives	Government revenue, pricing and spending reflecting climate externalities e.g. green taxes/improved subsidy targeting, green procurement
Sector Policies	Incentives	Policies specific to particular sectors that can trigger climate action primarily by the private sector e.g. energy efficiency standards, climate-informed land use regulations
Trade Policies	Incentives	Trade policies can encourage manufacture and sales of climate-friendly products e.g. carbon border tax adjustment, standards
Innovation Policies	Innovation	Regulations and government investments to develop more effective and cheaper green technologies e.g. demonstration plants, basic R&D, SME support, early/discounted financing
Carbon markets	Investment / Incentives	Use market forces to achieve cost efficient mitigation and mobilize private sector e.g. emission trading systems, baseline-and crediting mechanisms
Climate intelligence/ data	Knowledge	Global public goods for climate data, planning tools, 2050 low-carbon resilience trajectories, NDC and climate strategies, climate awareness and education

Balanced Approach and Leverage

Current Allocation

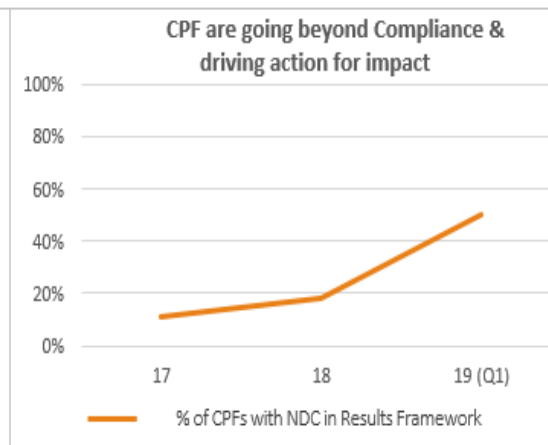
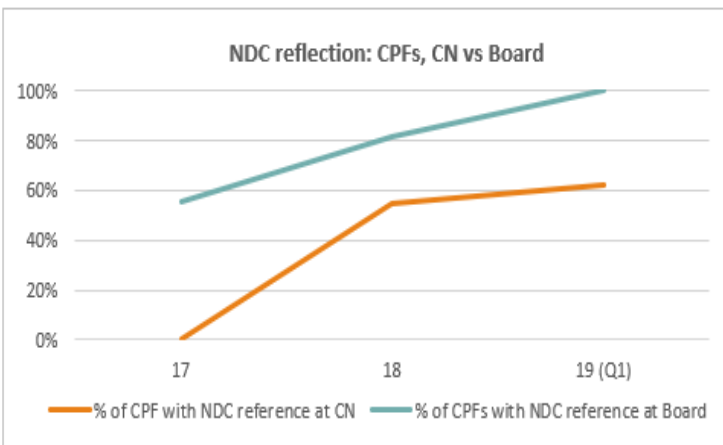
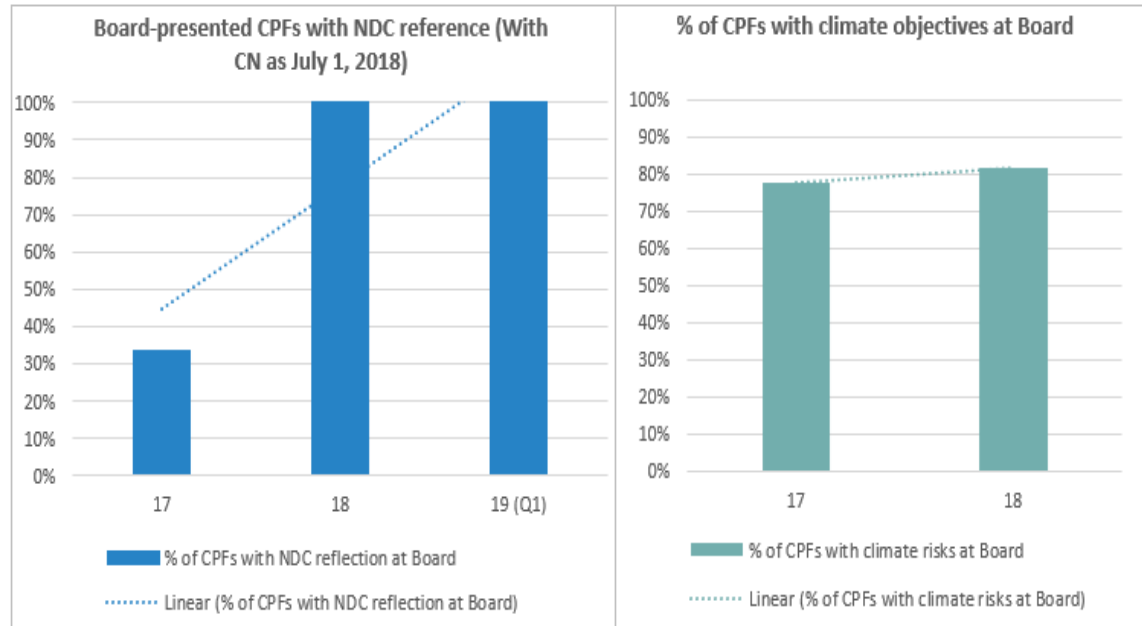


Potential Allocation



Mainstreaming Climate Action in WB Country Engagement

- Country Engagement products are achieving 100% compliance on integrating climate risks and/or opportunities
- 100% NDC reflection in CPFs for IDA18
- The percentage of SCDs and CPFs meeting compliance on NDCs at Concept Note Stage is improving.
- More climate action in CPFs(objectives, Indicators)
- Lending: Record 32% co-benefits in FY18

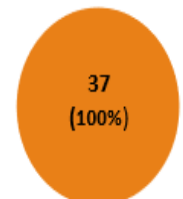
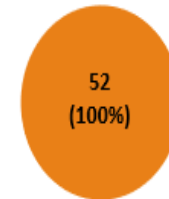


Preliminary Findings:

100% achievement in incorporating climate risks/opportunities at Completion

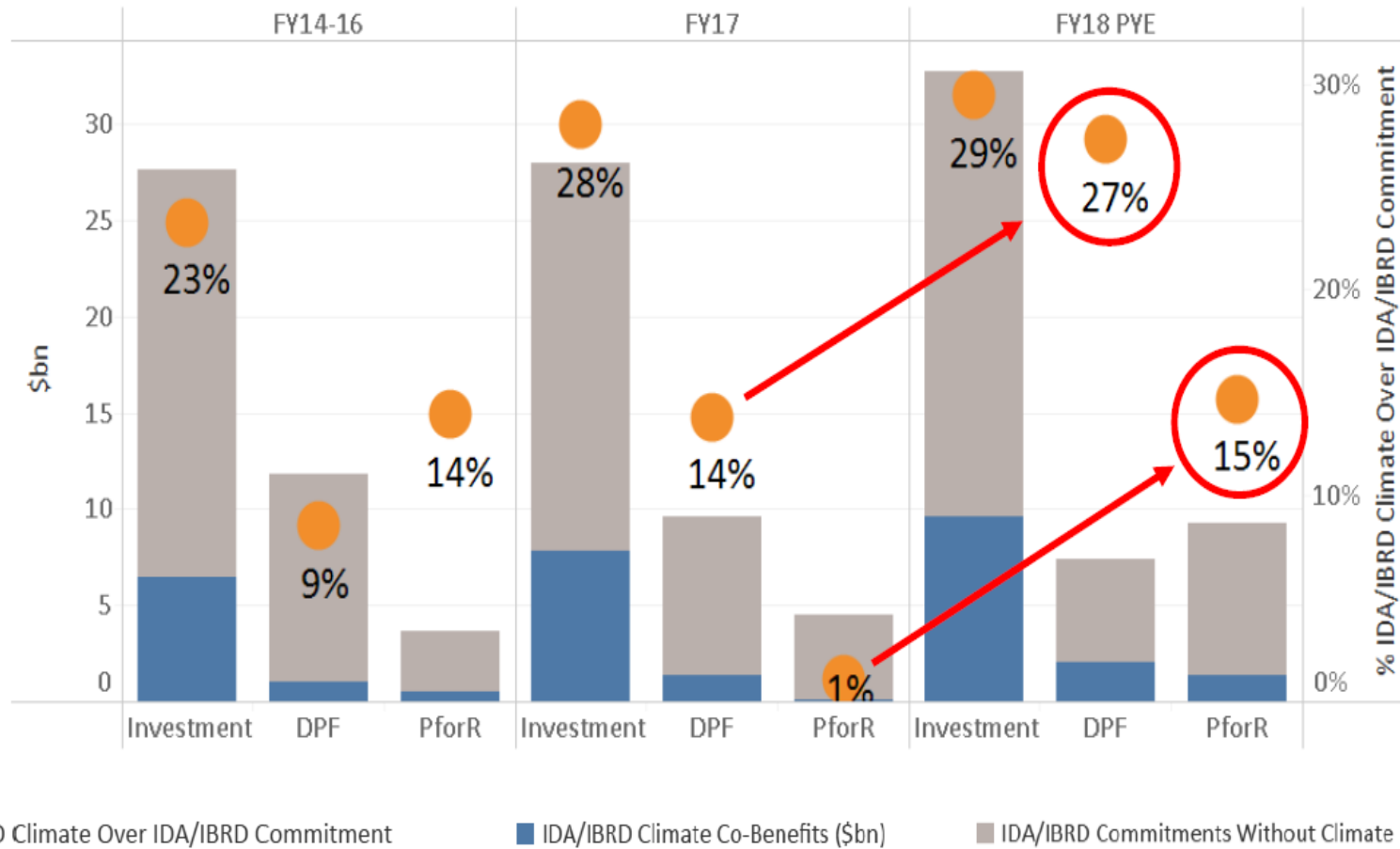
SCDs with climate risks at Board, FY17 - FY19 Q1

CPFs with climate risks at Board, FY17 - FY19 Q1



* Completion

Increasing Use of Non-Project finance for Climate Action



The share of climate co-benefits over total commitment for DPF operations will increase to 27% in FY18 as compared to 14% in FY17. For PforRs, the ratio will increase to 15% in FY18 as compared to 1% in FY17.

WB internal approaches to drive mainstreaming

Mainstreaming climate considerations throughout the institution via three key areas in addition to co-benefits

Ensuring climate risks and NDCs are properly reflected upstream in country strategic documents: SCDs and CPFs.

Screening all projects for climate and disaster risks to “climate proof” operations and improve sustainability.

Integrating GHG accounting and shadow price of carbon into operations to inform decision-making.

Linking to other global themes to maximize climate dividends: Gender, FCV, Knowledge

Partnering internally to compile a joint climate change and gender action plan for FY18 – FY23.

Ensuring that the poorest and most vulnerable in FCV countries are protected from climate impacts.

Aligning WBG climate-related knowledge management resources with overall KM Action Plan principles.

Forging critical external partnerships to drive the climate agenda forward

Collaborating with MDBs, governments and key stakeholders on mainstreaming efforts, climate finance, and resilience.

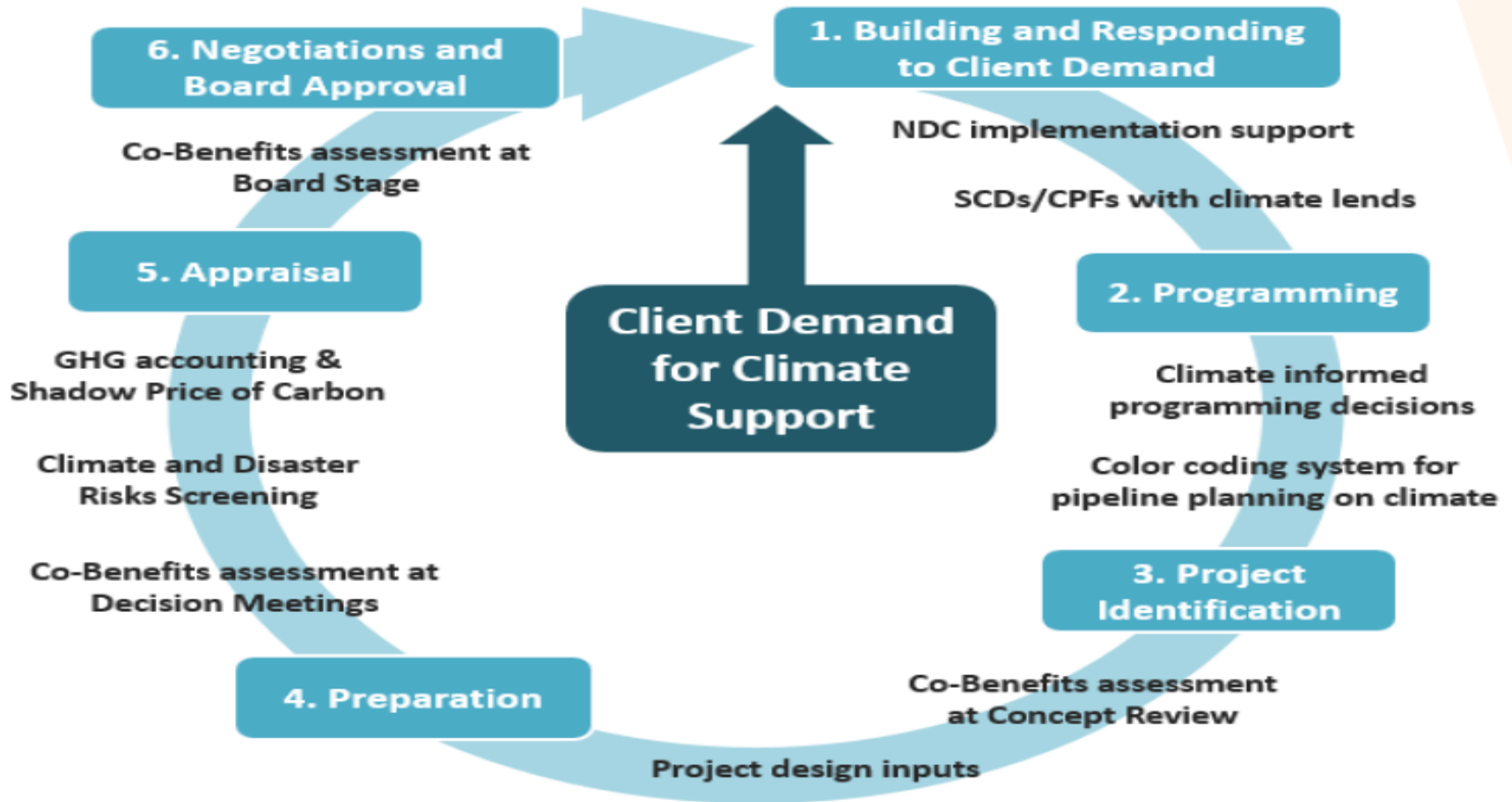
Shaping the debate and pushing for climate action with impactful, results-oriented communications.

Providing analytics, tools and resources to internal clients to help them drive climate results


Producing research in critical topic areas and hosting valuable tools to serve WBG teams working on climate change.

Identifying Needs and Implementing through WB cycle

Anchoring Climate Project Development Cycle




WB Project level tools

Climate and Disaster Risk Screening



Climate Co-Benefits



GHG Accounting



Shadow Price of Carbon

Purpose

Identify climate and disaster risks

Identify climate mitigation and/or adaptation co-Benefits

Determine ex-ante gross and net GHG emissions, and, later, value these emissions in the economic analysis

Account for carbon externalities in project economic analyses

Benefit for Task Teams & Clients

“Climate proof” projects and better account for future conditions

Get “credit” for contributing to WBG 28% climate finance target

Gain knowledge of emissions sources and opportunities to design lower carbon projects

Gain knowledge of the costs and benefits of carbon emissions/reductions of a project and its alternatives

Applicable Projects

All IBRD/IDA operations and IFC pilot investments

All IBRD/IDA/IFC/MIGA financed projects

IBRD/IDA/IFC investment projects in key emissions-producing sectors

IBRD/IDA IPFs subject to GHG accounting

Leveraging non-WB flows

Mobilizing private finance to turn billions into the trillions needed to fight climate change

Maximizing Finance for Development (MFD) to help the WBG and its clients to crowd-in private sector finance.

- Executing MFD for climate and implementing Invest4Climate can facilitate private finance to key areas requiring scaled-up action.

Making progress on mobilizing private co-financing for climate action.

- Using blended finance, mobilization platforms and guarantees is helping the WBG to direct private resources to climate challenge.

Supporting policies and institutions that can enable transformational private mobilization

Working with the banking and financial sector to incorporate climate as an upstream input.

- Greening the financial sector and leading the Sustainable Banking Network to catalyze green investment flows.

Using innovative instruments and creating markets for directing private capital flows

Deploying platform-based and other pioneering approaches to unlock private finance.

Shifting the focus on support for green bonds from direct WBG issuance to supporting clients to issue their own.

Using public resources judiciously for climate action by deploying guarantees and other risk mitigation approaches.

Leveraging concessional finance and other resources for maximum impact

Optimizing and mobilizing concessional finance via a suite of climate funds including collaboration with the GCF, recognizing the current complex and crowded climate finance architecture.