Support for green infrastructure

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Conference on Unlocking Opportunities for Green Shipping in Africa, Accra
Wednesday, 15 February 2023

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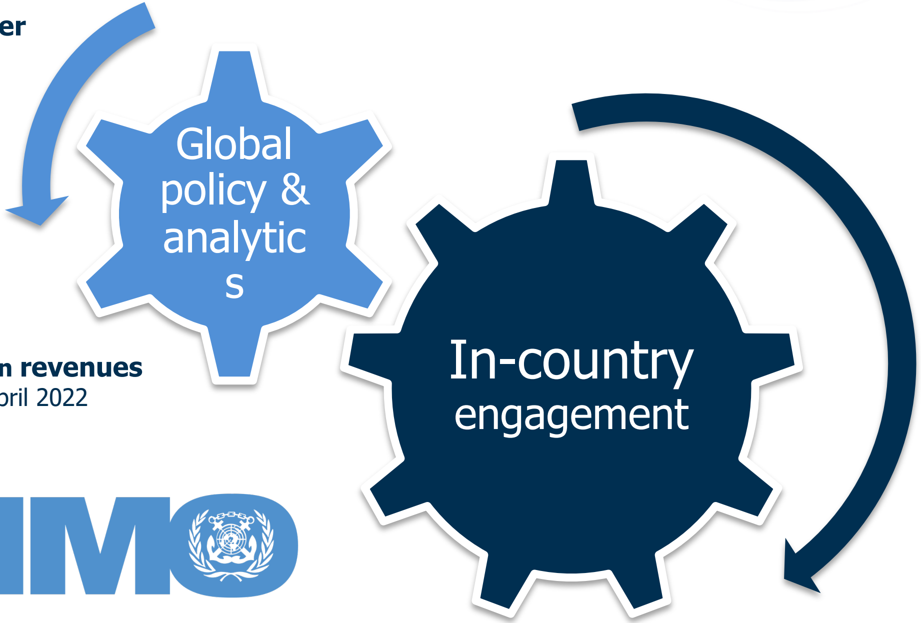
World Bank programmatic approach

Zero-carbon bunker fuels
April 2021

Role of LNG
April 2021

Carbon revenues
April 2022



IMO

World Bank is observer at the International Maritime Organization

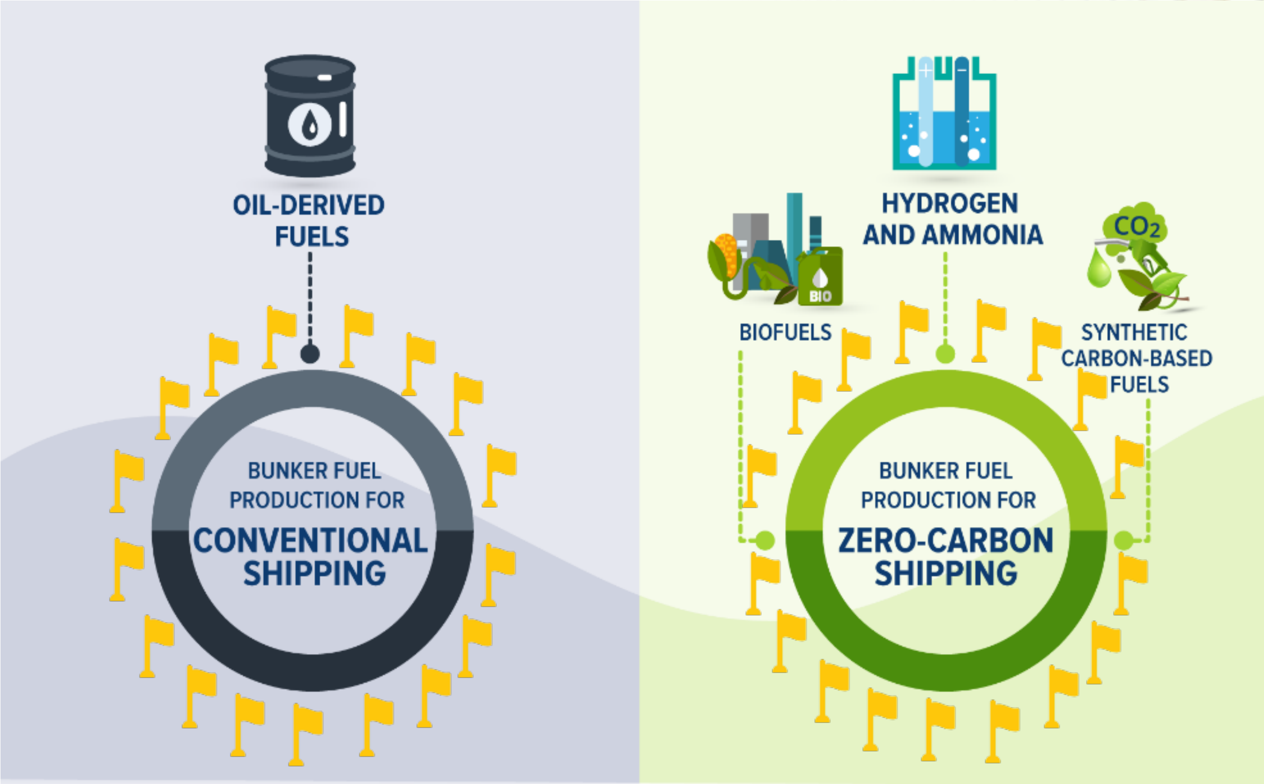
Agenda

1 Development opportunities – major opportunities for countries and ports in decarbonizing shipping

2 Regulatory framework – certainty is key to unlocking investments

3 Carbon revenues from international shipping – enabling an equitable energy transition

Realignment of the fuel market



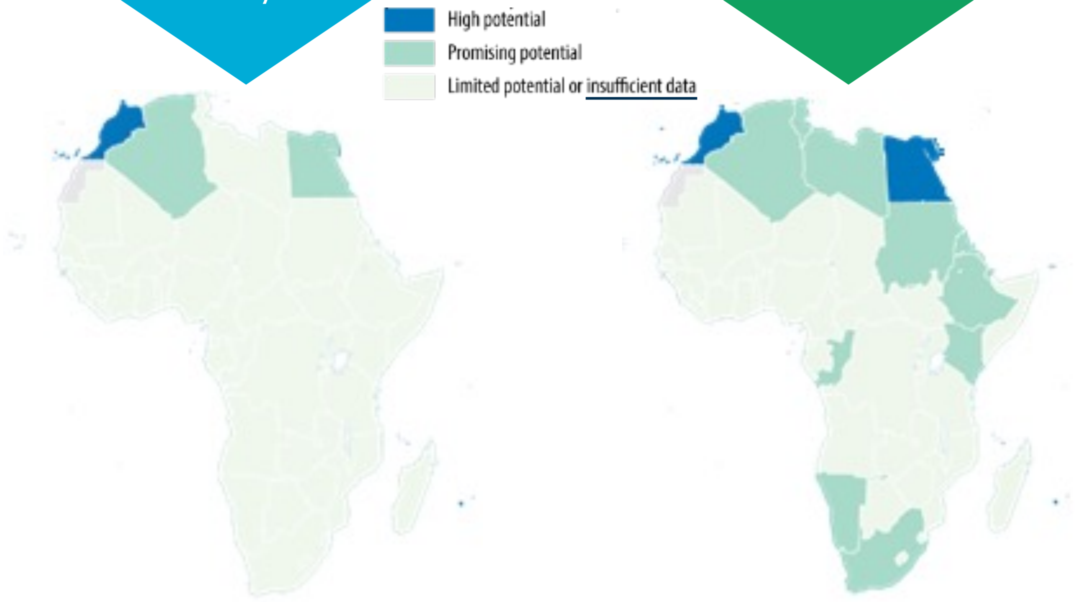
Country with no or insignificant oil reserves, but large renewable energy resources

The potential for zero-carbon bunker fuel production

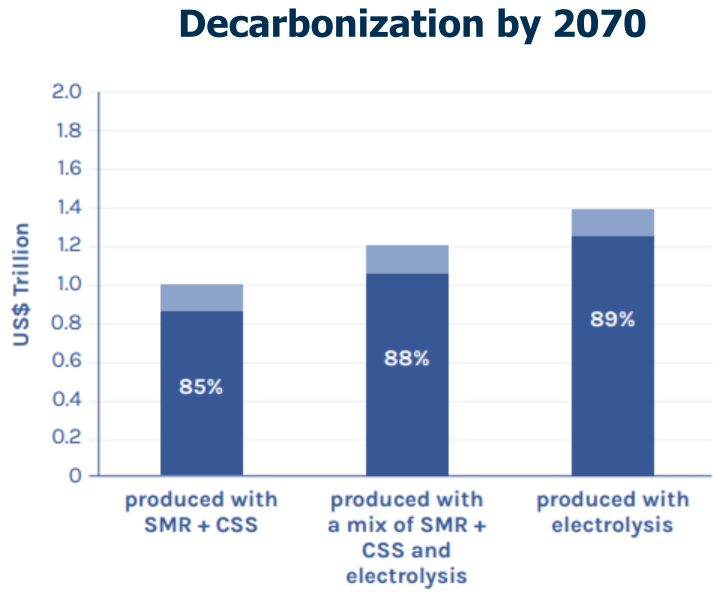
Blue ammonia only

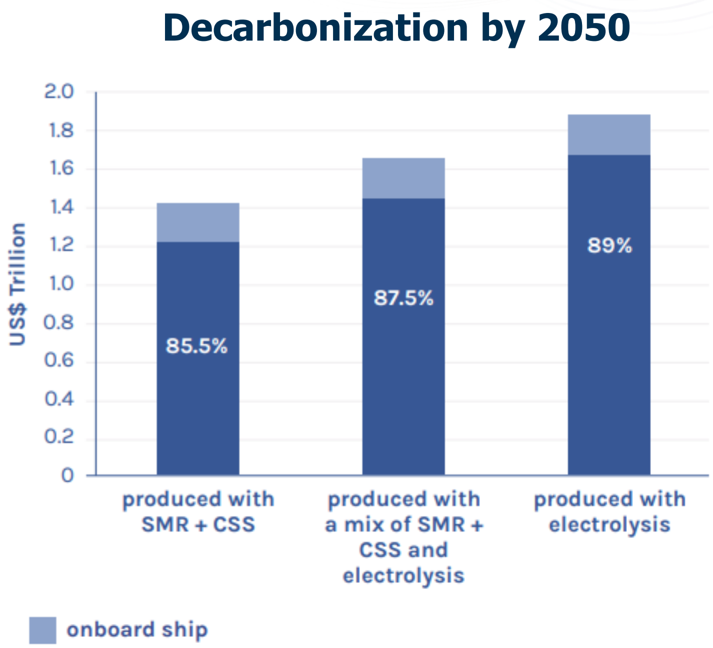
First blue, then green

Green ammonia only



Investment needs





Sources: Raucci et al. (2020) Aggregate investment for the decarbonisation of the shipping industry.
Krantz, R., Søgaard, K. & Smith, T. (2020) The scale of investment needed to decarbonize international shipping

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What now?

Barriers include uncertainty regarding:

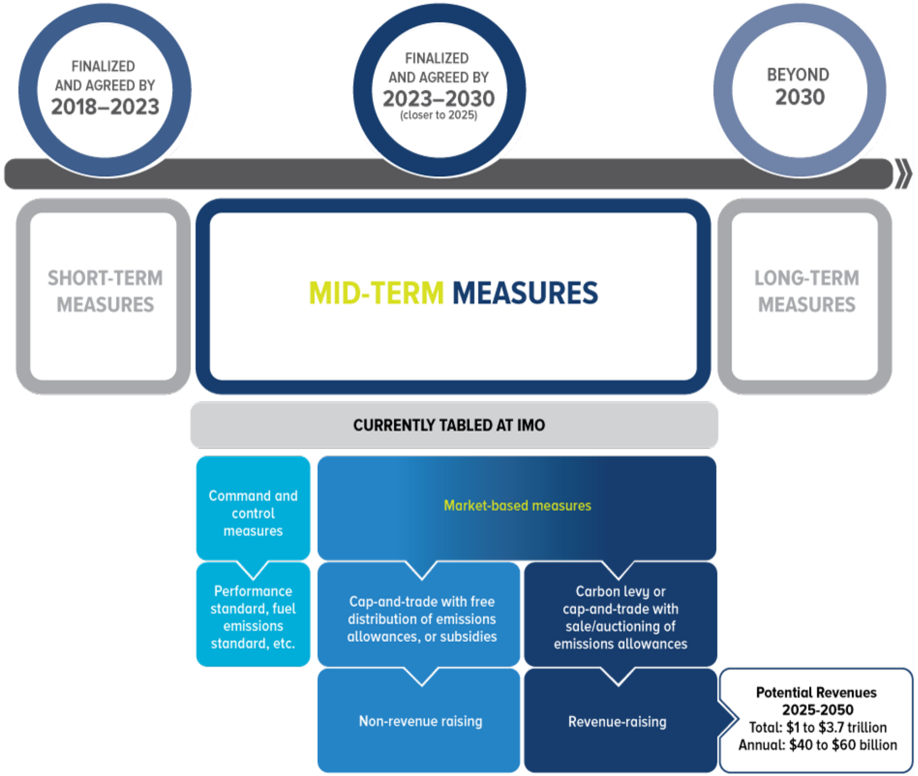
- future demand for and supply of clean fuels
- evolution of policy and regulatory environment.

Climate policy uncertainty is associated with significant decreases in investment.

Uncertainty is a fundamental barrier to increasing climate finance. Political leadership and policy interventions are central to addressing this uncertainty.

Sources: Marine Capital (2022) UK Domestic Shipping: Mobilising Investment in Net Zero; OECD (2022) Measuring and assessing the effects of climate policy uncertainty; IPCC (2022) AR6 WGIII Chapter 15.

Where are we now?



Next steps

'Basket of measures'

e.g., MBM + emission/fuel standards

Assessed and **selected for further development** between spring 2022-spring 2023 (MEPC 76 workplan)

Seven options for carbon revenue use analyzed

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World Bank ISWG-GHG 14 submission

Should carbon revenues **only** be spent on maritime transport?

- Likely to limit some countries' ability to access revenues.
- Financing broader climate aims could help with equity & climate outcomes.

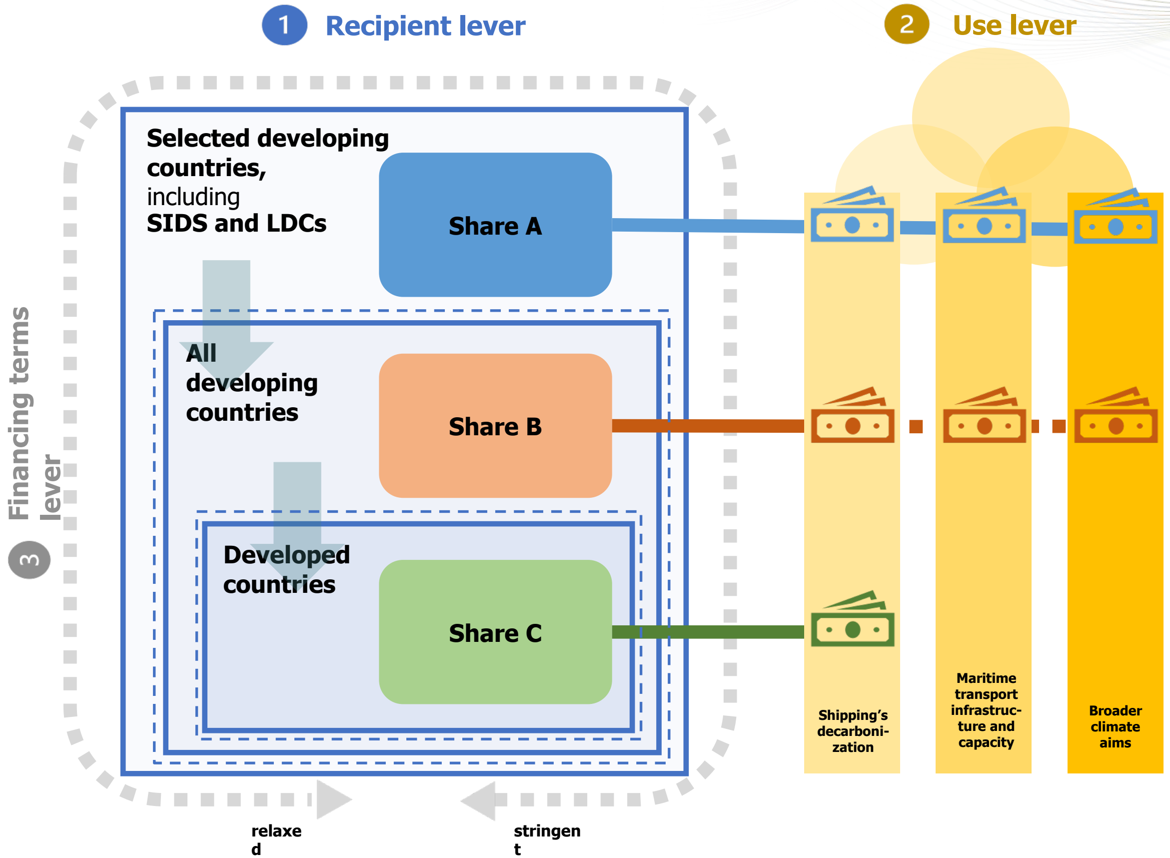
Which country groups could have access to carbon revenues?

- SIDS, LDCs and developing countries as primary recipients
- Developed countries as complementary recipients

What could a possible revenue distribution framework look like?

- Recipient
- Revenue use
- Financing terms

Possible revenue distribution framework



Key implications for policymakers and industry

Development opportunities in shipping's energy transition

Stringent policy at global level needed to drive the transition

Carbon revenues from shipping can enable an equitable transition

Main findings: (1) Significant opportunities - (2) Policies needed- (3) Revenues as enablers

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Thank you.

Contact

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