

Support for green infrastructure

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Zero-carbon shipping conference, Manila
Wednesday, 17 May 2023

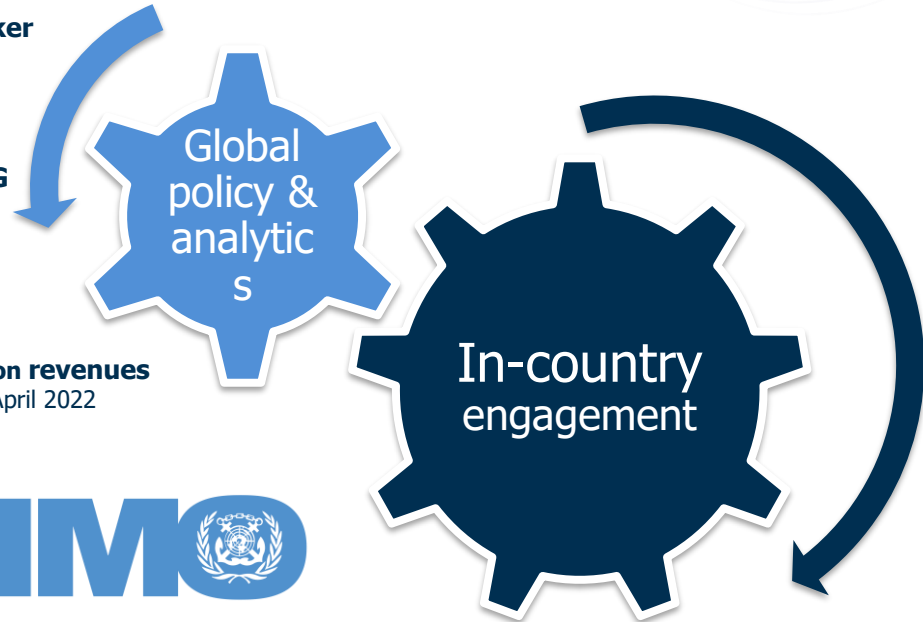
World Bank programmatic approach



Zero-carbon bunker fuels
April 2021

Role of LNG
April 2021

Carbon revenues
April 2022



World Bank is observer at the International Maritime Organization

Agenda



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

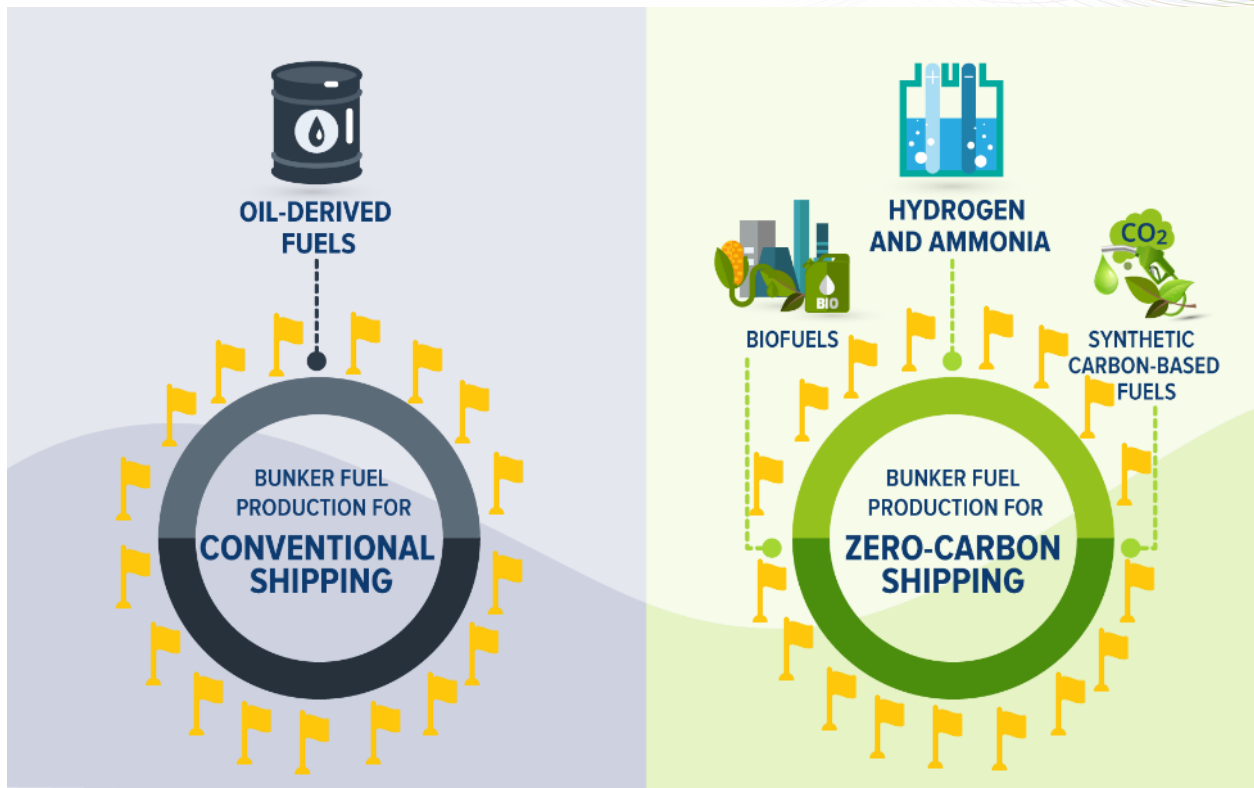


2 Regulatory framework – certainty is key to unlocking investments



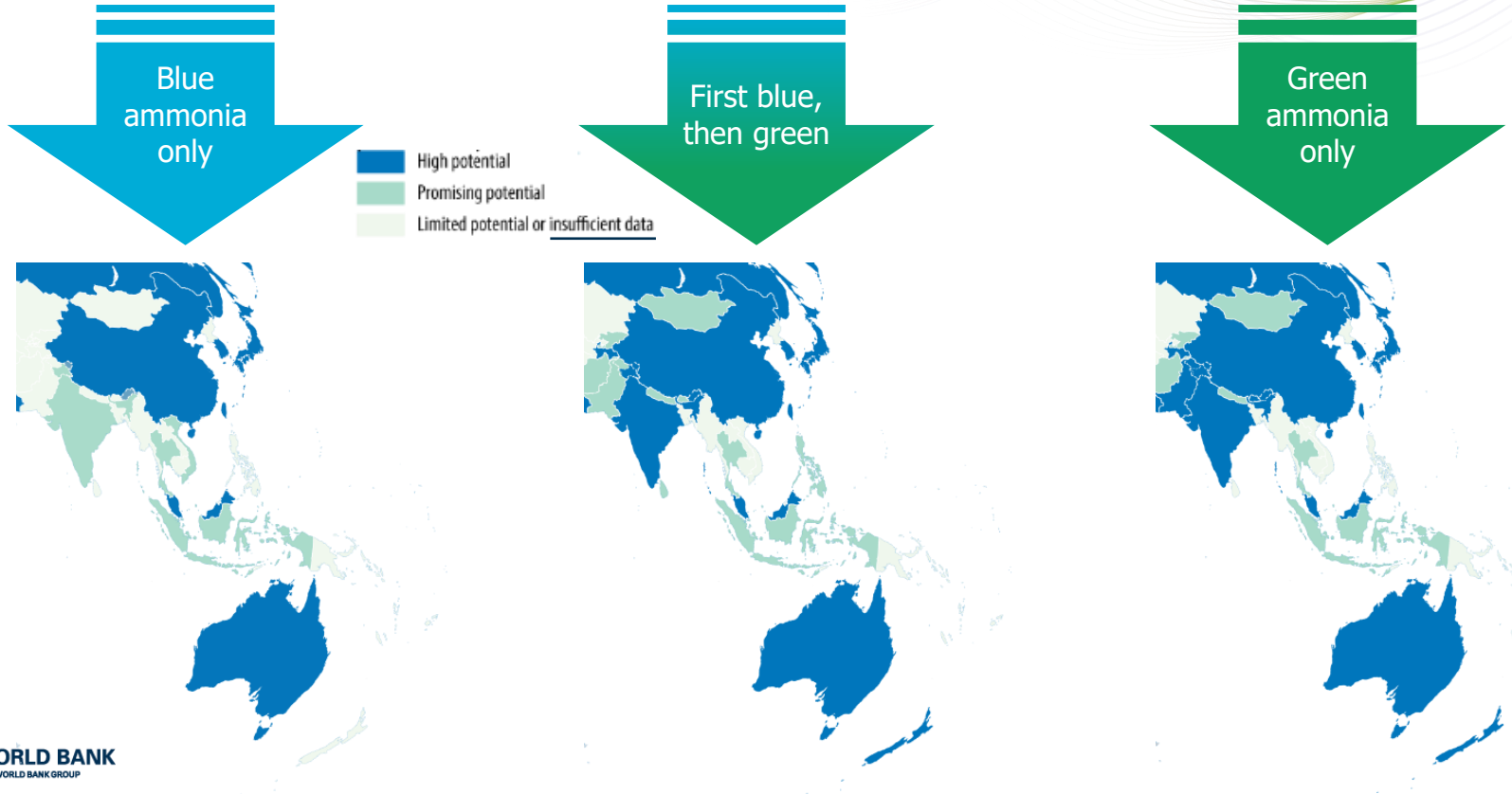
3 Carbon revenues from international shipping – enabling an equitable energy transition

Realignment of the fuel market



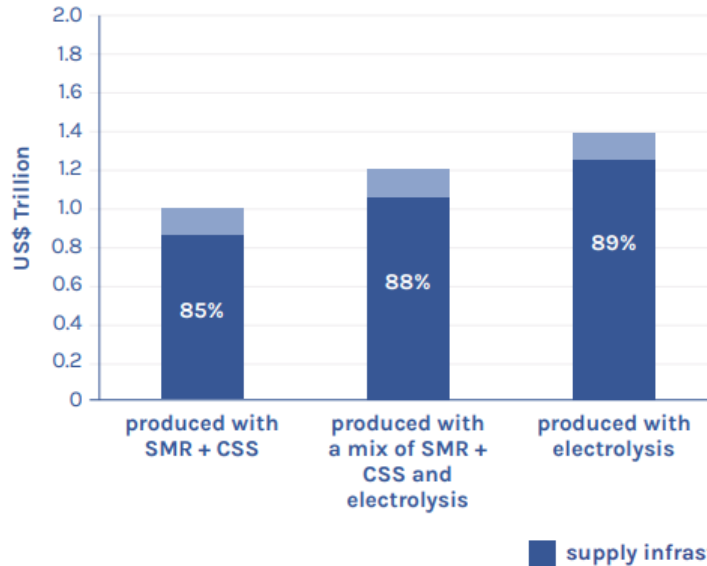
Country with no or insignificant oil reserves, but large renewable energy resources

The potential for zero-carbon bunker fuel production

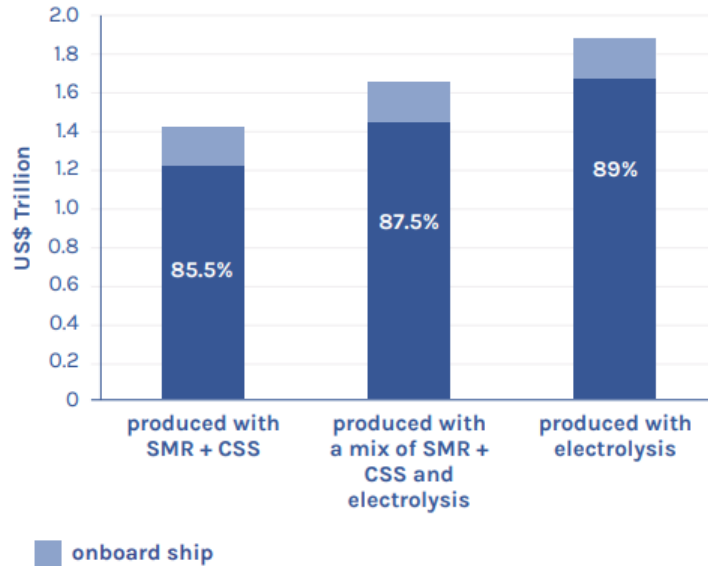


Investment needs

Decarbonization by 2070



Decarbonization by 2050



Investment barriers



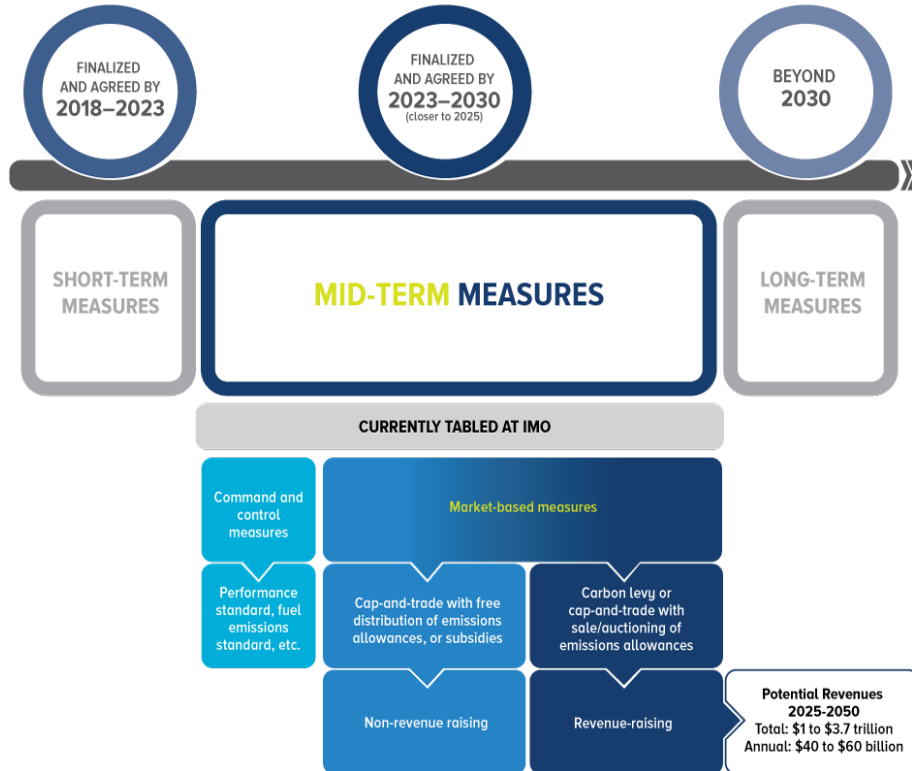
Investment barriers include **uncertainty** regarding:

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

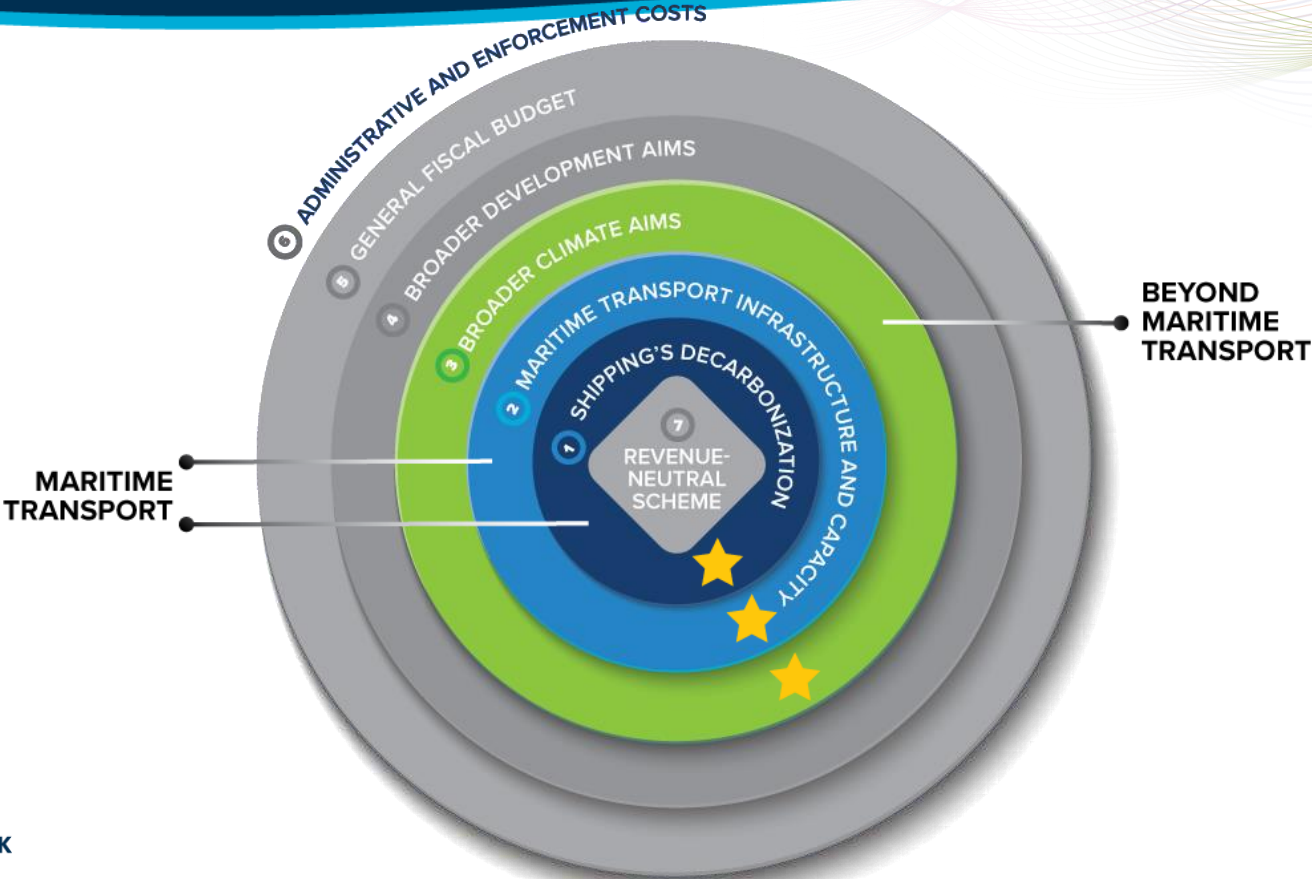
Climate policy uncertainty is associated with significant decreases in investment.

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

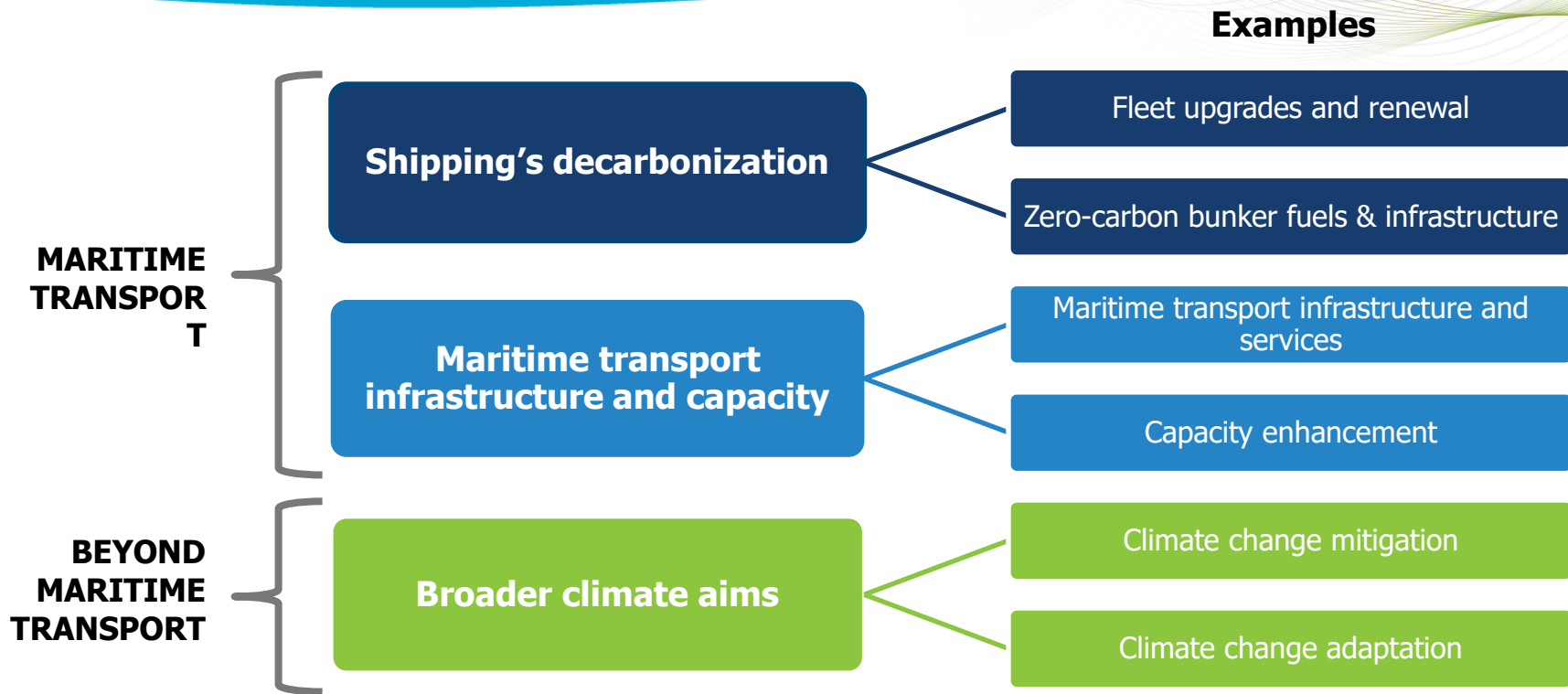
Where are we now?



Potential carbon revenue use options



Most aligned revenue use options



Three main questions

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

- Likely to limit some countries' ability to access revenues, including some SIDS and LDCs.
- Financing broader climate aims could help with equity and climate outcomes.

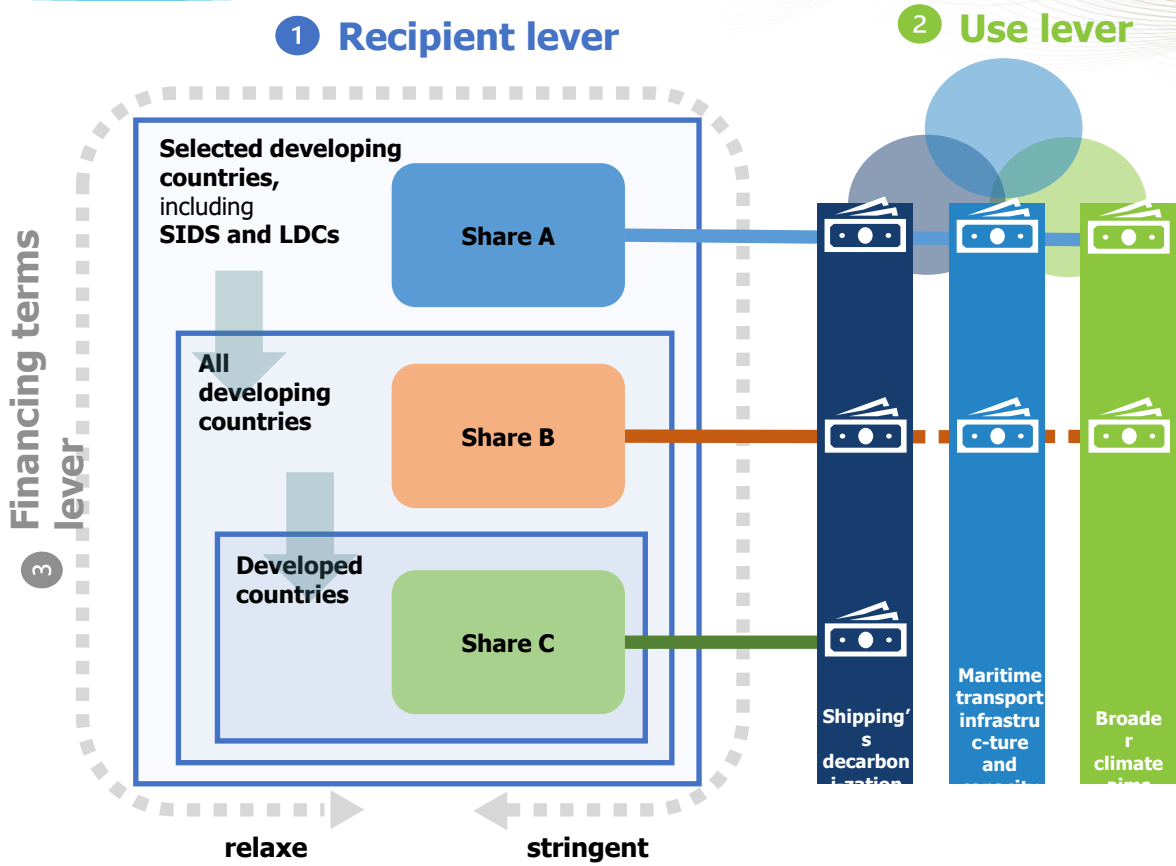
Which country groups could have access to carbon revenues?

- Developing countries, including SIDS and LDCs, as primary recipients.
- Share reserved for selected developing countries, including SIDS and LDCs.
- Developed countries could be 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

Thank you.

Contact

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