

THE WORLD BANK AND AVIATION

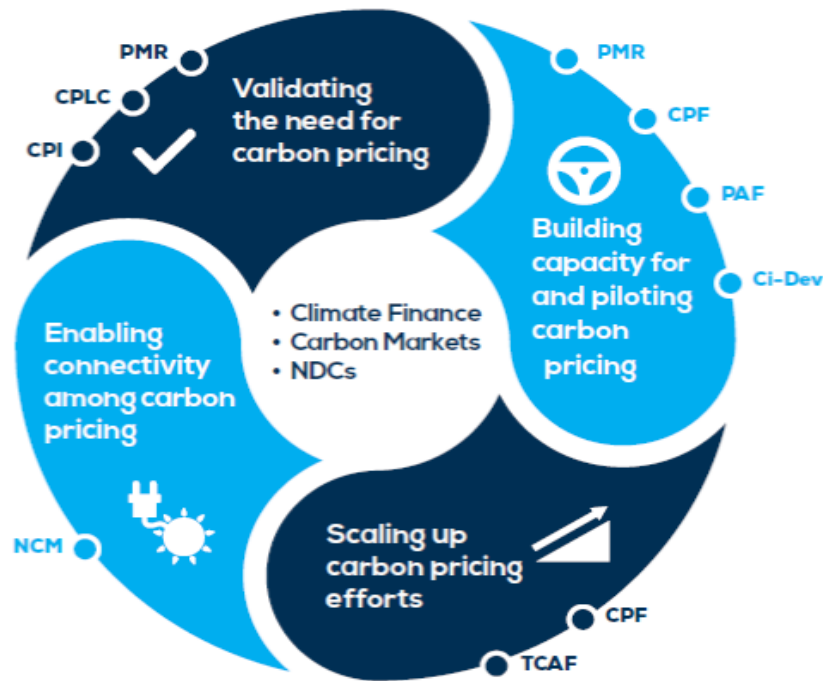
A capacity building initiative

TWIN GOALS OF THE WORLD BANK

- End extreme poverty by decreasing the percentage of people living on less than \$1.90 a day to no more than 3 percent; and
- Promote shared prosperity by fostering the income growth of the bottom 40 percent for every country

CLIMATE AND CARBON FINANCE AT THE WORLD BANK

World Bank Carbon Pricing Narrative



Climate & Carbon Initiatives

- Carbon Partnership Facility (CPF)**
Scale up mitigation programs to catalyze investment for clean technologies through programmatic approaches
- Carbon Initiative for Development (Ci-Dev)**
Improve access to low-carbon energy solutions in underserved communities using results-based finance
- Pilot Auction Facility for Methane & Climate Change Mitigation (PAF)**
Pilot an innovative climate finance mechanism that uses auctions to maximize impact of funds while leveraging private sector financing
- The Partnership for Market Readiness (PMR)**
Supports countries to assess, prepare, and implement carbon pricing instruments for mitigation
- Carbon Pricing Intelligence Program (CPI)**
Monitor and expand the number of national and sub-national jurisdictions putting a price on carbon
- Networked Carbon Markets (NCM) Initiative**
Promotes and enables carbon pricing across borders by exploring linking mechanisms
- Results-Based Carbon Finance Technical Work Program (RBCF)**
Enhance capacity of client countries to understand & leverage RBCF for climate change mitigation
- Transformative Carbon Asset Facility (TCAF)**
\$500 million initiative to boost large scale climate action in developing countries
- Carbon Pricing Leadership Coalition (CPLC)**
The initiative brings together leaders from across government, the private sector and civil society to expand the use of carbon pricing globally
- International Aviation Initiative (under development)**

CLIMATE CHANGE AND AVIATION BY THE NUMBERS

100 MILLION

more people could live in poverty by 2030 without climate smart development

2% the share of global emissions from air transport

5% growth in traffic per annum

5% share of air transport global warming impact

2% annual improvements and aircraft fuel efficiency

CARBON OFFSETTING AND REDUCTION SCHEME FOR INTERNATIONAL AVIATION (CORSA)

- Adopted by ICAO 39th General assembly in October 2016
- First time an entire industry self-regulates to mitigate its impact on climate change
- Like the Paris Agreement, it will require strong engagement from stakeholders to be implemented effectively
- Technical requirements still to be fleshed out

THE NEED FOR CAPACITY BUILDING IN DEVELOPING COUNTRIES

- Building the infrastructure needed to comply with requirements under the CORSIA is a new and ambitious task for states and developing countries in particular
- Some of them have expressed their need for assistance in complying with the scheme
- Some have pledged to join the CORSIA in its early phases provided their capacity and financial needs would be addressed

OPPORTUNITIES IF WE GET IT RIGHT

- Potential synergies between CORSIA and Paris Infrastructures
- Blueprint for other sectors
- Increased demand from aviation and other sectors will benefit host countries
- Bridge the gap between transport and climate change experts

A WORLD BANK — ICAO PARTNERSHIP

Objective: Establish a partnership to leverage initiatives from the World Bank and ICAO to provide capacity building and financial assistance to developing countries for a successful and ambitious implementation of the CORSIA

PRIORITIES OF THE CAPACITY BUILDING PARTNERSHIP

1 *BUILD INSTITUTIONAL CAPACITY ON CARBON MARKET INFRASTRUCTURE*

1.1) Assist States who request it to set up the necessary infrastructure to comply with the CORSIA's requirements

1.2) Channel financial assistance to states for the establishment of market infrastructure

2 *SHARE LESSONS LEARNED FROM THE WORLD BANK EXPERIENCE IN ASSET PURCHASE AND PROGRAM DEVELOPMENT*

2.1) Inform stakeholders on types of offsets, different markets, and new crediting mechanisms

2.2) Bring the World Bank's hands on experience in working with different purchase mechanisms

ACTIVITIES

- 1 Knowledge sharing and advisory with ICAO
- 2 Outreach and background material for dissemination to States and other stakeholders
- 3 Dialogues, workshops and seminars
- 4 Financial assistance for infrastructure Development

OUTCOMES

Share WB knowledge and experience on registries and MRV through background papers and outreach material

International dialogues and several regional workshops to lay the groundwork for the establishment of State registries and domestic MRV systems

State-specific grant-based mechanism funding for infrastructure development

Raise market awareness on emissions units and financial approaches

BUDGET

The partnership is to be backed by donor funding

\$6 - 10M

For capacity building activities, including technical papers, workshops and international dialogues

\$500K¹

Per Recipient

State-specific grant-based mechanism: Financial and technical assistance for selected States to set up carbon market infrastructure (e.g., IT hardware & software for national/regional registries and MRV)

TIMELINE

2017

February: Technical briefings on registries and MRVs

March / April: Regional workshops

May: International dialogue

Preliminary review of design elements of the CORSIA by the ICAO Council

2018

March / April: Regional workshops

Second quarter: adoption of SARPs

May: International dialogue

June: Final adoption by states of the technical specifications of the CORSIA

TBD: First grant making to States for implementation

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THANK YOU