Multi-year Expert Meeting on Transport, Trade Logistics and Trade Facilitation
8th Session

Climate Change Adaptation for Seaports in Support of the 2030 Agenda for Sustainable Development

27–28 October 2020

Session: Climate change Impacts and Adaptation, Key issues and experiences, Recent Initiatives and Developments

Presentation by

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SESSION: CLIMATE CHANGE IMPACTS AND ADAPTATION, KEY ISSUES AND EXPERIENCES, RECENT INITIATIVES AND DEVELOPMENTS

INTERNATIONAL FINANCE CORPORATION (IFC)

IFC—a sister organization of the World Bank and member of the World Bank Group—is the largest global development institution focused on the private sector in developing countries.

<table>
<thead>
<tr>
<th>WORLD BANK GROUP COMMITMENTS, DISBURSEMENTS, AND GROSS ISSUANCE</th>
<th>FY20 Portfolio Exposure</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>By fiscal year, millions of dollars</strong></td>
<td>Dollar amounts in millions, for IFC's own account as of June 30, 2020</td>
</tr>
<tr>
<td>World Bank Group</td>
<td>Total $56,650 100%</td>
</tr>
<tr>
<td>Committeds</td>
<td>Financial Markets $22,824 39%</td>
</tr>
<tr>
<td>IBRD</td>
<td>Infrastructure $10,689 18%</td>
</tr>
<tr>
<td>Committeds</td>
<td>Funds $5,609 9%</td>
</tr>
<tr>
<td>IDA</td>
<td>Manufacturing $4,215 7%</td>
</tr>
<tr>
<td>Committeds</td>
<td>Agribusiness &amp; Forestry $3,949 7%</td>
</tr>
<tr>
<td>Disbursements</td>
<td>Tourism, Retail &amp; Property $2,950 5%</td>
</tr>
<tr>
<td>IFC</td>
<td>Trade Finance $2,866 5%</td>
</tr>
<tr>
<td>Committeds</td>
<td>Health &amp; Education $2,785 5%</td>
</tr>
<tr>
<td>IDA</td>
<td>Telecommunications &amp; Information Technology $1,653 3%</td>
</tr>
<tr>
<td>Disbursements</td>
<td>Natural Resources $1,631 3%</td>
</tr>
<tr>
<td>MIGA</td>
<td></td>
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<tr>
<td>Gross issuance</td>
<td></td>
</tr>
<tr>
<td>Recipient-Executed Trust Funds</td>
<td></td>
</tr>
<tr>
<td>Committeds</td>
<td></td>
</tr>
<tr>
<td>Disbursements</td>
<td></td>
</tr>
</tbody>
</table>

By Region:

- Latin America and the Caribbean $12,085 21%
- East Asia and the Pacific $9,932 17%
- South Asia $9,876 17%
- Sub-Saharan Africa $9,736 17%
- Europe and Central Asia $7,769 13%
- Global $5,461 9%
- Middle East and North Africa $3,852 7%
IFC’S CLIMATE ACTION

• Continued focus on strategic priority areas: clean energy, climate-smart agribusiness, green buildings, climate-smart cities, green finance, and climate risk

• Climate finance flows through project finance (full projects or components of), equity, Green Bonds, and other fin. instruments

• Increasing climate demand and support for advisory or investment support on climate projects, including development of “resilient asset” projects, and/or issuing related Green Bonds

Climate risk (physical impacts), climate resilience, adaptation

• Mainstreamed sectoral approach:
  • Identification of risks
  • Assessment of risks
  • Risk management

IDENTIFICATION OF CLIMATE RISKS (PHYSICAL)

• IFC project teams identify risks to new projects
• Identification of risks done via sectoral risk screening tools, or sectoral methodological guidance
• The tools focus on changes in climate that can materially affect an investment’s financial, environmental or social performance
• Projections of climate indices compare future values with the baseline
CLIMATE RISK ASSESSMENT

- Based on the results, risks are quantified and analyzed in terms of potential materiality to the actual investment
- Depending on the results, they may require a more detailed assessment

CLIMATE RISK MANAGEMENT

Climate risk management can take many forms, depending on the identified risks and strategic directions:

- Planning
- Design
- Information
- Monitoring
- Diversification
- Reinforcements, upgrading
- Dedicated structures
- Hedging / insurance (limited scope)
- etc.

Many require additional financing – but not all.
### CLIMATE FINANCE FLOWS; RELATED DEVELOPMENTS

- **TCFD** (Task Force on Climate-related Financial Disclosures, Financial Stability Board): climate-related financial risk disclosures for use by companies in providing information to investors, lenders, insurers, and other stakeholders.
- Rating agencies such as Moody’s, S&P, Fitch increasingly focusing on the inclusion of climate risk in ratings.
- **WBG Resilience Rating System**
- **Climate Bonds Initiative**: Climate Resilience Principles guiding certification under Climate Bond Standards.
- **WBG pilot initiative**: Enabling Private Investment in Adaptation.

<table>
<thead>
<tr>
<th>Energy Sector</th>
<th>Public</th>
<th>Private</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Renewable Energy</td>
<td>$25b $20b $45b</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Low-carbon Transport</td>
<td>$10b $5b $15b</td>
<td></td>
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</tr>
</tbody>
</table>

**Private finance activity in revenue generating projects:** 85% for renewable energy, 14% for low-carbon transport (2017/18).

Investments in resilience and adaptation are increasing as more regulatory, policy, and investors' focus turn towards it.