



Partnership on Sustainable  
Low Carbon Transport



## Accessing carbon financing for sustainable, low carbon transport in Asia

Cornie Huizenga, Joint Convener, SLoCaT Partnership

ADB Transport Forum 2010  
Manila 25-27 May, 2010

# The SLoCaT Partnership

**Improve the knowledge on sustainable, low carbon transport, help develop better policies and catalyze their implementation**

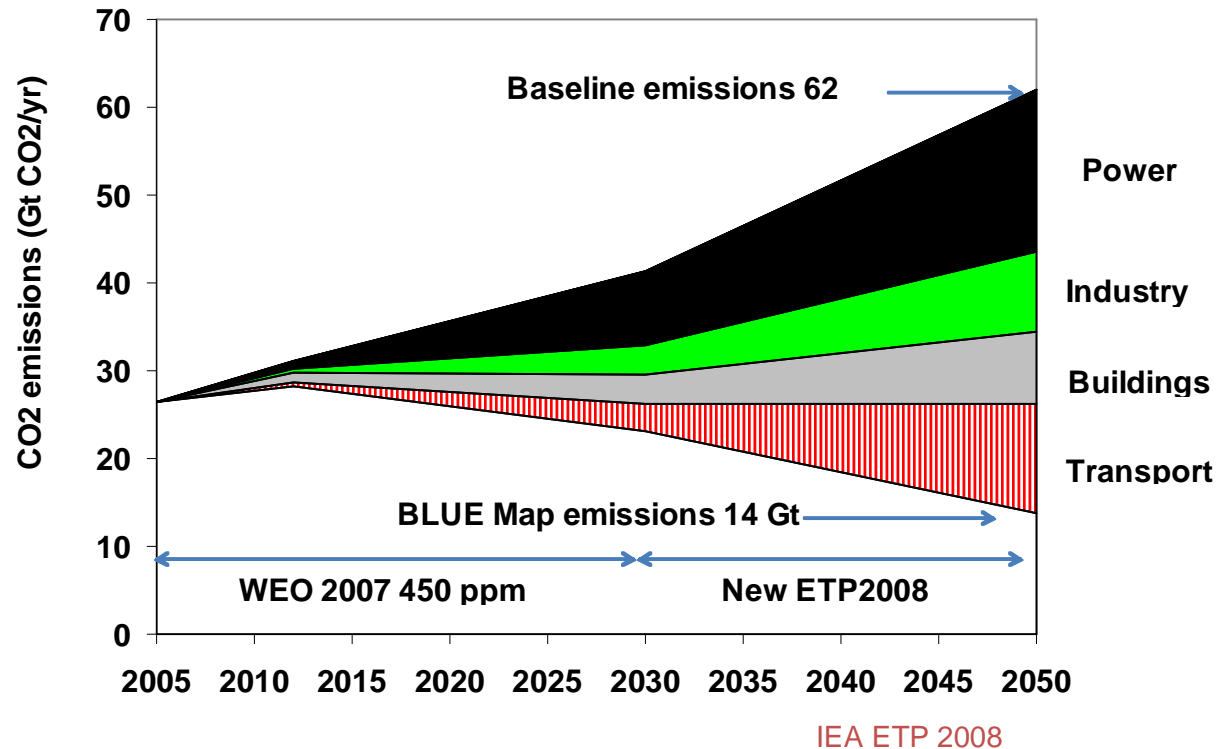
**53 Members: International Organizations – Government – Development Banks – NGOs – Private Sector - Academe**

African Development Bank (AfDB) \* Asian Development Bank (ADB) \* Corporación Andina de Fomento (CAF) \* Believe Sustainability \* Center for Clean Air Policy (CCAP) \* Centre for Environment Planning & Technology (CEPT), \* Ahmedabad \* Center for Science and Environment (CSE) \* Center for Sustainable Transport (CTS) Mexico \* Center for Transportation and Logistics Studies (PUSTRAL), Gadjah Mada University \* Civic Exchange (CE) \* Clean Air Initiative for Asian Cities (CAI-Asia) Center \* Clean Air Institute (CAI) \* German Technical Cooperation (GTZ) \* EMBARQ, The WRI Center for Sustainable Transport \* Energy Research Center Netherlands (ECN) \* Fraunhofer- Institute for Systems and Innovation Research (ISI) \* Global Environmental Facility (GEF) \* Global Transport Knowledge Partnership (gTKP) \* Inter-American Development Bank (IDB) \* Interface for Cycling Expertise (I-CE) \* International Association for Public Transport (UITP) \* International Energy Agency (IEA) \* International Transport Forum (ITF) \* International Union for the Conservation of Nature (IUCN) \* International Union of Railways (UIC) \* Institute for Global Environmental Strategies (IGES) \* Institute of Urban Transport India (IUTI) \* Institute for Transport Policy Studies (ITPS) Institute for Transport and Development Policy (ITDP) \* Institute for Transport and Development Policy (ITDP) Europe \* Institute of Transport Studies (ITS), University of California, Davis \* Korean Transport Institute (KOTI) \* Ministry of Land Infrastructure Transport and Tourism, Japan \* National Center for Transportation Studies (NCTS), Philippines \* Rockefeller Foundation \* Society of Indian Automotive Manufacturers (SIAM) \* Stockholm Environment Institute (SEI) \* The Energy and Resources Institute (TERI) \* Transport and Environment (T+E) \* Transport Research Laboratory (TRL) \* United Nations Center for Regional Development (UNCRD) \* United Nations Department for Economic and Social Affairs (UN-DESA) \* United Nations Environment Program (UNEP) \* University College of London, Department of Civil, Environmental and Geomatic Engineering \* University of Transport and Communication (UTCC) Hanoi \* VEOLIA Transport \* World Street \* WWF International



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# Scale and Impact: We need a global 50% CO2 cut by 2050



**“Given the role that transport plays in causing greenhouse gas emissions, any serious action on climate change will zoom in on the transport sector”**

*Yvo de Boer, Executive Secretary UNFCCC, January 2009*



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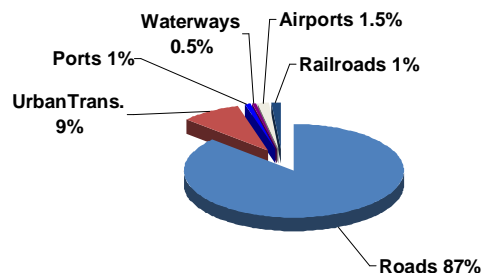
# Indicative Transport and Climate Funding

	Range	
GEF current (transport)	\$ 200 million	
CIF/CTF (phase 1 transport)	\$600 million	
Climate Fund 2010 - 2012	\$ 30 billion	
Copenhagen Climate Fund 2020	\$ 100 billion p.a.	
Multilateral Development Banks	\$ 20- 25 billion p.a.	
National Investments		
- Asian Region	\$ trillions	
- African Region	\$ billions	
- Latin American Region	\$ trillion	

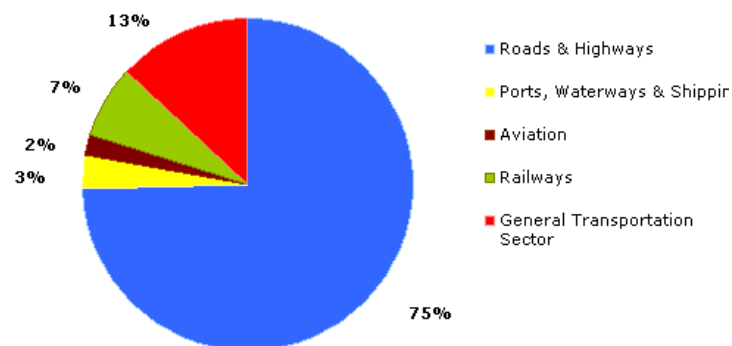


# Transport Funding Development Banks

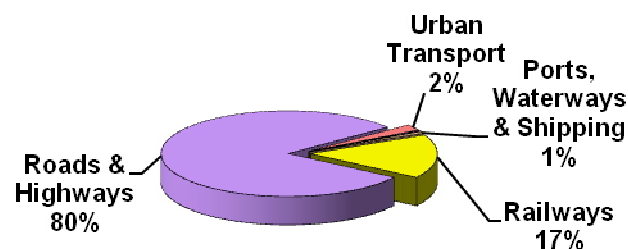
Inter-American Development Bank



World Bank



Asian Development Bank,  
Transport Lending 2000-06



Transport Lending 2000-06  
Percentage by Subsector

- Combined Transport Lending MDBs will be about \$ 20-25 billion per year in the coming years
- MDBs do not yet keep track of climate related funding
- MDBs make active use of special climate funds (GEF, CTF to mainstream climate change in transport operations)



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# Relevance of Existing Climate Instruments on Transport Sector

	Year of 1 <sup>st</sup> project	No. of Projects	Funding [\$ million]	Reported emission reductions [MtCO <sub>2</sub> -eq/yr]
CDM	2006	24*	567 (CERs)**	2.7
GEF1-4	2006	37	201 (grants)	3.1***
CTF	2009	7	600 (loans)	10****

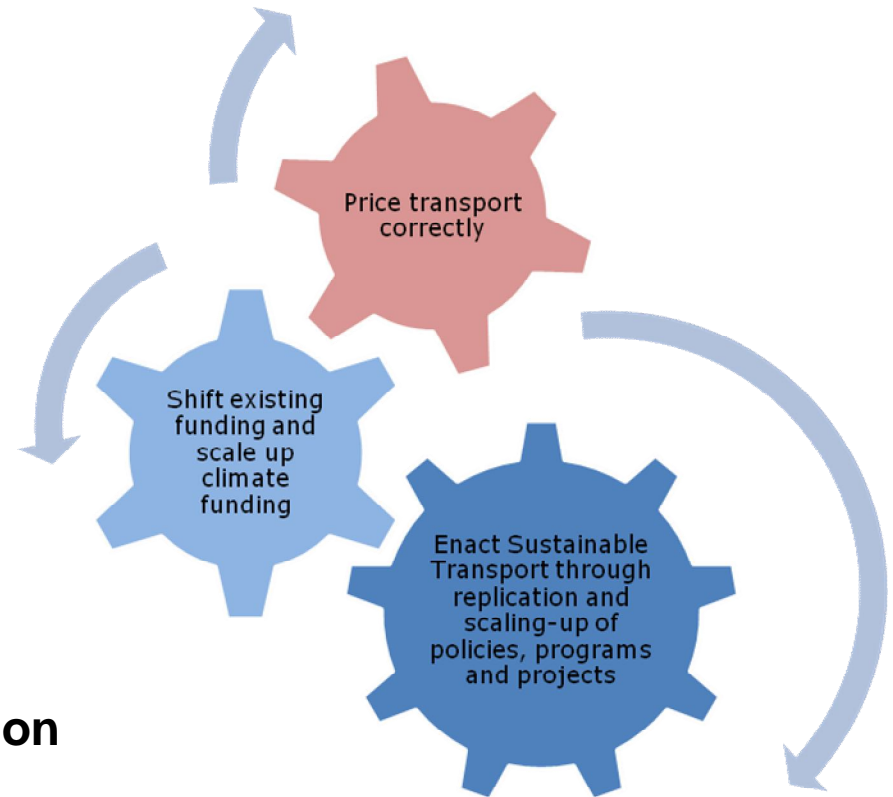
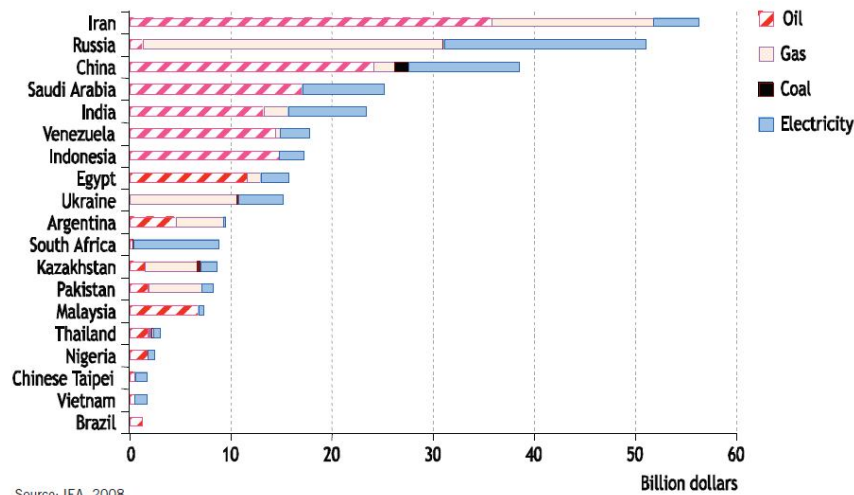
\*in pipeline (registered, requesting registration and at validation); \*\* expected total undiscounted revenues at 10 \$/CER, 3x7 years crediting; \*\*\* direct impact, assuming 10 years lifetime; \*\*\*\* assuming a life time of 10-20 years depending on type of investment  
Source: Bakker and Huizenga, forthcoming

Transport GHG emissions developing countries 2005:  
3,100 MtCO<sub>2</sub> (IEA/OECD, 2009)

# Funding and GHG and Co-benefit assessment requirements

	Size of funding	GHG emission reduction assessment requirements		Co-benefits assessment
National and local funds	***** ***** *****	-	No GHG assessment requirements in place	Varies per country, generally low
Development bank funding	*****	*	Methodologies under development, not applied yet	Environmental/Social Externalities not included
Climate Funds: CDM	***	*****	Very strict, at entry and during project	Depends on country
-GEF	*	**	New Methodology for 2011, only at project entry	New methodology recognizes but does not reward
-CIF/CTF	***	**	Emphasis is on sector transformation, detailed GHG assessment not at project entry	Qualitative assessment
-NAMAs	??? (\$ 100 billion)	???	GHG assessment OR sector transformation	Not decided yet

# Scaling Up Financing for Sustainable, Low Carbon Transport



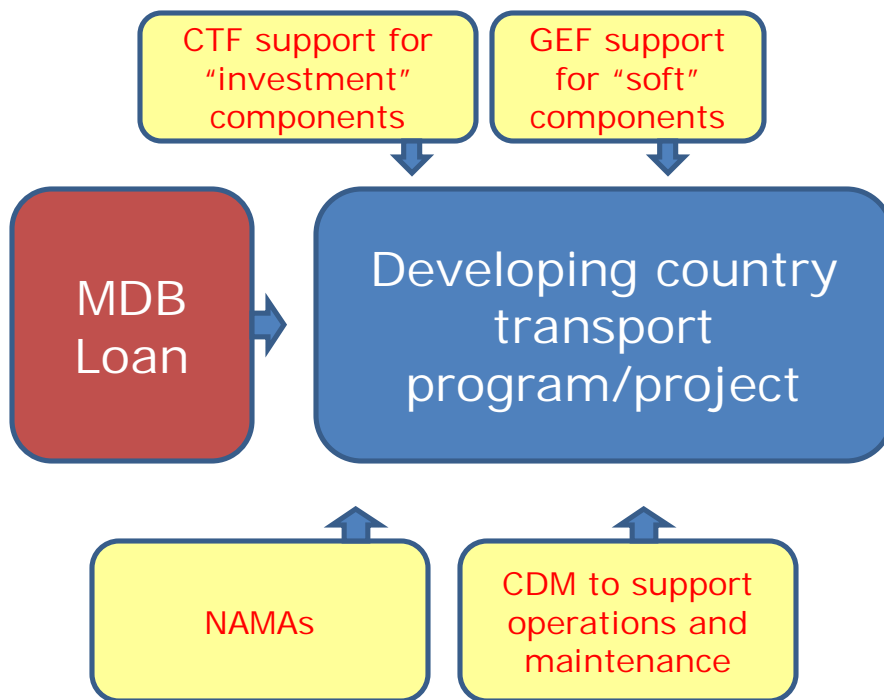
**Energy Subsidies :**  
**Globally expected to reach \$ 500-700 billion**  
**(IMF, 2010)**

Source: Ko Sakamoto



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# Scenario for future funding climate oriented transport projects



- Need to structure objectives Climate funds
- Harmonize GHG assessment protocols:
  - Developing countries
  - MDBs
  - Climate Funds



# Key messages

- Transport needs to be a key part of future climate change mitigation policies
- Financing is key factor in the scaling up of existing best practices. Need to re-asses:
  - Pricing and Local/National transport funding
  - Development funding for transport
  - Carbon financing
- ODA will remain the most important external source of transport funding
- Harmonize objectives and methodologies of climate funds, MDBs and national programs to avoid fragmented approach

## For more information:

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