



Overview of International Climate Funds for Urban Transport



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Introduction



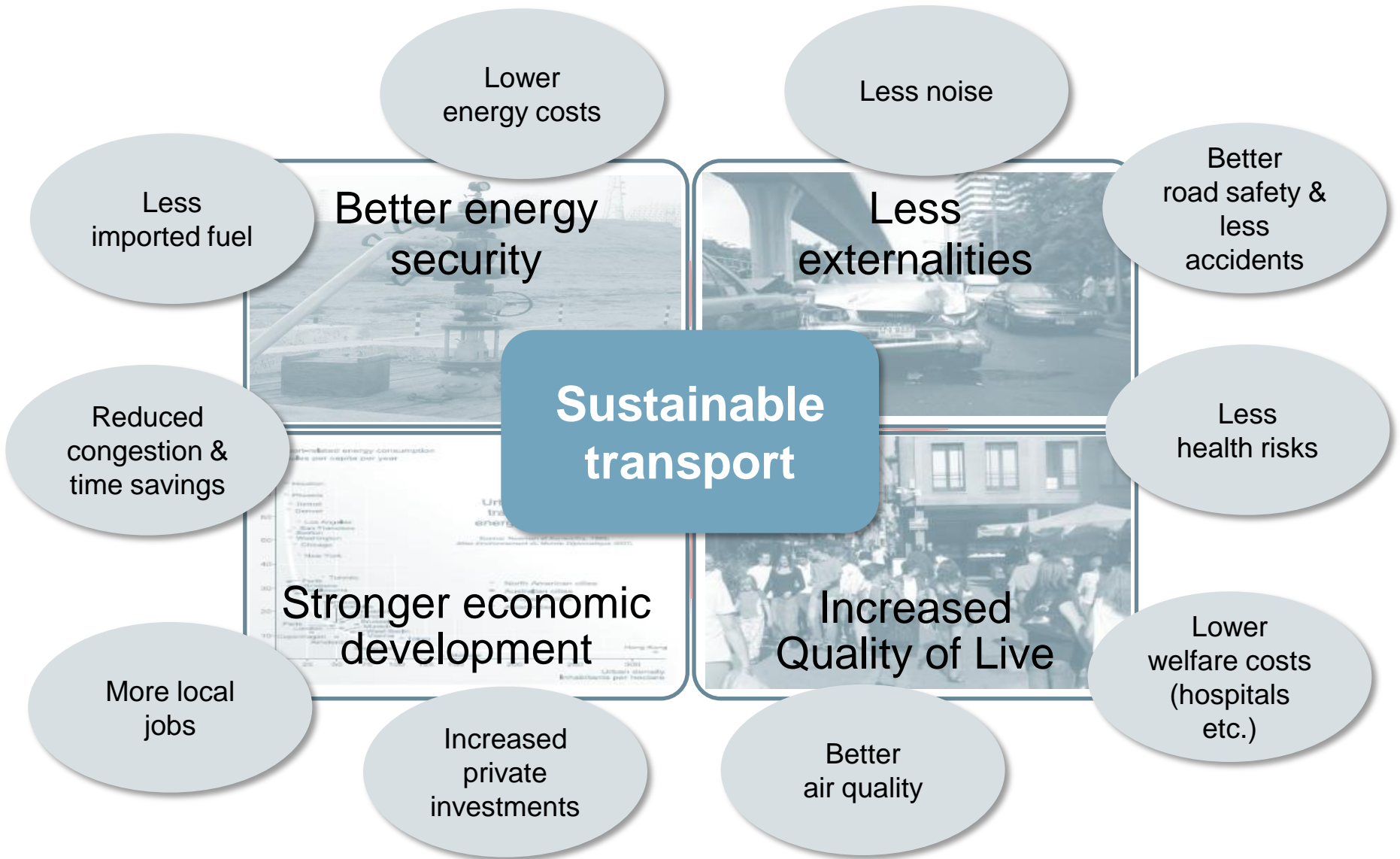
Climate finance and land transport



Accessing climate finance



Summary





What kinds of financing sources are there for sustainable urban transport?

- Transport related financing (e.g. levies, taxes)
- TOD (Transit orientated development)
- Public funds
- Public private partnerships – such as Design, Build, Transfer DBT or Design, Build, Operate, Transfer (many types)
- Tendering, contracting franchising operations
- International aid
- **Climate finance**



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Climate finance and land transport



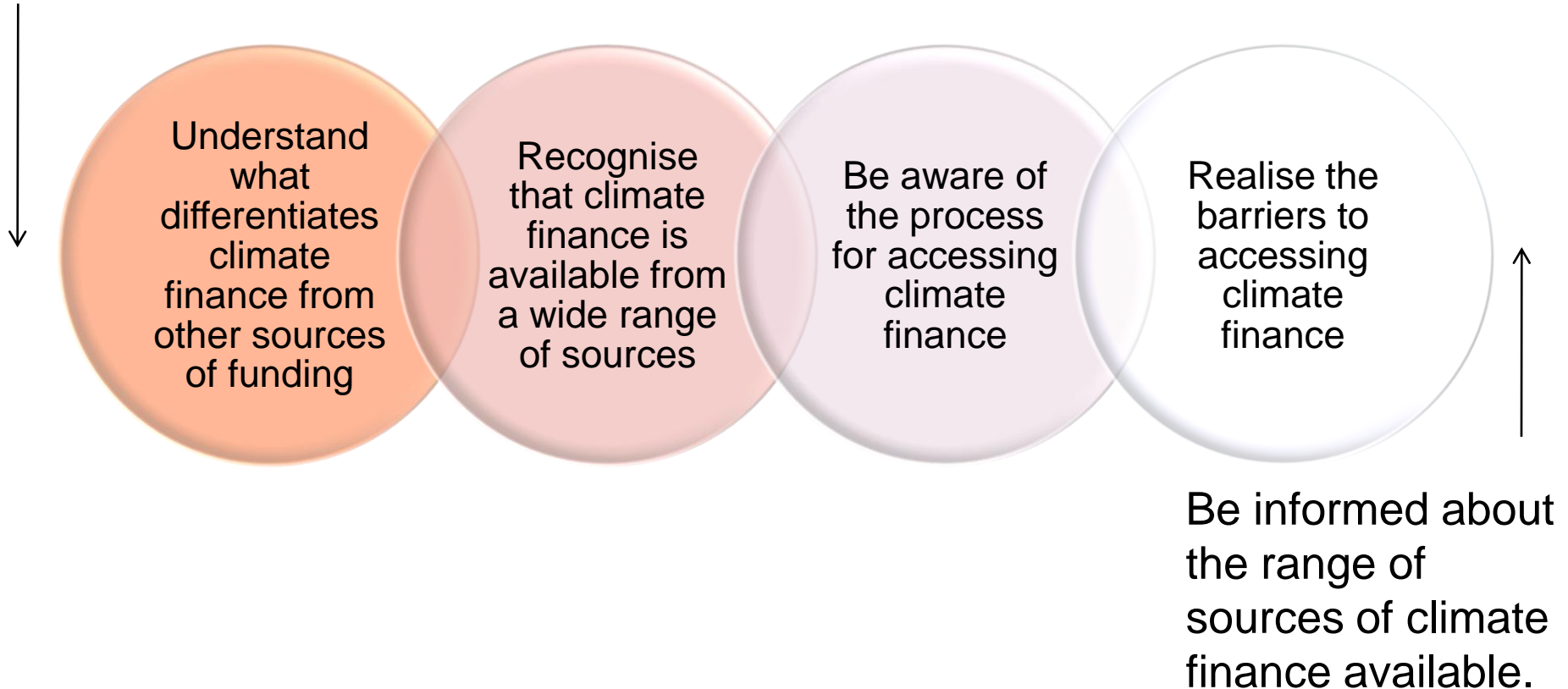
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Summary



Acknowledge that
climate finance is
available

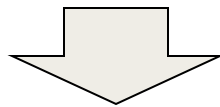




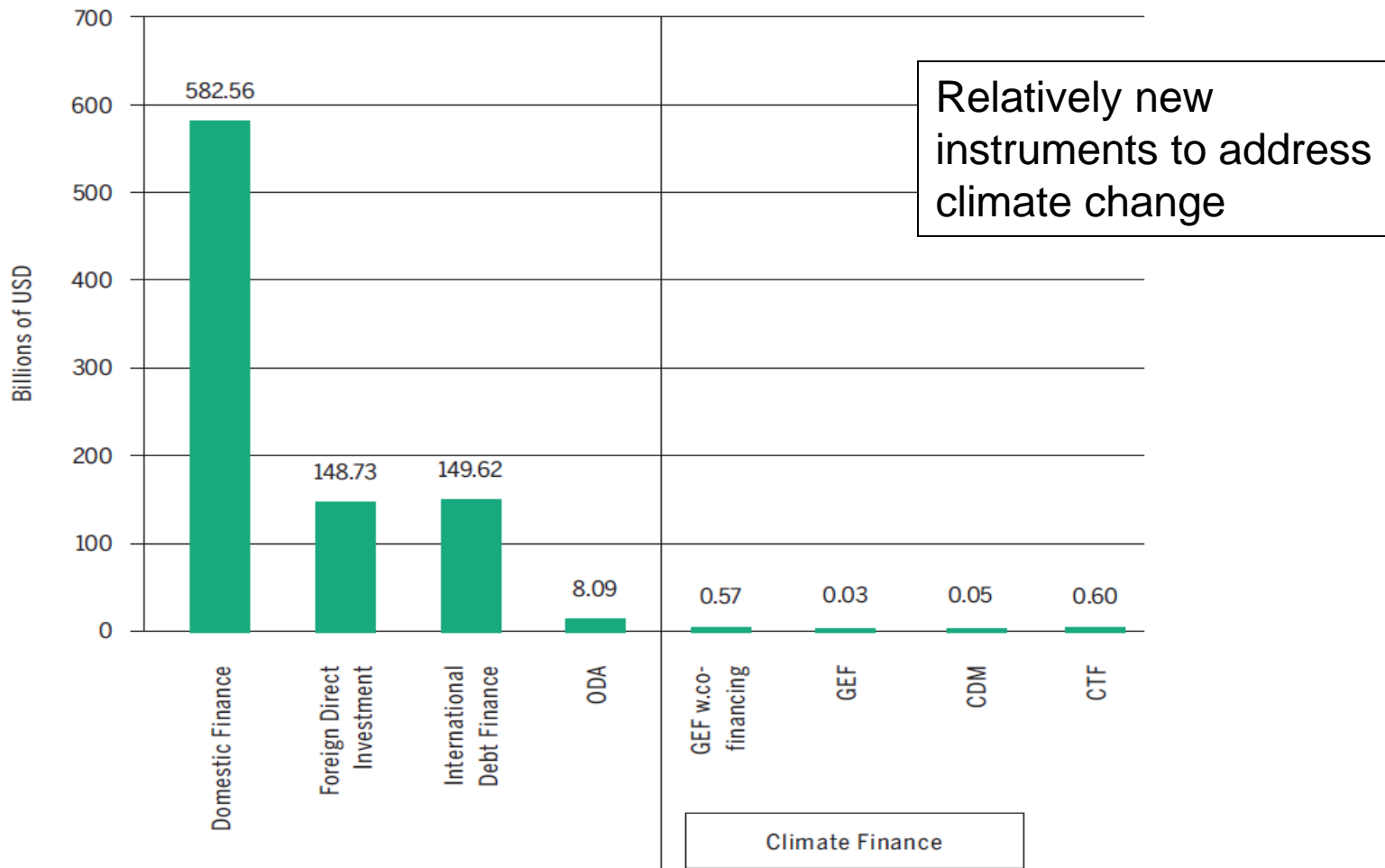
Climate finance

‘The resources to catalyse the climate-smart transformation of development trajectories by covering the additional costs and risks of climate action, creating an enabling environment and building capacity ***in support of adaptation and mitigation*** as well as encouraging research, development, and deployment of new technologies.’

Source: World Bank, 2010



Climate change is the main target

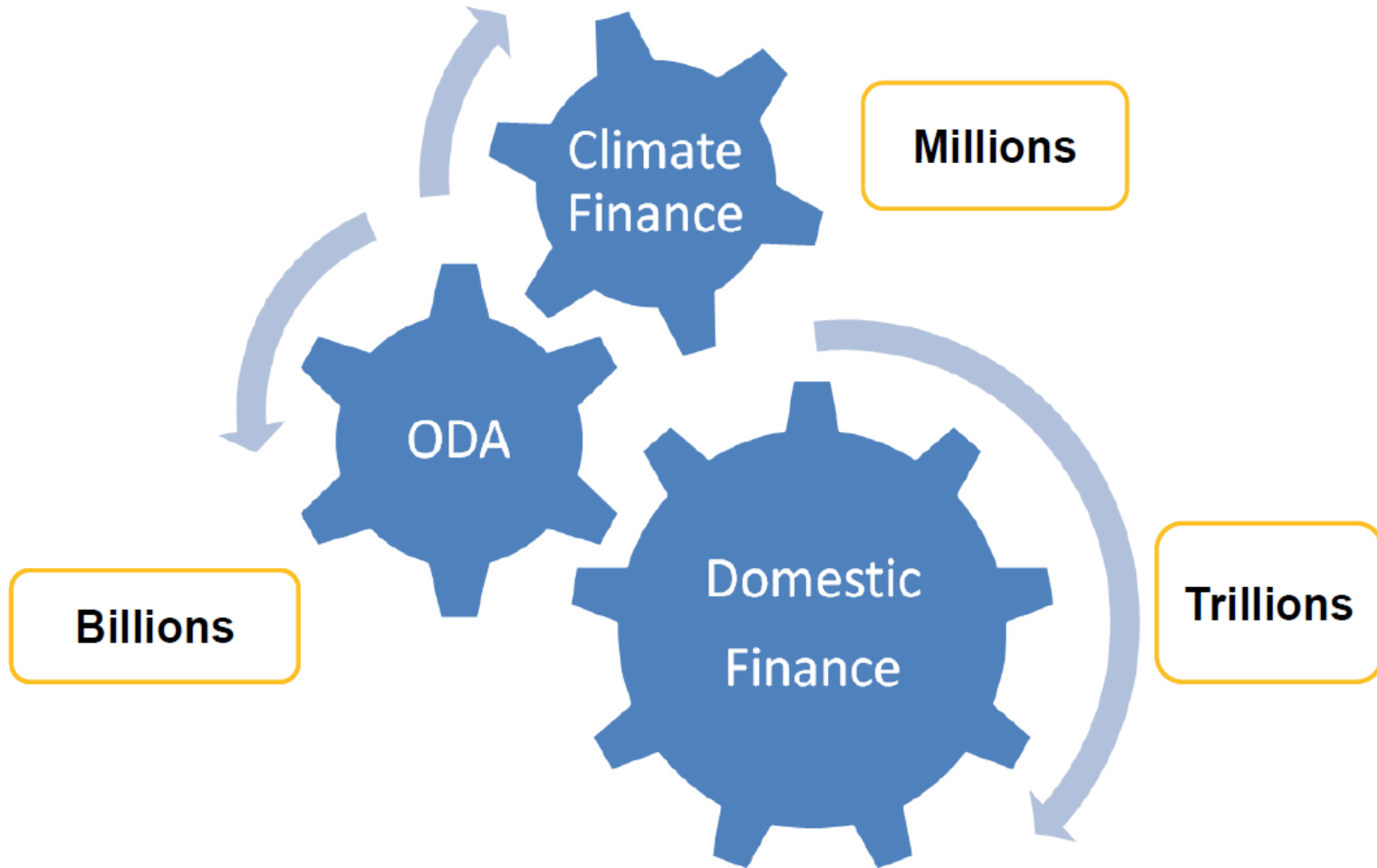


Source: ITDP, 2010.

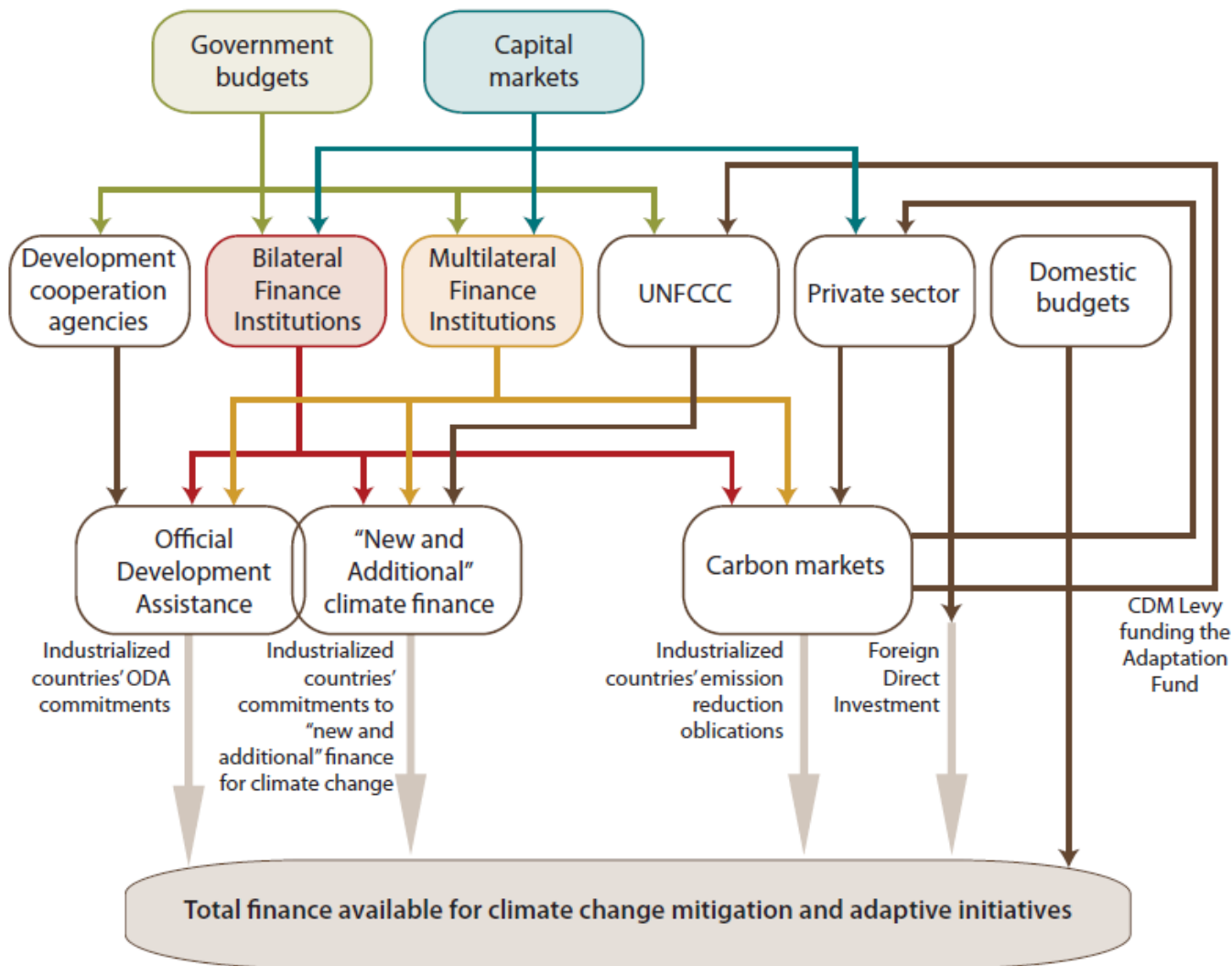


If it's so small, why take notice?

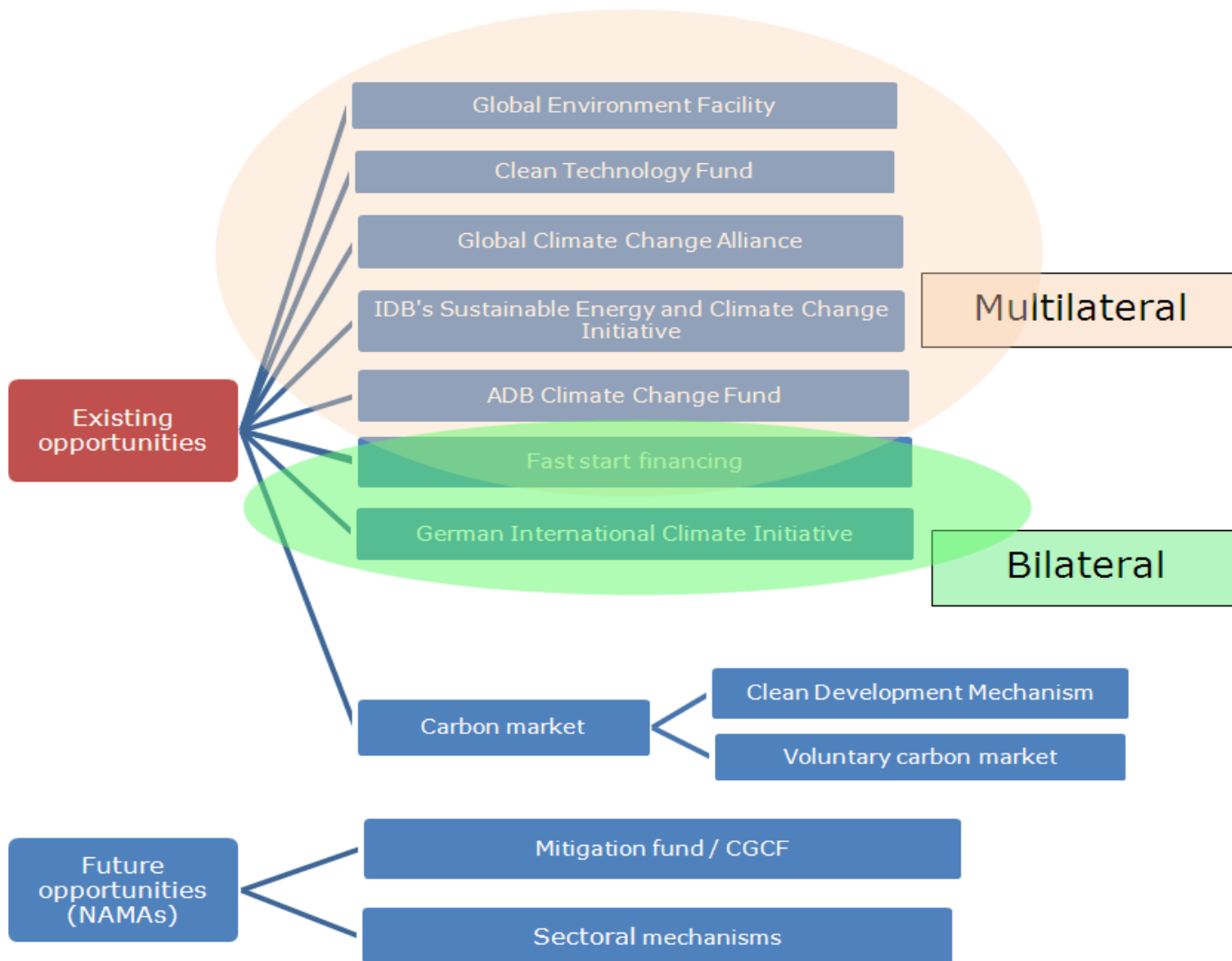
- Can “motivate” people to think about carbon
- Can make a marginal project viable
- Can increase visibility internationally
- Can leverage change in other flows



Source: Sakamoto in ADB, 2010.



Source: Atteridge et al, 2009.



Source: Binsted et al, 2010.



- Total US\$ 8.8 billion (1991-2009)
- **US\$ 201 million** allocated to transportation (1999-2009)
- GEF 5 (2010 – 2014) **US\$ 250 million** assigned to transportation.
- **Activities:**
 - Full size projects (FSPs) (> US2Million)
 - Medium size projects (<US2Million), (MSPs),
 - Enabling Activities (< 150000 US)
- **GEF Agencies:** MDBs, UNEP, UNDP, IFAD, FAO, UNIDO.
- Consistent with national priorities & with GEF operational strategy, covers **incremental costs**, requires public involvement, endorsement by host country, eligible country.



Sustainable Urban Transport Project in Kathmandu, Nepal

- US\$ 30 million **urban transport** project (grant, approved in June 2010)
 - from ADB (66%),
 - the local government (26%) and
 - GEF (8%).
- Purchase of **low emission (electric) mini buses** to replace the diesel buses currently in use.
- Feasibility study for the **reintroduction of trolley buses**.

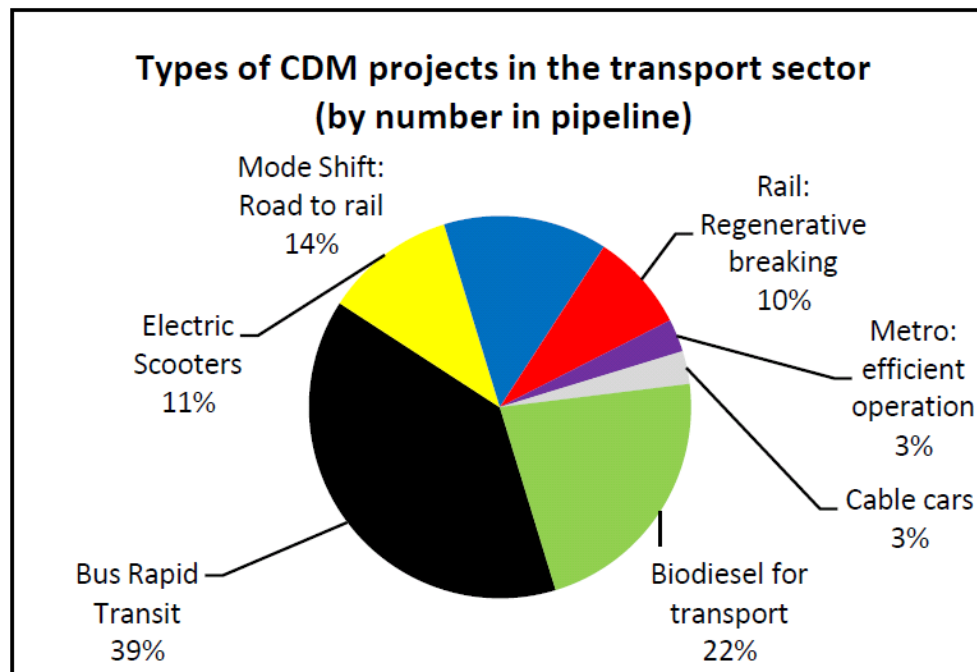


Slide source: Harald Diaz-Bone (2011)

Clean Development Mechanism (CDM)



- 6,147 proposals for CDM project activities submitted for validation and/or registration by the CDM Executive Board
- Only 0.6% (37 proposals) have been submitted as 'transport' projects
- Only 0.16 Mt CO₂-eq. reduced per annum in transport sector



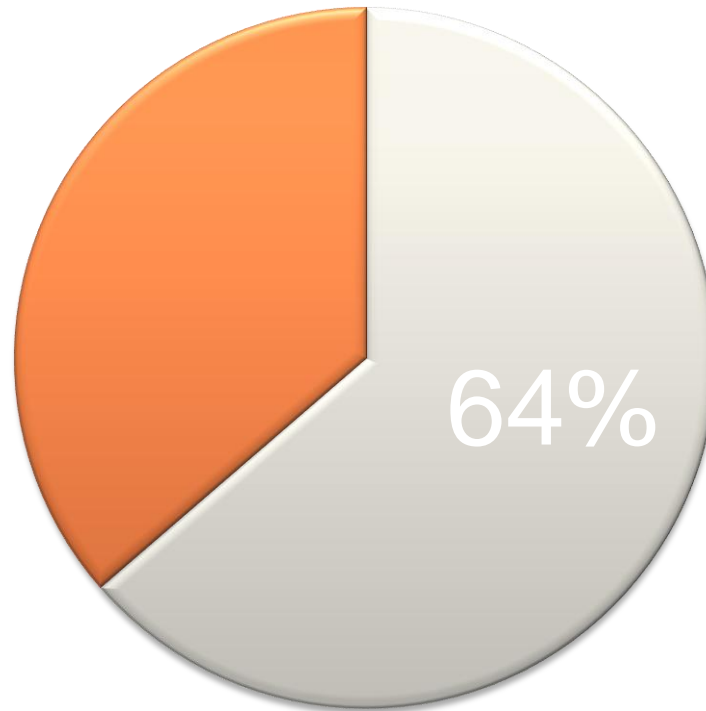
Source: Gomez, 2011 based on UNEP Risoe Centre

Nationally Appropriate Mitigation Actions (NAMAs)

- Voluntary climate change mitigation activities conducted in developing countries
- Policies, programmes or projects
- National, regional or local level
- UNFCCC is exploring how to operationalise NAMAs
- Three types of NAMAs are being discussed:
 - Unilateral (domestically funded)
 - Supported (supported by Annex I Parties)
 - Credited (supported by carbon credits).

- 44 NAMA submissions made to the UNFCCC
- 28 submissions contain transport NAMA proposals
- NAMAs are also being developed by other Parties.

Developing countries can continue to communicate NAMAs – both domestic and those that they are seeking support for - with the UNFCCC.



Non-Annex I
Parties
proposing
transport
NAMAs



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Summary



1. Project helps mitigate climate change?
2. Can impact on carbon be measured?
3. Can the extra money be shown to provide additional carbon savings?
4. Is there sufficient co-financing to cover total project costs?



GEF Criteria for access to funding

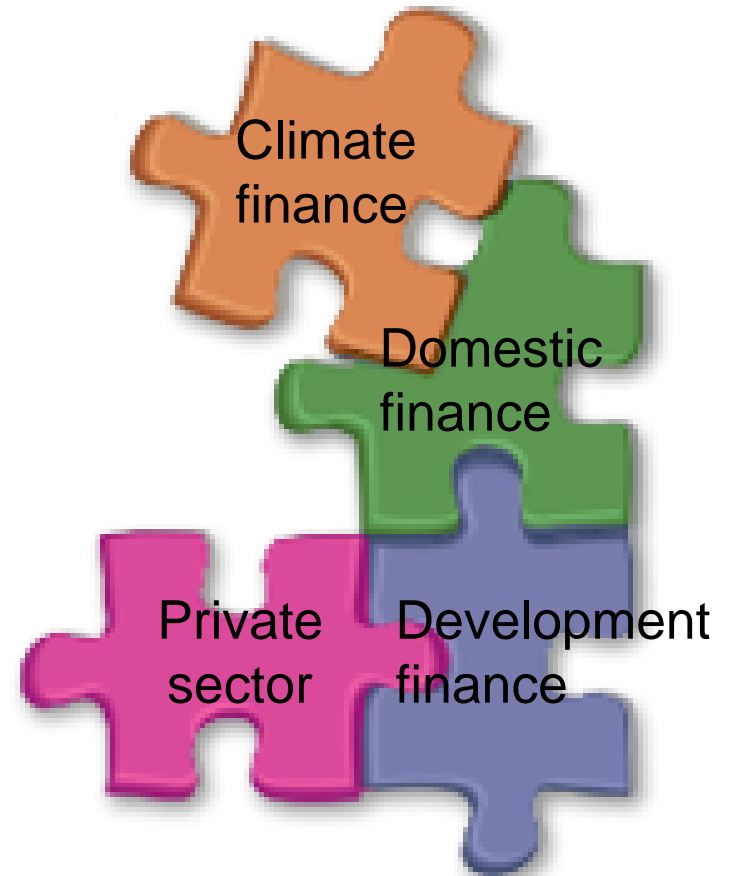
Projects must ...

- Be undertaken in an **eligible country**
- Be consistent with **national priorities** and programmes
- Address one or more of the GEF **focal areas**
- Be consistent with the GEF **operational strategy**
- **Involve the public** in project design and implementation
- Be **endorsed** by the government(s) of the host country(ies).



1. The need for co-finance

- Insufficient funds relative to challenge
- Incremental costs
- High project preparation, measuring and monitoring costs
- The majority of finance will need to come from domestic sources.





2. Measuring CO₂ emission reductions (MRV)

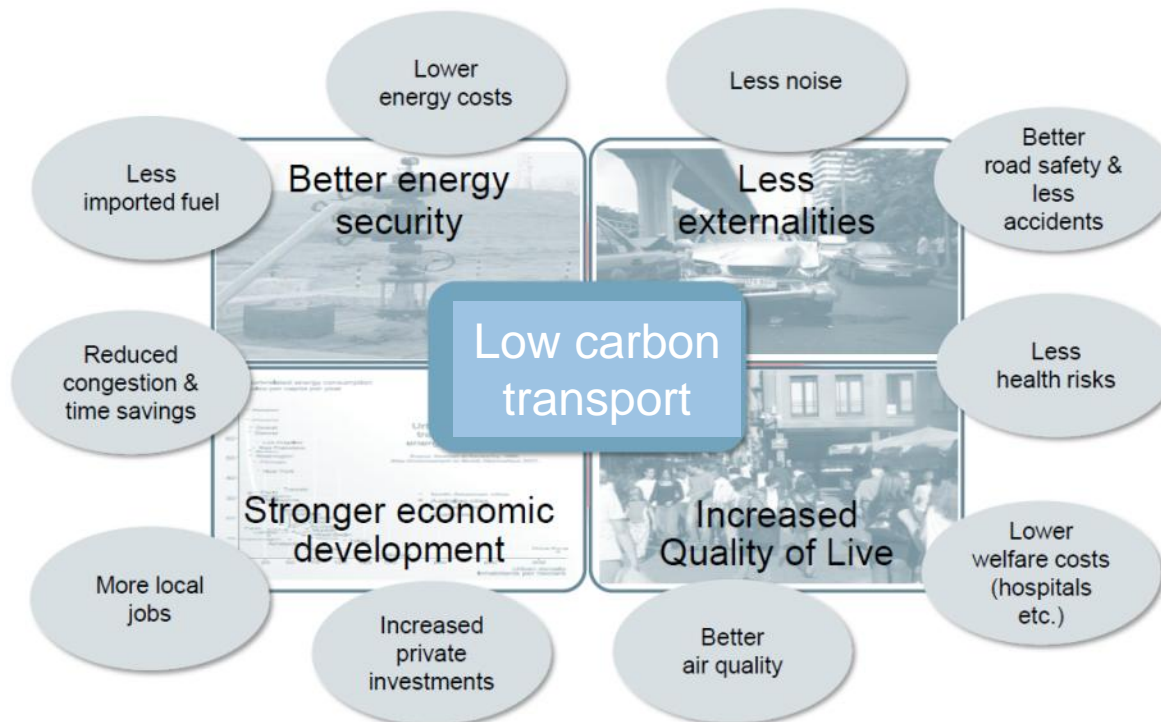
- Unique nature of transport sector
- Insufficient data
- Standardised baselines
- Complex methods required





3. Proving additionality

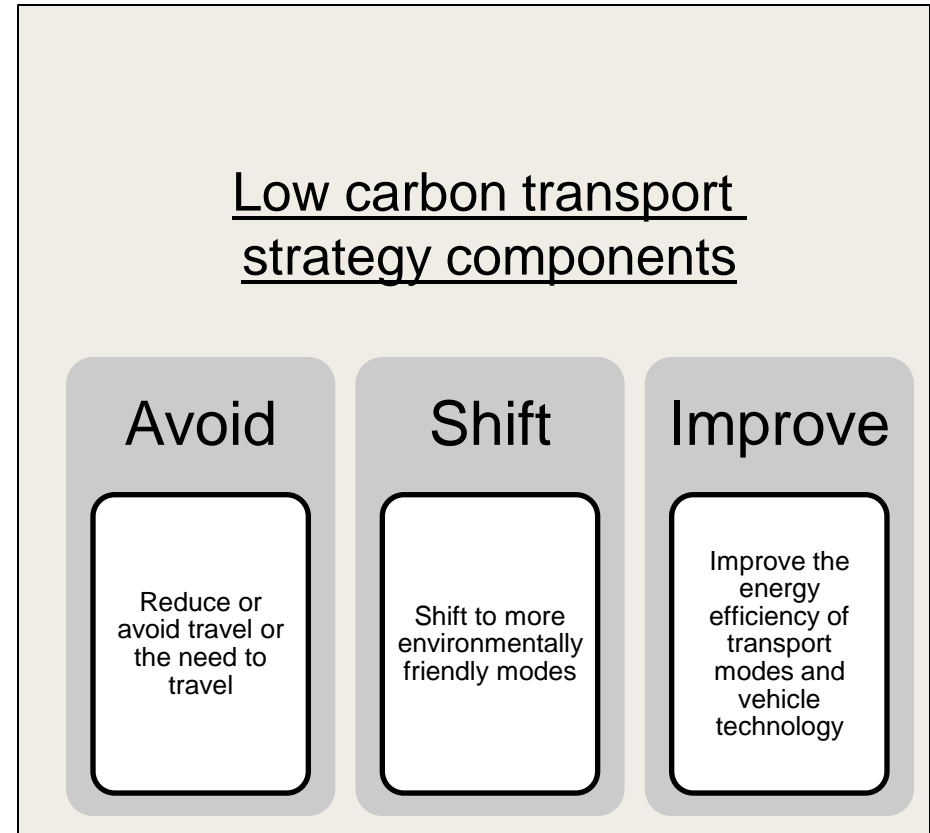
- Extensive co-benefits of climate change mitigation in the land transport sector
- Calculating 'incremental' costs





4. The focus on project-based support

- Strategic interventions required for transformational activities
- Emission reductions hard to capture on a small scale.





Concept

1. **Based** on existing strategy, plan (local and national level)
2. Identify **financial gap**

Type of support

1. Analyse financial need: **grant, loan**
2. Identify **needs**: finance of infrastructure/ operation/ management vs. capacity building vs. technology transfer
3. **Co-funding** needed (Size? Payment criteria?)
4. Support **criteria** (e.g. CO2 emission reduction)

Identify contact

1. Within **national** government
2. Within international **donor** organisation
3. Discuss **eligibility** criteria

Application

1. Work in **close cooperation** with donor agency
2. **Apply** for financial support – consultants might help
3. Follow application **procedure**



Climate finance



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Summary




- Climate finance is used solely for mitigation and adaptation
- Sources of climate finance are wide and growing in number and volume of disbursements
- A wide range of sustainable low carbon transport interventions have been supported by climate finance
- Climate finance can leverage additional funding
- There are a number of barriers to accessing climate finance but these can be overcome
- New sources of climate finance are being developed and will take into account historic challenges experienced by land transport.



Climate Finance Guidance – available for download!

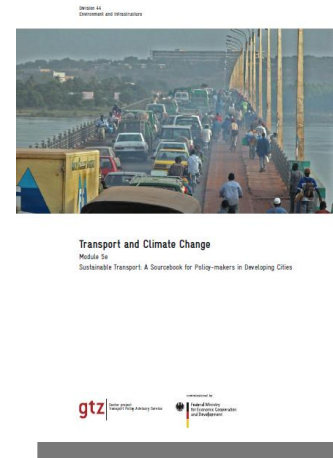
Division 44
Water, Energy, Transport



Accessing Climate Finance for Sustainable Transport: A practical overview
Sustainable Urban Transport Technical Document # 5
By BINSTED Anne, BONGARDT Daniel, DALKMANN Holger and SAKAMOTO Ko

- GTZ Sourcebooks and Technical Papers for Policy Makers worldwide

<http://www.sutp.org>



<http://www.transport2012.org/bridging/ressources/files/1/1122,SUT-TD-5.pdf>



THANK YOU

