WORLD BANK GROUP

# CAPTURING CLIMATE FINANCE

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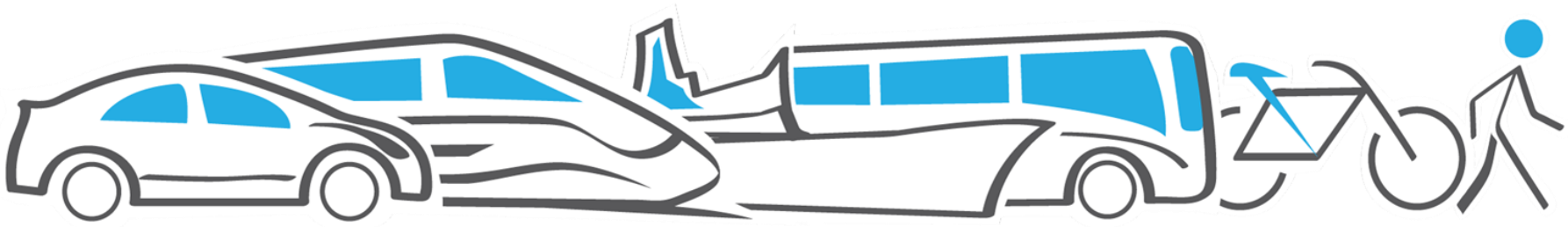
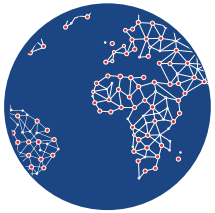


# VISION

**To facilitate Sustainable Mobility for All through four goals:**

GOALS



**ACCESS FOR ALL**

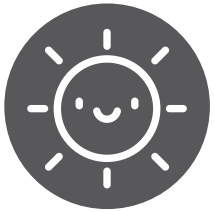
Secure access for all to economic and social opportunities

**EFFICIENCY**

Increase the efficiency of transport systems and services

**SAFETY**

Improve the safety of mobility (SDG target 3.6 on road safety)



**CLIMATE RESPECT**

Embed mitigation, adaptation, and environmental concerns into supply as well as demand side

OUTCOMES

**Progress on these goals will improve the lives and livelihoods of billions of people across the world—their health, their environment, their quality of life—and help stabilize climate change over the long term.**

# CHALLENGES

**Global efforts on sustainable mobility have so far been insufficient:**

**40%** **Damage from climate events**

Up to 40% of damage from climactic events is transport infrastructure related

**23%** **GHG emissions**

Transport responsible for **23 percent** of energy-related **GHG emissions** and this share is increasing

**74%** **Emissions from vehicles**

On-road vehicles accounted for about three-quarters of fuel consumption and CO2 emissions in 2010

**1** **billion cars**

**Number of vehicles** on the road expected to **double** to 2 billion by 2050

# OPPORTUNITY

## Sustainable transport can generate both climate and development benefits

- **Promoting sustainable transport contributes to global mitigation efforts and provides local development benefits (co-benefits).** It can help stimulate economies, achieve energy security, enhance health and quality of life for populations, and reduce environmental degradation.
- **Implementing clean transport policies in Brazil, Mexico, China, EU, India and the US could deliver around 72% of the global technical mitigation potential in the transport sector by 2030:**
  - Policies include: fuel efficient vehicles, wide spread adoption of electric and hybrid vehicles, greater use of public transport, more advanced biofuels, more efficient freight
  - Benefits [Adding Up the Benefits (Results, annual in 2030)] include:
    - ✓ Mitigating 2.4 Gt $CO_2$e emissions per year
    - ✓ Saving 20,000 lives & 4,700 TWh of energy
    - ✓ Monetized benefits of 456 billion USD (2010)

# COST

## Investments are needed for sustainable new and existing transport systems

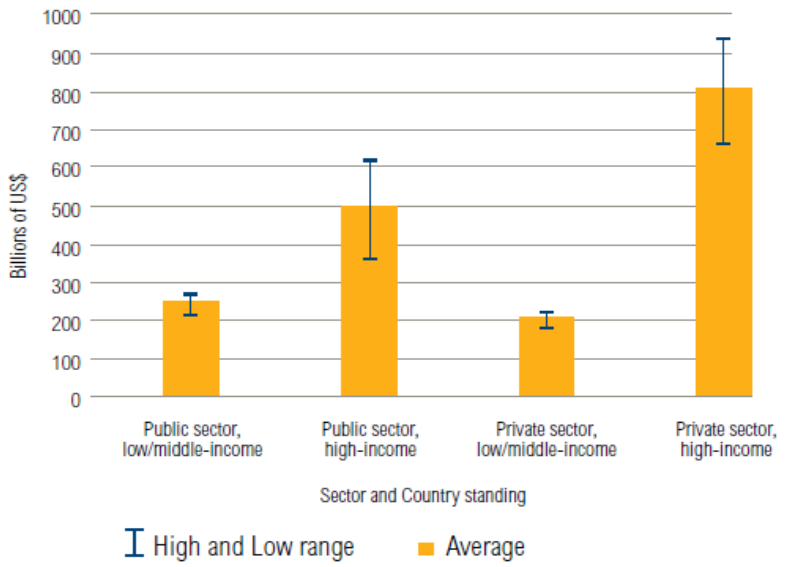
Global investments in public and private transport: **$1.4-$2.1 trillion** per year*

- Private investment = 58%
- ODA and Green Funds: 2%
- HIC: 75 %

Capital needs to achieve 2 degree scenario pathway:**

- **$2 trillion**
- $237 billion in BRT and rail investments

Figure 1 | Estimated Annual Transport Investment




Sources: Wagenvoort 2010; World Bank PPI Database 2013; Government Budget Publications; CBI 2013; OECD Stats 2013; IMF Government Finance Statistics 2013; ITF 2012; ITC 2013.

(*) Levefre B., and al. (2014), "The Trillion dollar question:
(**) Lefevre B, and al. (2016), "The Trillion dollar question II: tracking investment needs in transport" WRI

# MULTI-STAKEHOLDER

## Many actors have made voluntary financial and operational commitments

| COUNTRIES | CITIES | PRIVATE SECTOR | MDBs | LPAA |
|---|---|---|---|---|
| **>70%** countries are targeting transport in their NDCs | **>80** cities (affiliated with C40) are tackling climate change and climate risk | **>260** transportation companies pledged to reduce GHG emissions | **>$175 billion** committed in loans and grants for sustainable transport from 2013 to 2022 | **15** initiatives have committed to reducing carbon footprint across transport modes |

# BARRIERS

## Relative to energy projects, transport faces a number of barriers:

### Context

- No common framework for 'sustainable transport'
- Demand side is critical: need to change behavior of end users
- Role of MDBs: COP 21, Climate Action Summit (DC, May 4-5), UNHLAG on Sustainable Transport

### Finance

- Limited awareness of finance opportunities and green solutions
- GHG reductions alone are insufficient to fund/ incentivize green investment
- Methodologies and MRV frameworks to support access to climate finance are complex

### Climate Investment Fund

- Some success, but process served neither donor nor client perfectly
- High transaction costs, lack of flexibility and slow disbursing pipeline
- Limited focus on resilience or holistic resilience mitigation priorities

# TIME FOR ACTION

We **need dedicated funding in Green Climate Funds**

**Why:**

- Actions to curb GHG emissions will fall short if transport is not included.
- Transport cannot compete with energy for climate funds due to institutional and organizational complexities.
- Dedicated transport funding will allow us to **scale up** up to address the needs expressed for more sustainable transport in NDCs.
- Dedicated transport funding will provide us with a mechanism to take the **risks** involved funding these sustainable mobility projects.

# TIME FOR ACTION

## Climate finance for transport is limited

- Clean Technology Funds: **13%** of $4.1 billion approved (with 3 Pilot Program for Climate Resilience)
- Clean development mechanism (CDM), only 30 of 7,632 registered projects
- Nationally Appropriate Mitigation Action: 43 for transport, but few in implementation
- Carbon Finance: $7 million (out of $1.7 billion)
- ODA concessional finance: **8.5%** for transport (2010-14)
- IBRD/IDA: $3.2 billion (of $25.4 billion committed for mitigation over FY11-14)
- Other MDBs: Climate Finance targets.