

NAMAs as a tool for transitioning to sustainable, low-carbon transport

Stefan Bakker Asia regional exchange on transport-
NAMAs

Singapore, 16 August 2013

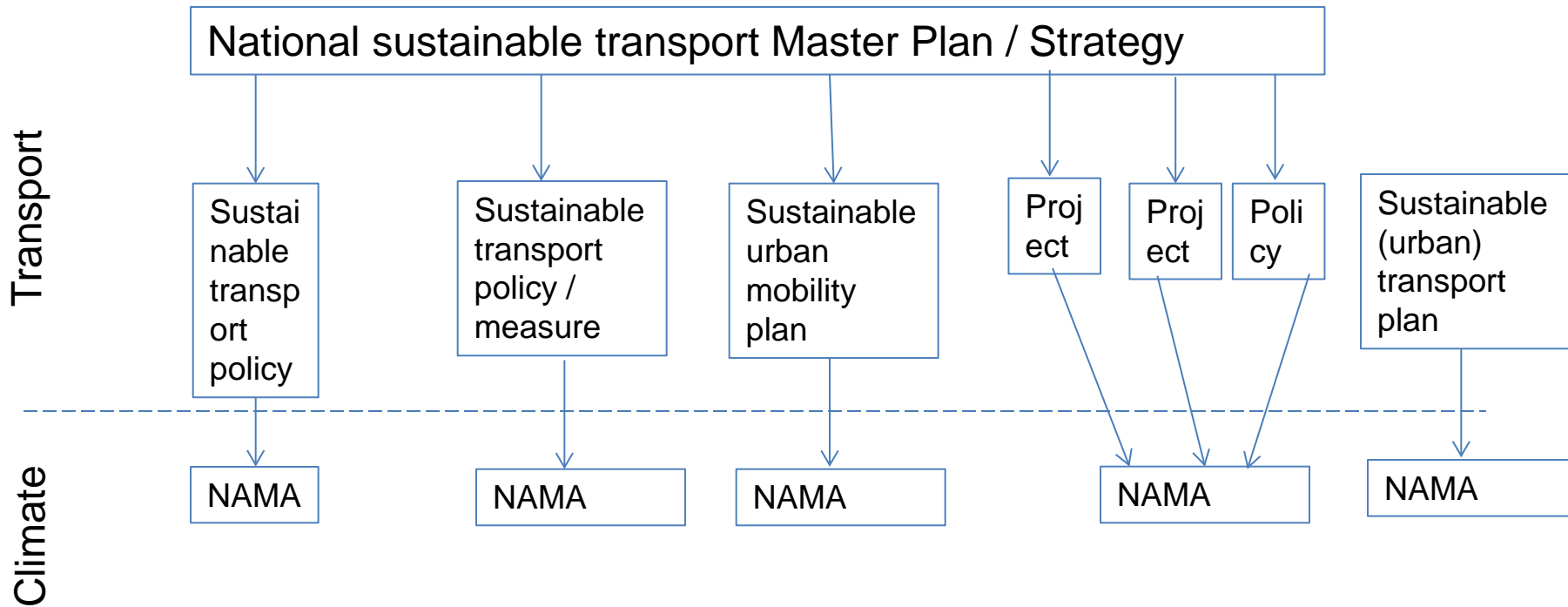
Stefan.bakker@giz.de

www.transportandclimatechange.org



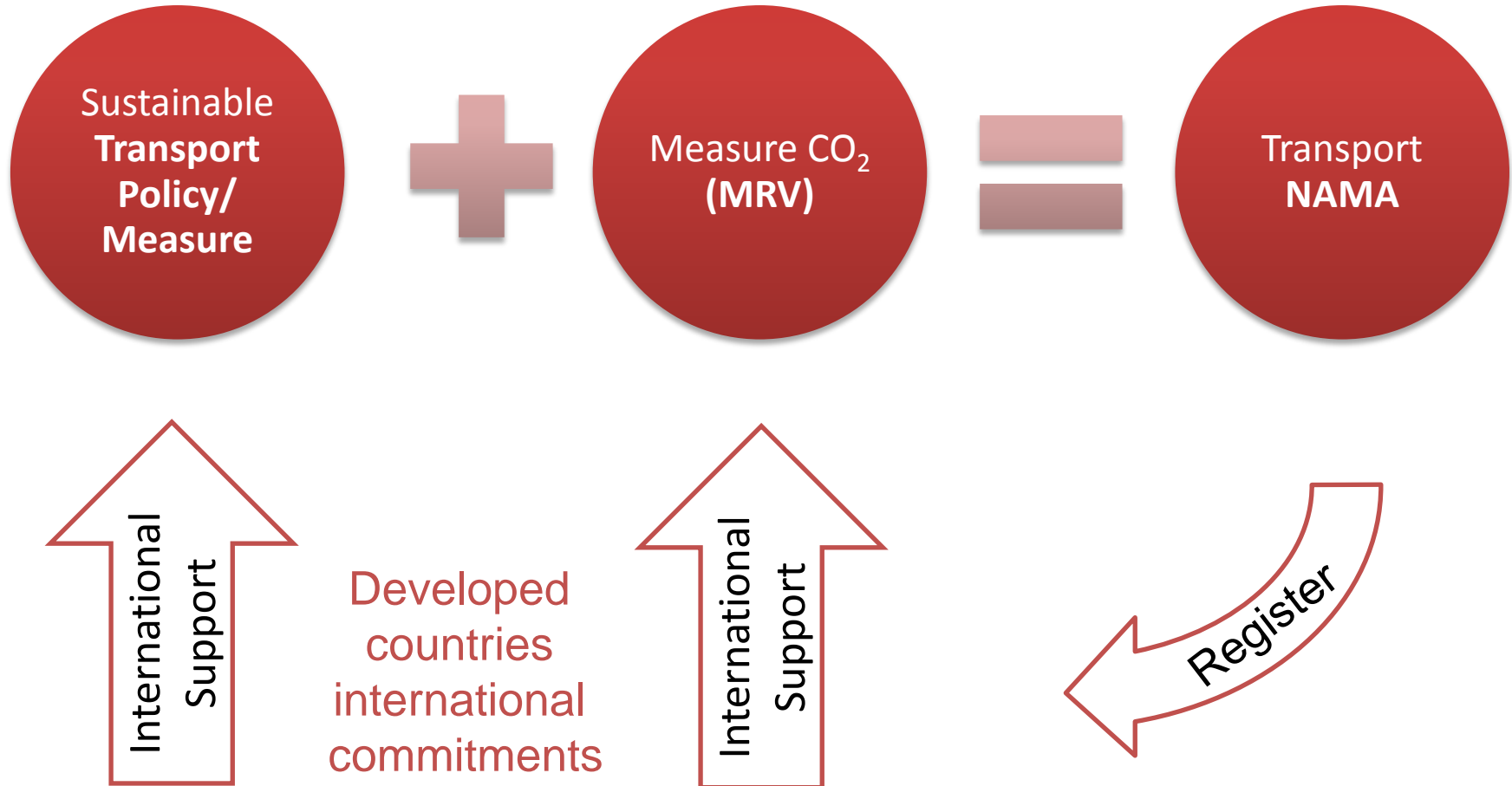


NAMA: connecting transport and climate policy



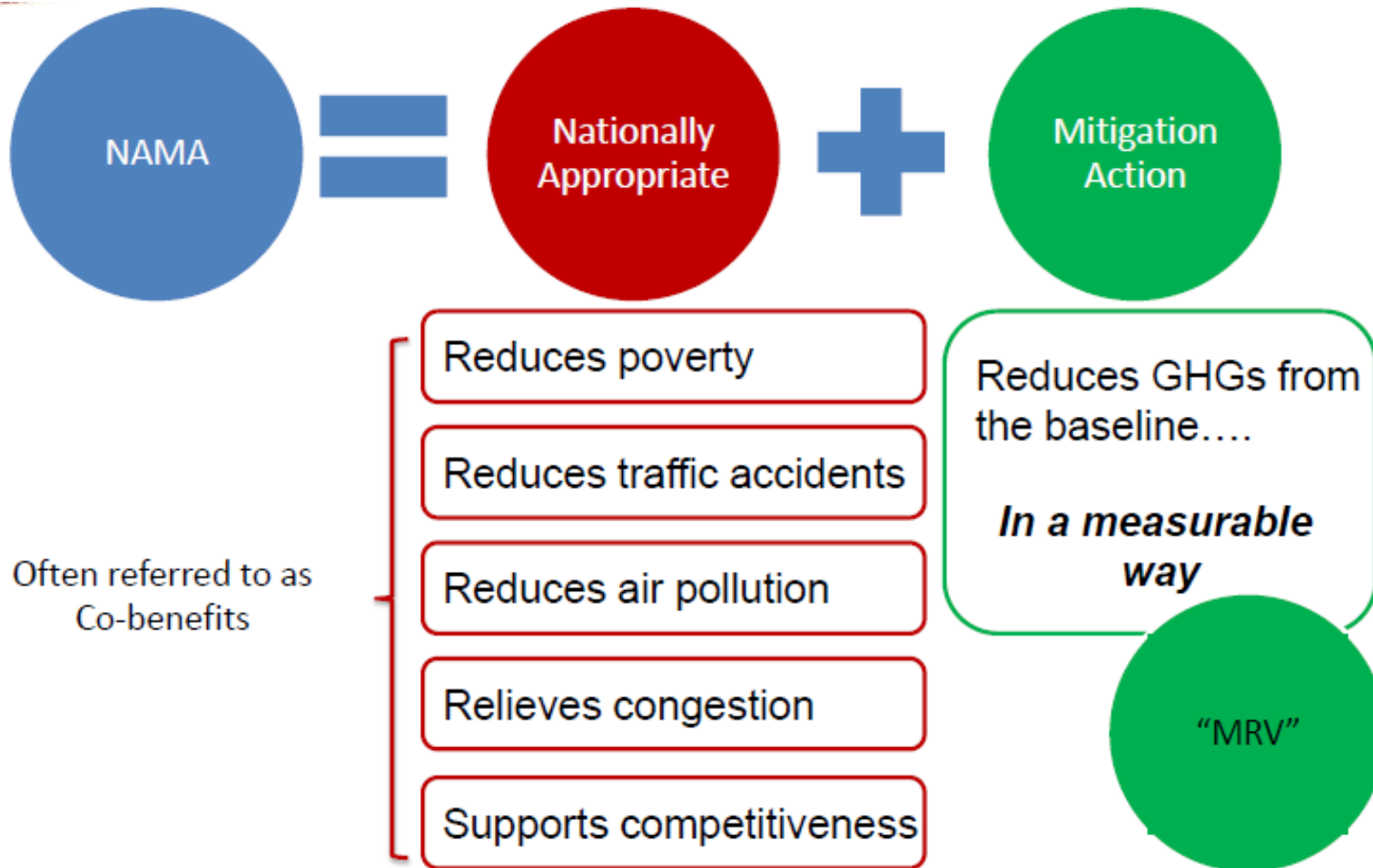


(supported) NAMA in transport sector



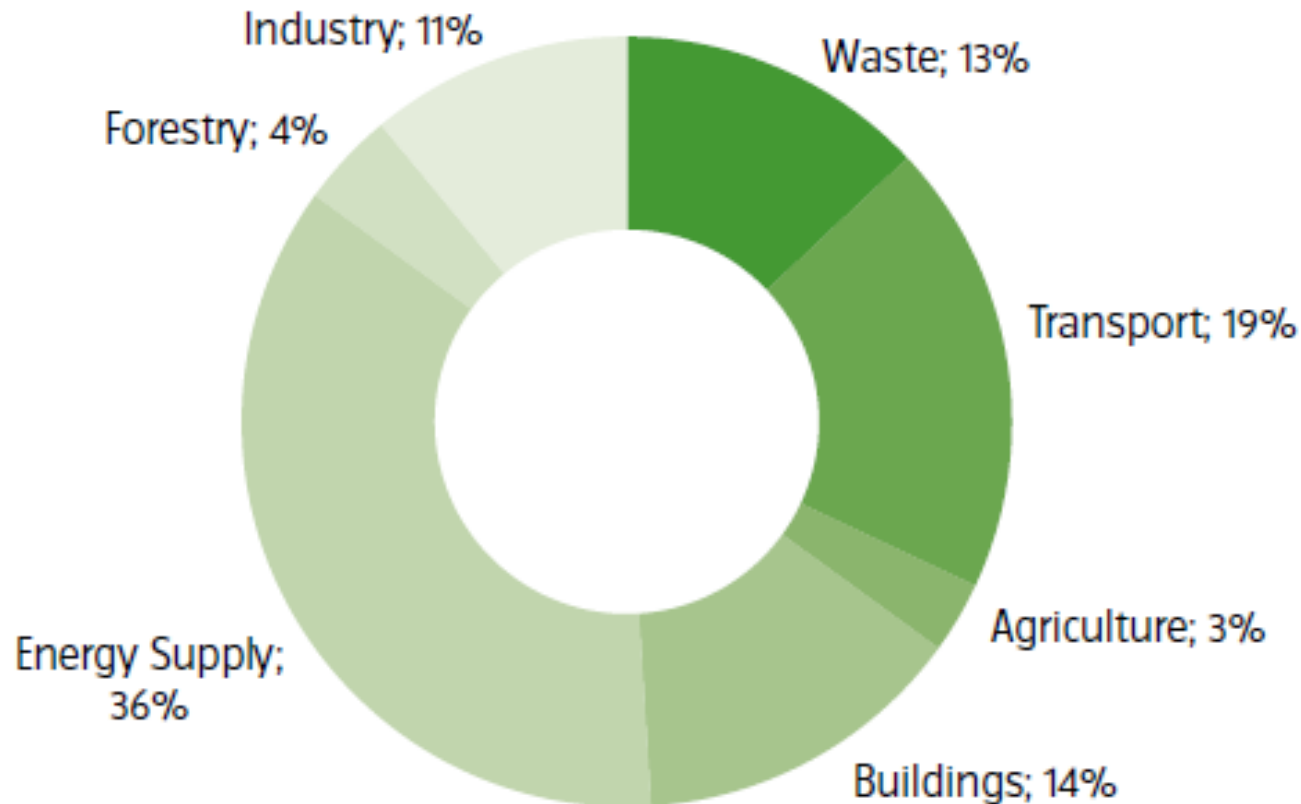


NA + MA





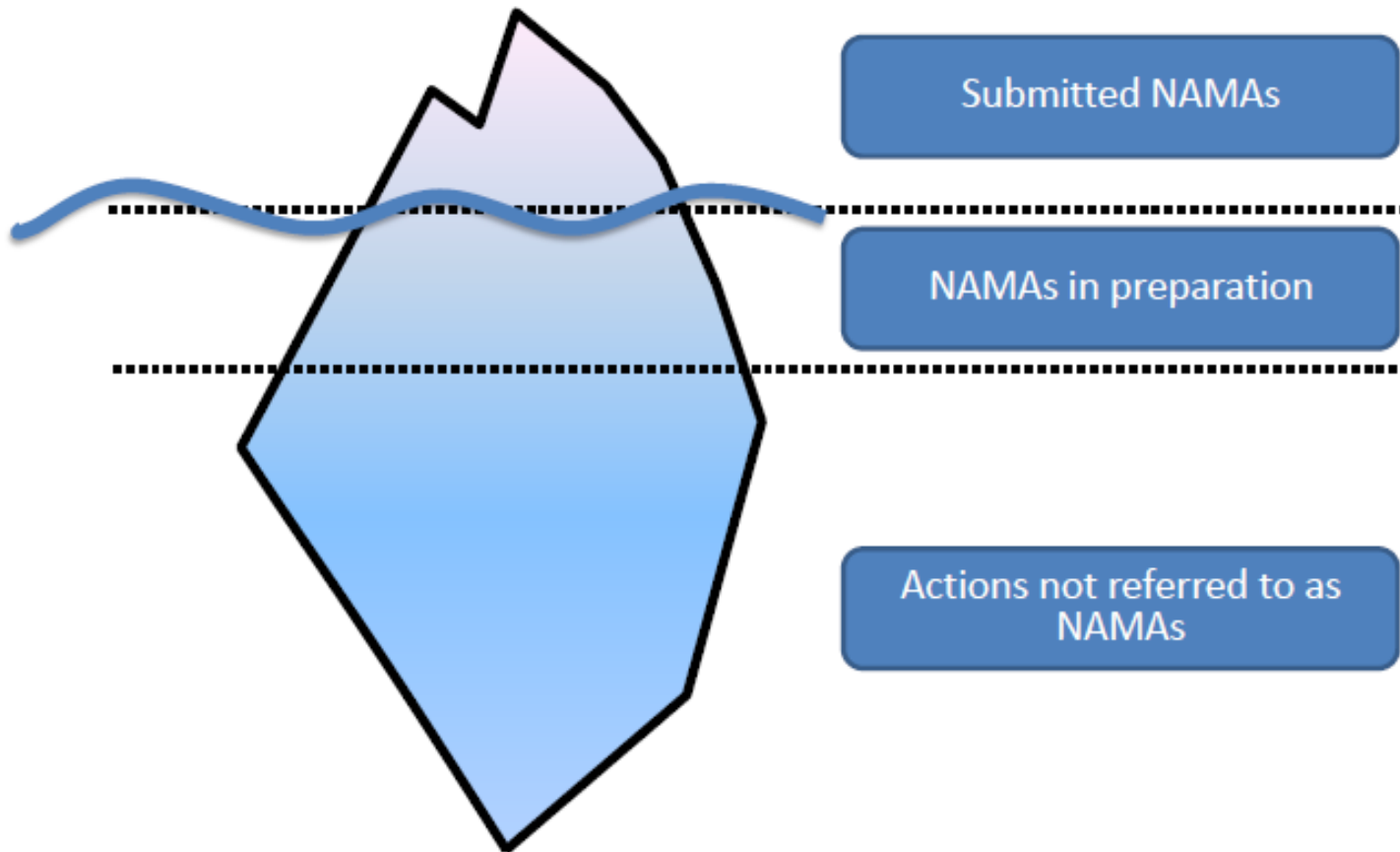
Transport sector well-represented



NAMA database,
June 2013



But still might be tip of the iceberg





Strategy – policy - project

Box 3: NAMA typologies and examples

The Ecofys NAMA Database (Ecofys, 2013) distinguishes between three types of examples:

- A Strategy** - a long term comprehensive plan of measures and actions designed to achieve a common goal. It contains many types of activities with various degrees of impact:
- 20% Renewable Energy target backed by a market and regulatory strategy to break barriers in RE development.
 - Master plan to improve transit management.

- B. Policy** - a government led programme or measure that has been or is intended to be embodied in legislation:
- Feed-in tariff
 - Emissions trading scheme.
 - Building code.
- C. Project** - a localised capital investment in either infrastructure or machinery:
- Building a concentrated solar power plant
 - Building a bus rapid transit system
 - Deployment of energy efficient industrial motors.



Types of policy instruments in the transport sector

Type of instrument	Examples
Economic	CO ₂ based vehicle taxation, parking fees, EV subsidy, sustainable transport fund
Regulatory	Fuel economy standard, speed limits, high-occupancy vehicle lanes
information	Car labelling, bicycle campaign
Spatial planning	Transit-oriented development, logistic centres, bus route optimisation
Infrastructure provision	Multi-modal facilities, metro construction, dedicated cycling lanes (often projects, mostly part of policies or strategies)

often policies

projects



Role of NAMA depends on type of intervention

- Help designing comprehensive strategies
- Policies: overcome non-financial barriers – capacity building, policy development
- Infrastructure projects: help shift domestic finance, and leverage private sector finance



How can NAMAs help the transition to sustainable transport systems?

- Help overcome barriers:
 - Technical and institutional capacity
 - Design high-quality policies and strategies
 - International financial support, leveraging domestic finance and other sources
 - Political support, local-national-international
- Achieving long-term change by moving beyond current plans, in a systemic approach (avoid mistakes made in industrialised countries)
- Scaled-up finance by shifting investments from traditional approaches to sustainable transport (notably public transport)



Criteria for high-quality transport-NAMAs

- GHG impact
 - Direct
 - Indirect (replication, long-term impact, innovation)
- Embedded in low-carbon development strategies
- Transformational approach
- Solid and transparent MRV approach
- Financial structure and potential for leveraging
- Cost-effectiveness
- Sustainable development benefits

Transport-NAMAs and climate finance

Stefan Bakker

Asia regional exchange on transport-NAMAs

Singapore, 16 August 2013

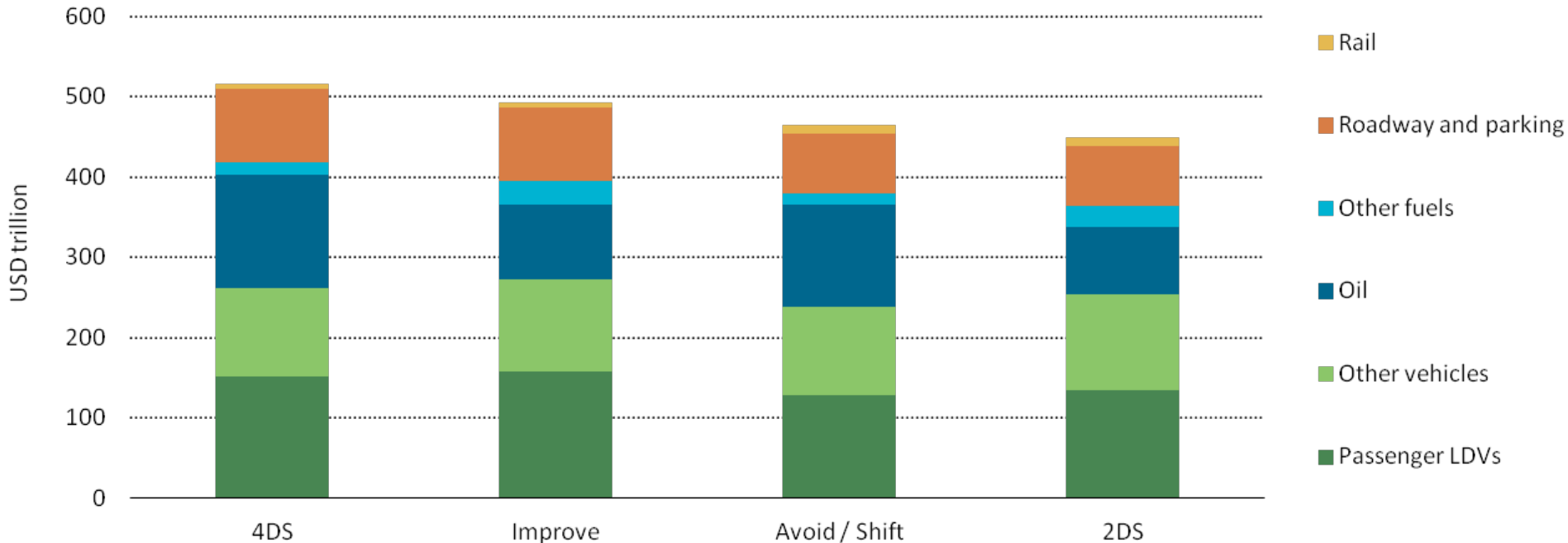
Stefan.bakker@giz.de

www.transportandclimatechange.org





Sustainable, low-carbon transport may save money



More than USD 60 trillion saved over the next 4 decades by saving fuel, and also reducing vehicle and infrastructure spendings (IEA, ETP 2012)



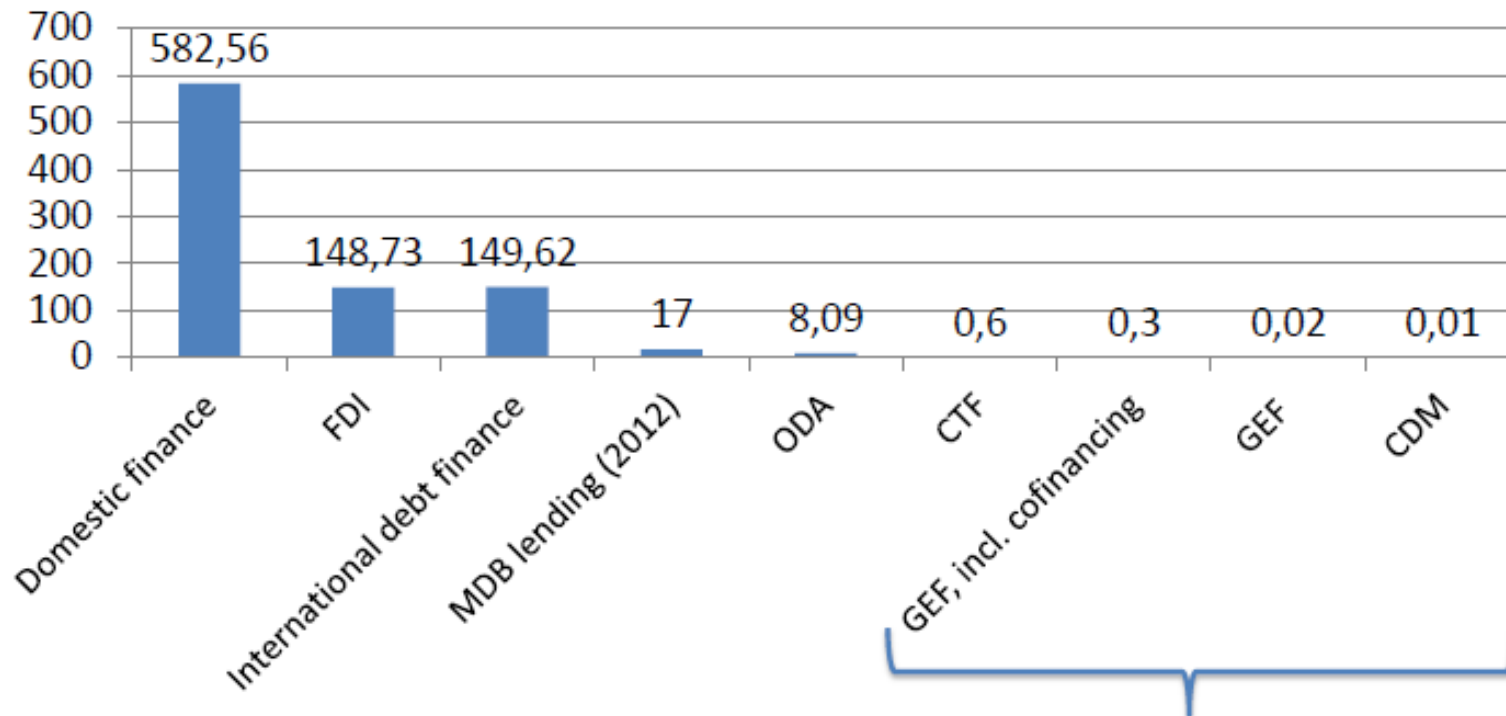
Financial barriers to sustainable, low-carbon transport

- Domestic public finance largest share of infrastructure investments
- Challenge to involve private sector, high risk, low return
- No internalisation of external cost
- Distribution of costs and benefits across actor groups
- Vested interests (e.g. automobile and fossil fuel industry; also government income from fuel/vehicle tax)



Can climate finance make a difference?

Global transport investments by source of finance in annual terms (US\$ bn)



Climate finance

Source: ITDP, 2010, based on UNFCCC (2007) and Bakker and Huizenga (2010)



Role of NAMAs for sustainable transport policies

Type of instrument	Avoid-shift-improve	Possible NAMA finance (preliminary assessment)
Economic (taxation, pricing)	SI	Grant for policy development
Economic (subsidies, fund)	SI	Grant for technology implementation
Regulatory	I (AS)	Grant for policy development
Information	ASI	Grant for programme
Spatial planning	AS	Grant for policy development and support
Infrastructure provision	AS	Concessional loan

Note: capacity building not included in the instruments here; can be added as part of a transport-NAMA and supported by grant



Financial instruments to channel private investment

Type of instrument	Level of governance	Benefits for the private sector
Public Private Partnerships	Local/ National	Share and mitigate risk for private actors
Land value capture tools	Local	Reduce investment risk
Grants and loans	International/ National/ local	Reduce upfront capital costs for private sector
Loan guarantees and credit enhancement	International/ National/ Local	Reduce financing risk, lower the cost of capital
Green bonds	National/Local	Access capital from institutional investors for large-scale rail and metro projects
Carbon finance	International	Leverage private finance, access resources from IFIs and gain political support from local governments



Cities – Environment - Transport



Support for NAMA implementation

E Cost

E.1 Estimated full cost of implementation	0.00
E.2 Estimated incremental cost of implementation	0.00

F Support required for the implementation of the mitigation action

F.1.1 Amount of financial support 0.00

F.1.2 Type of required financial support

- | | |
|--|---|
| <input type="checkbox"/> Loan (sovereign) | <input type="checkbox"/> Loan (Private) |
| <input type="checkbox"/> Concessional loan | <input type="checkbox"/> Debt Swap |
| <input type="checkbox"/> Grant | <input type="checkbox"/> Equity |
| <input type="checkbox"/> Guarantee | <input type="checkbox"/> Carbon finance |
| <input type="checkbox"/> FDI | <input type="checkbox"/> Others:<Pls enter Other text here> |

F.1.3 Comments on Financial Support <Pls enter Comments on Financial Support here>

F.2.1 Amount of Technological Support 0.00

F.2.2 Comments on Technological Support <Pls enter Comments here>

F.3.1 Amount of capacity building support 0.00

\$ (Dollars)

man/hours

F.3.2 Type of required capacity building support

Institutional development

Human capital

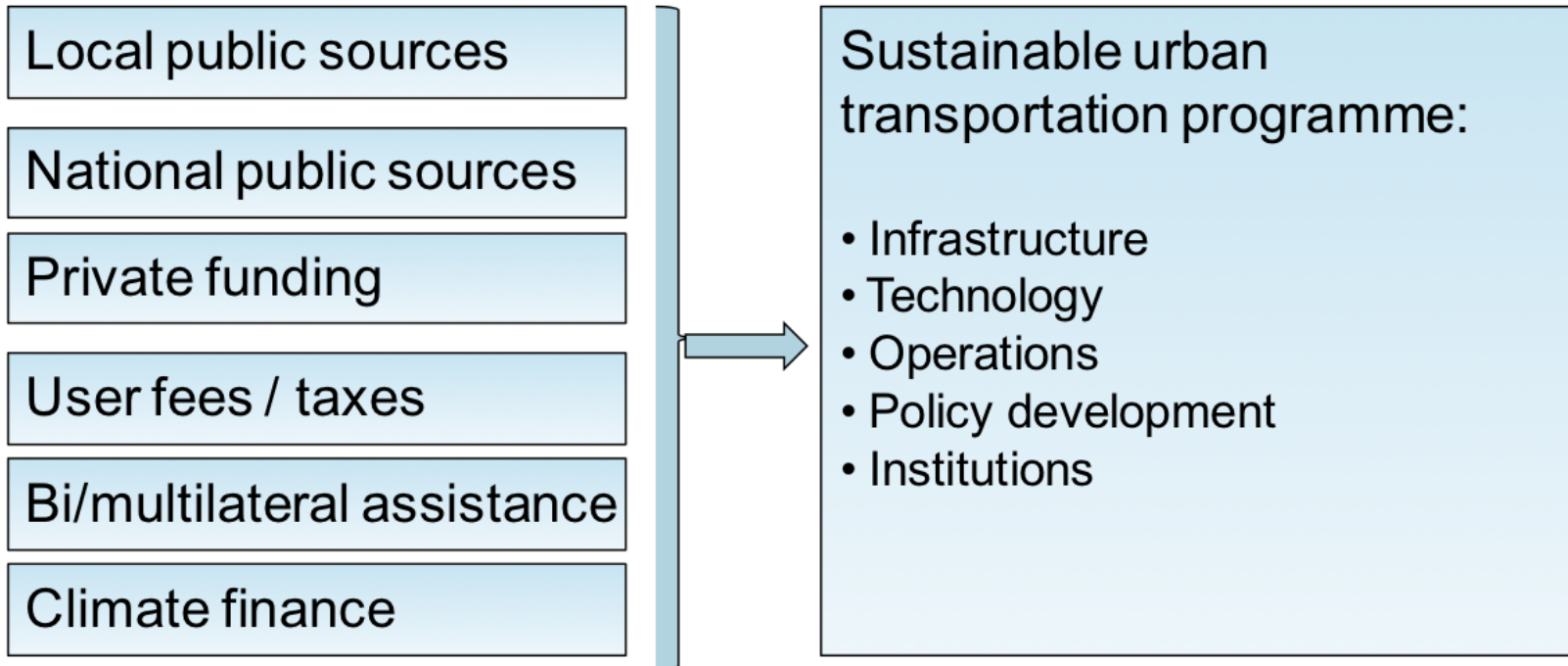
Systemic (policies, legislative, regulatory, etc)

F.3.3 Comments on Capacity Building Support <Pls enter Comments here>

Proposal format for
Prototype NAMA registry,
version 0.4



Blending domestic finance with international support





How to ensure transport gets its fair share of climate finance?

- Transport: 13% of global GHG emissions: \$13 billion per year in 2020?
- CDM: <0.5% of carbon credits
- NAMA currently better represented
- High-quality NAMA proposals meeting criteria
- Ensure MRV is not a barrier for NAMA development
- Dedicated transport window in Green Climate fund?



Conclusions / discussion

- Climate finance has played limited role to date, but expected to increase in size
- Sustainable transport funding is increasing
- Opportunity to shift domestic funding to sustainable transport
- Use of private sector financing
- NAMA finance can play substantial role in sustainable transport policymaking, and limited role in infrastructure support