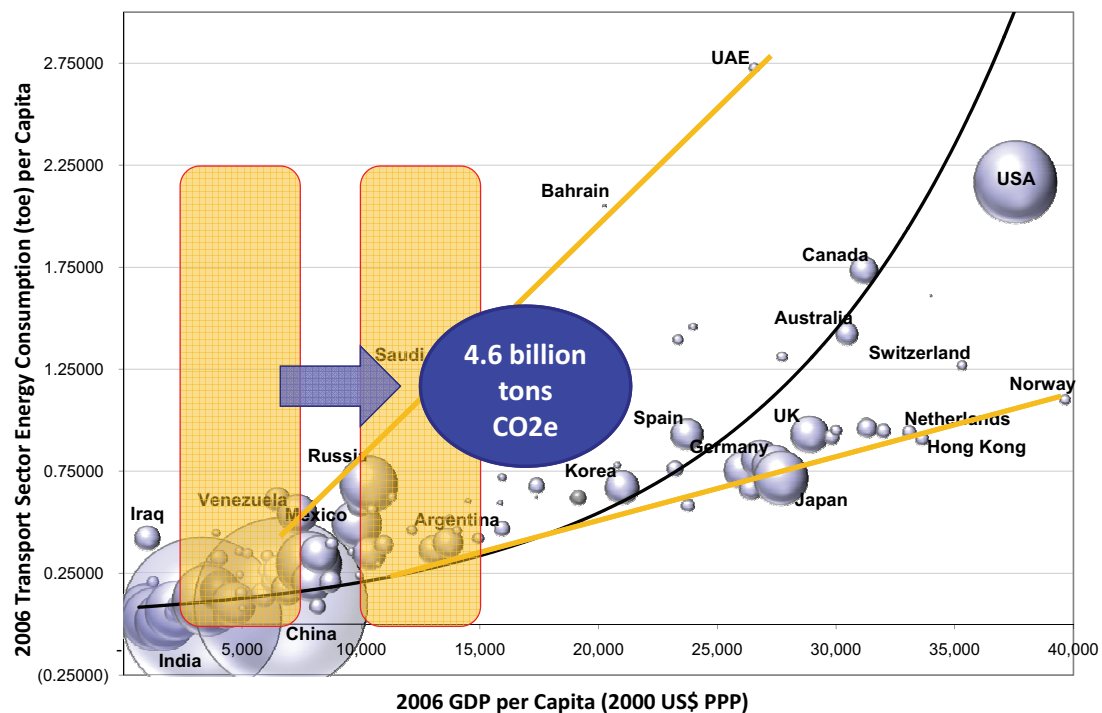


Climate-Based Financing Mechanisms in Practice: Urban Transport GHG Mitigation

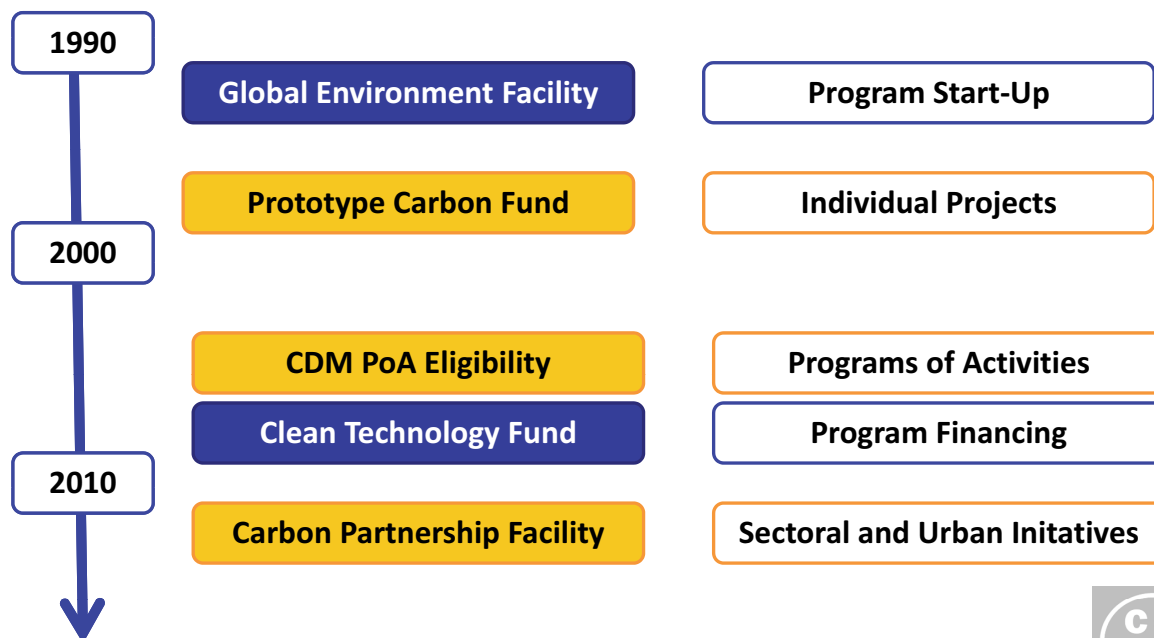
Holly Krambeck, World Bank
15 March 2010

1

Market Origin of Transport Climate Finance Means to and end



Climate-Based Finance Mechanisms Are Not New But they are evolving



Climate-Based Financing in Practice Urban Transport Examples

- Mexico Low Carbon Transport Corridors Program
 - Global Environment Facility
 - Clean Technology Fund
 - MDB Lending
 - Clean Development Mechanism Program of Activities
- Egypt Vehicle Scrapping and Recycling and Urban Transport Programs
 - Clean Development Mechanism Program of Activities
 - PPIAF
 - Clean Technology Fund
 - IBRD Lending



Current Local Conditions

Business-as-Usual is Unsustainable

- **Widespread Inefficiency**
 - An aging vehicle fleet, lack of institutional coordination for planning and traffic law enforcement, and insufficient resource allocations for transit have led to chaotic travel conditions, with high congestion, accident and emissions rates.
- **“Do-Nothing” Scenario**
 - GHG emissions would increase from 13 million tons CO₂e to about 16 million by 2022
 - Average trip speed would decline from 19 kph to 12 kph (average journey to and from work would take more than 1.5 hours)
 - The annual economic cost of this scenario would be about US\$ 1.6 billion



Urban Transport Development Program

PPIAF + Clean Technology Fund + IBRD Lending

- **Objective**
 - In addition to mitigating GHG emissions, to improve the overall efficiency and environmental sustainability of the urban transport system
- **Components**
 - Provision of 1,100 new fuel efficient replacement buses
 - Construction of six bus rapid transit (BRT) corridors
 - Improvement of the traffic management system
 - Metropolitan Urban Transport Authority capacity building
- **Support**
 - US\$100 million CTF; US\$150 million IBRD lending



Egypt Vehicle Scrapping and Recycling Program

Clean Development Mechanism Credits; Technical Assistance

- **Objective**
 - In addition to mitigating GHG emissions: mitigate air pollution, reduce accidents; support the local auto industries; and support technology and best practices transfer for vehicle recycling.
- **Components**
 - Phase I: Scrapping and replacement of ~45,000 taxis in the Greater Cairo Region through a closely monitored incentive-based scheme.
- **Support**
 - Enable client to leverage up to US\$23 million in carbon finance for first program phase.

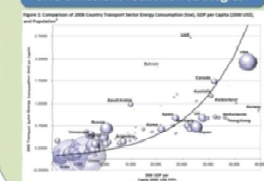


Evaluating the Role of Carbon Finance in Developing Country Transport Sector Projects

Case Study: Egypt Vehicle Scrapping and Recycling Program

Holly Krambeck, The World Bank

1 Transport plays a critical role in global GHG emissions reduction strategies.



2 There are specific types of activities that reduce GHG in transport.



4 To date, the Kyoto Clean Development Mechanism (CDM), designed to bring financial resources and technical assistance to developing countries for GHG emissions reduction projects, has met with limited success in transport.

5 The World Bank is pursuing a "scaling up" strategy to overcome some of the traditional obstacles to CDM registration in the transport sector: The Mexico Low Carbon Transport Corridors Program, and the Egypt Vehicle Scrapping and Recycling Program.

6 The Egypt Vehicle Scrapping and Recycling Program aims to renew the aging national mass transport fleet through an incentive scheme, which will be partially funded through carbon finance.

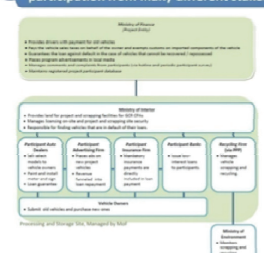
Indicator	1990	1995	2000	2005	2010	2015	2020	2025	2030	2035	2040	2045	2050
Light duty vehicles	25,741	25,741	25,741	25,741	25,741	25,741	25,741	25,741	25,741	25,741	25,741	25,741	25,741
Heavy duty vehicles	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000
Total	35,741	35,741	35,741	35,741	35,741	35,741	35,741	35,741	35,741	35,741	35,741	35,741	35,741

Indicator	1990	1995	2000	2005	2010	2015	2020	2025	2030	2035	2040	2045	2050
Light duty vehicles	25,741	25,741	25,741	25,741	25,741	25,741	25,741	25,741	25,741	25,741	25,741	25,741	25,741
Heavy duty vehicles	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000
Total	35,741	35,741	35,741	35,741	35,741	35,741	35,741	35,741	35,741	35,741	35,741	35,741	35,741

8 The program began implementation in April 2009, and to date, has processed more than 20,000 vehicles



7 The national-level scheme, coordinated by the Ministry of Finance, depends on participation from many different stakeholders and widespread awareness campaigns.



1) Vehicle bank office. 2) New vehicle inspection and recording of motor and chassis serial number. 3) On-site vehicle dealer office. 4) Scrapping on-site vehicle. 5) Transport on-site vehicle. 6) World Bank team inspection site. 7) New vehicles (foreground) and scrapped vehicles (background).