

Options for the Multilateral Development Banks and Other Donors in Climate Change and Transportation: A Case Study of Latin America

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Summary of Discussion to Follow

- Transportation and climate change in developing countries and the role for sustainable transportation
- Review of ways donors can affect transportation and climate change directly and indirectly
- Review of Inter-American Development Bank (IDB) Study, which identified candidate cities in Latin America for sustainable transportation support
- Applicable lessons for other multilateral development banks (MDBs) and donors

Transportation and Climate Change in Developing Countries

- Transportation is a major source of greenhouse gas emissions in developing countries, particularly in the rapidly industrializing (and motorizing) countries of Asia and Latin America
- Mitigation strategies applied to date have emphasized carbon-reduction strategies used in OECD countries, primarily improving fuel economy and switching to less carbon-intensive fuels

Transportation and Climate Change in Developing Countries (cont'd)

- But benefits brought on by fuel economy improvements and changing fuels are likely to be dwarfed by the number of additional vehicles being put on the road each year in these countries
- A systemic approach—“sustainable transportation”—is much more likely to meet the transportation needs of developing countries in a less carbon-intensive manner while still meeting rising mobility needs

What is Sustainable Transportation?

- Meeting transportation and mobility needs in a financially sustainable manner while also minimizing local and global pollution and noise, accidents, congestion and barriers to transportation access by the poor

What is Sustainable Transportation? (cont'd)

- Consists of strategies that:
 - Emphasize high-quality, efficient and clean public transportation
 - Establish incentives and capacities for good non-motorized transportation (bicycles and walking)
 - Discourage use of private motorized vehicles when other modes are available
 - Encourage good land-use management to reduce congestion and promote demand for public transportation and non-motorized transportation

Major Opportunities for Donors to Work in Climate Change and Transportation

- Global Environmental Facility (GEF)
 - An international grant facility intended to supplement ongoing activities of donors, with one of its goals being to stimulate strategies to reduce global warming
 - “Operational Program 11” for GEF explicitly addresses environmentally sustainable transportation, including improved transportation systems
 - Facility may be used by the World Bank, regional development banks, UN Development Program, UN Environment Program; other donors may participate as well by working with one of these institutions

Major Opportunities for Donors to Work in Climate Change and Transportation (cont'd)

- Clean Development Mechanism (CDM)
 - Empowered as part of the Kyoto Protocol and hence applicable to signatories of the Protocol
 - Many bilateral donors are sponsoring demonstration programs in CDM in preparation for full-scale implementation of Protocol
 - Some governments, led by the Dutch, plan to invest in CDM projects, in several cases developed by multilateral donors such as the World Bank, to acquire carbon credits
 - All projects must be approved by the CDM Board
 - To date no transportation “system” projects have been approved by the Board

Donors' Work Affects Transportation and Climate Change through Other Activities as Well

- Reduction in Air Pollution
 - Strategies to reduce local air pollution by the transportation system can often reduce carbon emissions as well
- Governance Reform, Especially Decentralization of Governance
 - Creation of strong and capable local agencies can extend to regulation of and planning for transportation sector
- Urban Development Reform and Investment
 - Can include strategies to encourage better land-use management, and creation of pedestrian-only zones

Donors' Work Affects Transportation and Climate Change through Other Activities as Well (cont'd)

- Transportation Infrastructure Reform and Investment
 - Can include establishment of Bus Rapid Transit systems; sidewalks and other pedestrian facilities; and strategies to reduce private motorized traffic, including taxis.

Case Study of Work by the IDB to Identify Opportunities for Investment in Sustainable Transportation

- Purpose:
 - Identify medium-sized cities in Latin America and the Caribbean (LAC) undertaking sustainable transportation activities
 - Define criteria—in context of successful experiences elsewhere—for evaluating which cities are most prepared to advance
 - Apply criteria to identify a “first tier” and “second tier” of cities most prepared to advance
 - Provide recommendations based on analysis
- Cities identified by study could be candidates for future GEF or CDM projects

Successful Experiences Used to Develop Criteria Included Those of...

- Curitiba, Brazil
- Bogotá, Colombia
- Cuenca, Ecuador
- London, UK
- Singapore



Step 1: Identification of Cities

- Over fifty medium-sized cities in LAC were identified as undertaking some type of sustainable transportation activities
- Sources of information in identifying the cities included existing literature, Internet websites, and suggestions from contacts throughout the region, including from the MDBs

Step 2: Development of Criteria

- Two categories of criteria were developed
 - Criteria most important to be able to advance *in the short term*
 - Other important criteria that must be realized over the longer term

Criteria Identified as Most Important for Cities to Advance in the Short Term

- Strong support and leadership from political leaders, especially at the local level
- Substantial progress in establishing and beginning to implement an effective Master Transportation Plan
- Strong local planning capability in transportation and urban planning, preferably in a local government institution

Criteria Identified as Most Important for Cities to Advance in the Short Term (cont'd)

- Local regulatory authority to design transportation concessions and oversee sector
- Financial capacity by local government to invest in transportation infrastructure

Other Important Criteria to be Realized over the Longer Term

- Ample awareness and support by the public of efforts to change the transportation system
- Decentralization of governance so local institutions are strong and local capacity to collect revenues is well-established
- Substantial progress in establishing and beginning to implement a Master Urban Development Plan

Other Important Criteria to be Realized over the Longer Term(cont'd)

- Sufficient financial resources for local planning and regulatory agencies to operate
- Strategy designed for and progress made in evolving public transportation owners and operators into mature public transportation companies
- Strategy developed for attracting financing into new public transportation companies

Step 3: Identification of Candidate Cities

- Two tiers of cities were identified—a first tier of those most prepared to advance, and a second tier of those still prepared to advance but not as quickly as the first tier
- In each case, the rankings of each city was determined by how well they “rated” against each criterion

Cities Most Prepared to Advance in Sustainable Transportation (1st Tier)

- Concepción, Chile
- Córdoba, Argentina
- Cuenca, Ecuador
- Fortaleza, Brazil
- Guatemala City, Guatemala
- Querétaro, Mexico
- Quito, Ecuador

Relative Rankings of 1st Tier Cities

City	Political Commitment	Transportation Master Plan	Local Planning Capability	Local Regulatory Capability	Government Financial Investment Capability
Concepción, Chile	√√	√√√	?	?	√√√
Córdoba, Argentina	√	√√	√	√	?
Cuenca, Ecuador	√√√	√√	√√√	√√√	√
Fortaleza, Brazil	√	√√	√√√	√√√	√
Guatemala City, Guatemala	√√√	√√	√√	√√	√
Querétaro, Mexico	√√	√	√√	√√	√
Quito, Ecuador	√	√	√	√	?

City	Public Support	Decentralization of Government	Urban Development Master Plan	Sufficient Resources for Local Institutions	Development of Public Transport Companies	Financial Climate for Transport Companies
Concepción, Chile	√	?	√√√	?	√√	√
Córdoba, Argentina	√	√√	√	?	-	-
Cuenca, Ecuador	√√	√√	√√	√√	√√√	?
Fortaleza, Brazil	?	√√√	√√	√√	√√√	√
Guatemala City, Guatemala	?	√√	√√	√	√	√
Querétaro, Mexico	√√√	√	√	?	√	?
Quito, Ecuador	?	√√	?	-	√	?

Cities Most Prepared to Advance in Sustainable Transportation (2nd Tier)

- Arequipa, Peru
- Cali, Colombia
- La Paz, Bolivia
- Panama City, Panama
- San Salvador, El Salvador
- São Bernardo do Campo, Brazil
- Rosario, Argentina

Step 4: Recommendations

- Recommendations for IDB were divided into three categories:
 - Recommendations for general assistance to cities in the LAC region where the IDB is already working
 - Specific recommendations for targeted assistance to each of the 1st Tier cities
 - Broader recommendations on assistance to 2nd Tier cities that could bring them up to the level of the 1st Tier cities

Conclusions for Other MDBs and Donors

- Can play a catalytic role in helping developing country cities make progress in sustainable transportation as part of a strategy to reduce carbon emissions growth from the transportation sector
- An important first step is undertaking similar types of studies for Asia and Africa as the IDB study so that cities that are targeted for assistance are the most prepared to move forward and hence the chances of success are higher

Specific Unmet Needs Facing MDBs and Donors in the Area of Climate Change and Transportation

- Methodologies and data are poor on both the baseline carbon emissions and the savings resulting from transportation system improvements
 - Need to work together to develop common methodologies and improve data so that projects may eventually qualify for CDM credits

Specific Unmet Needs Facing MDBs and Donors in the Area of Climate Change and Transportation (cont'd)

- Assistance requirements for a city or a group of cities is often too large for one donor to handle.
 - Need to work together among MDBs and donors to deliver assistance effectively

Complementary Actions to Reduce Carbon Emissions Can be Taken by MDBs and Donors in Other Areas of Activity

- In assistance to reduce local air pollution:
 - Expand assistance beyond development of minimum vehicle emissions standards or cleaner fuels to including strategies for reducing local emissions from the transportation *system as a whole*
- In assistance on governance reform:
 - Support development of local transportation and regulatory agencies, as well as independent source of financing for them
 - Assess administrative options to address challenges of multiple government jurisdiction over urban transportation governance

Complementary Actions to Reduce Carbon Emissions Can be Taken by MDBs and Donors in Other Areas of Activity (cont'd)

- In assistance on urban development reform and investment
 - Catalyze linkage between Urban Development Master Plans and Urban Transportation Master Plans
- In assistance on transportation infrastructure reform and investment:
 - Encourage cities to develop an Integrated Transportation Master Plan, not just one focused on roadbuilding or on public transportation reform
 - Provide complementary assistance to analyze greenhouse gas emissions and other local environmental, social, and economic benefits