

Interdisciplinary Expert Group

on

“Using Climate Financing to Leverage Sustainable Transport”

Project Background

The TRANSfer project is run by GIZ and funded by the International Climate Initiative of the German Ministry for the Environment, Nature Conservation, Building and Nuclear Safety (BMUB). Its objective is to support developing countries to develop and implement climate change mitigation strategies in the transport sector as „Nationally Appropriate Mitigation Actions“ (NAMAs). The project follows a multi-level approach:

- At country level, TRANSfer supports selected partner countries in developing and implementing NAMAs in the transport sector. The NAMAs supported by the project cover a broad variety of approaches in the partner countries Indonesia, South Africa, Peru and Colombia.
- At international level and closely linked to the UNFCCC process, the project helps accelerate the learning process on transport NAMAs with a comprehensive set of measures: events, trainings, facilitation of expert groups, documents with guidance and lessons learned such as the transport NAMA handbook and a database which is an interactive wiki-based portal that provides access to transport NAMAs.

Activities at country and international level are closely linked and designed in a mutually beneficial way. While specific country experience is brought to the international stage (bottom-up) to facilitate appropriate consideration of transport sector specifics in the climate change regime, recent developments in the climate change discussions are fed into the work in the partner countries (top-down).

MRV and Financing have been identified as key work streams within the TRANSfer project. It is intended to advance the discussion around both topics in separate (but linked) expert groups.

For more information see: <http://www.transport-namas.org>

Introduction

The TRANSfer project intends to **advance the discussion around climate finance in the context of sustainable transport** with background studies and by facilitating an expert group on transport policy, transport financing and climate financing in order to develop recommendations and guidance for developing countries.

One of the key concerns for sustainable transport financing is **how to shift investments from conventional, unsustainable to low-carbon, sustainable transport**. This question is not only about additional funding but more about how to make best use of all available resources. This is also key for the role of climate finance in supporting sustainable transport: In comparison to total transport spending, climate finance for transport has so far been marginal in terms of volume. This is not to say that climate finance is not needed – to the contrary. **Climate finance in transport could take different roles** such as “transitional financing” by providing incentives to invest in sustainable and not unsustainable transport, by providing technical assistance to develop capacities and build institutions or by funding pilot applications of new and innovative technologies or mobility solutions.

Objective

The objective of the work stream on climate finance of the TRANSfer project is to help **ensure that climate finance is increasingly used for sustainable transport in an effective way to realize the large GHG emission reduction potential in the sector**. To do that, there is a need for an **increased mutual understanding** between actors active in the areas of climate and transport finance. The TRANSfer project intends to target both, the transport finance as well as the climate finance world and develop and distribute recommendations on transport and climate finance based on the following:

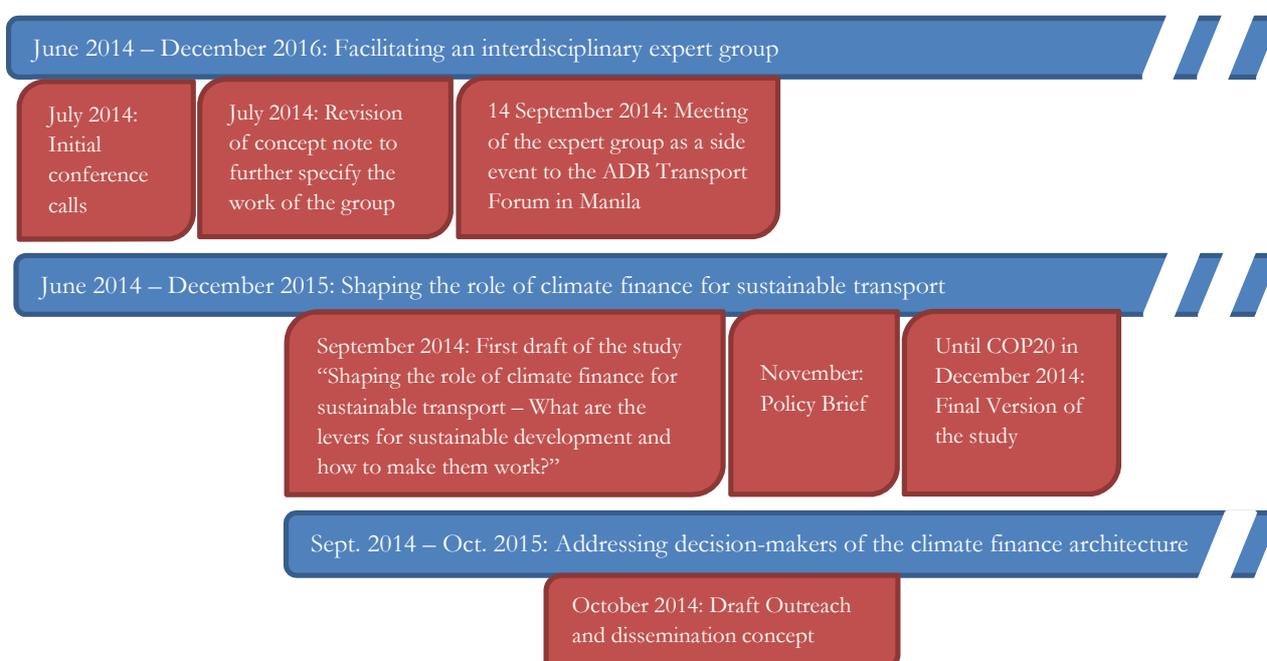
- a) **Better understanding the characteristics of transport finance** of both sustainable and unsustainable forms of transport in order to derive recommendations how climate finance can be used most effectively;
- b) **Identifying the entry points for climate finance that may trigger a shift** of unsustainable transport investments to sustainable transport and thus helping to **upscale mitigation efforts** (and leverage public and private investments);
- c) **Identifying and making use of ways to address climate finance experts and institutions** and the transport community and disseminating the outputs of a) and b).

TRANSfer intends to achieve its objective over the next 1,5 to 2 years by **conducting a background study and facilitating a group of transport finance and climate finance experts** to develop recommendations for the effective and efficient use of climate finance in the transport sector. Such recommendations will be communicated into both sectors and presented and discussed with a wider group of stakeholders.

Deliverables

- a. **Facilitated interdisciplinary expert group (sustainable transport, climate finance and transport finance experts):** The expert group will help guide the climate finance related activities of the TRANSfer project; including the study (see below) and the development of recommendations for the effective and efficient use of climate finance in the transport sector.
- b. **Study on “Shaping the role of climate finance for sustainable transport”** [undertaken by external consultants]: The study will analyse specific real-world cases of financial arrangements for conventional and sustainable transport and the roles of the government budgets, private sector and climate finance as a basis for providing recommendations.
- c. **Outreach and dissemination concept** to communicate the key results of this work stream to relevant organizations and individuals in a user friendly manner.

Expected timeline (which will be further specified in discussions in the expert group):



Terms of Reference of the interdisciplinary expert group

The **interdisciplinary expert group** will consist of around 15 sustainable transport, climate finance and transport finance experts. The group will help to (a) further detail (and periodically review) this work plan, (b) comment on the detailed planning and implementation of the study and review draft versions, (c) comment on the draft Policy Brief; and (d) discuss key outreach messages on transport and climate financing and serve as multiplier for these messages.

The work of the expert group is supposed to start in June 2014 and go on during the next 1,5 to 2 years.

Key questions for consideration by the Expert Group:

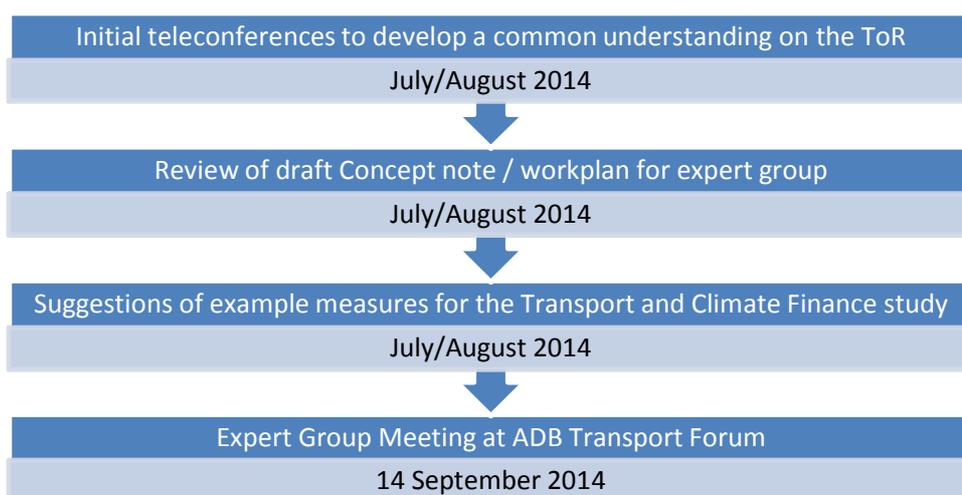
Primary Question:

- How to make Climate Financing work better for the transport sector?

Secondary Questions:

- How to redirect public sector funding from supporting and enabling a car dominated infrastructure towards multi-modal transport infrastructure services which can reduce the modal share of car or truck based passenger and freight transport?
- How to tap private sector as a more significant contributor to develop sustainable, low carbon transport infrastructure and services?
- How to better leverage both public and private funding sustainable transport through sustainable transport directed ODA (e.g. MDB \$ 175 billion)?
- What part of GHG emission reduction measures, or other sustainability measures, in the transport sector can be funded through passing on the costs to users?

Timeline of engagement for the expert group:



Organization of work for the interdisciplinary expert group

The expert group will be organized as an **interactive platform** of knowledge sharing with regular exchange in different forms, i.e email exchange, video and teleconferences and complemented by physical meetings.

The TRANSfer project and the Secretariat of the Partnership on Sustainable, Low Carbon Transport (SLoCaT) will jointly take on the facilitation of the Expert Group. SLoCaT will help to ensure that the discussions in the expert group are aligned with other efforts on transport financing by other SLoCaT members and other groups.

The first and inaugural meeting of the expert group is scheduled for 14 September 2014 as a side event to the ADB Transport Forum in Manila.