Beyond Copenhagen – future instruments supporting sustainable transport in developing countries?

Holger Dalkmann

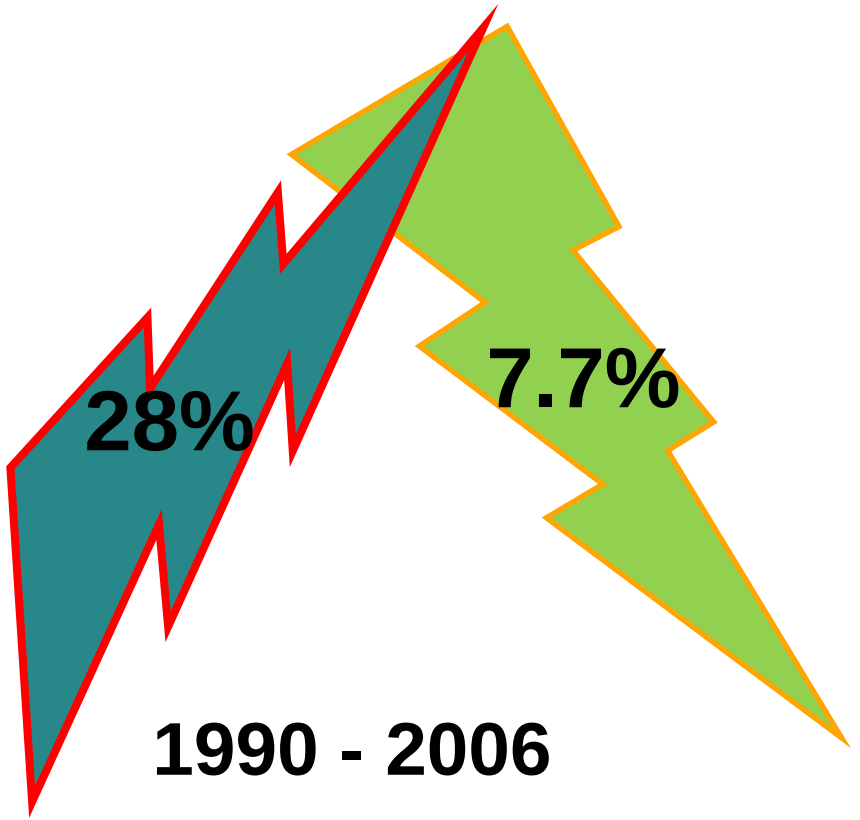
25.09.2009

Countdown to Copenhagen

73 DAYS 20 HOURS 35 MINUTES!

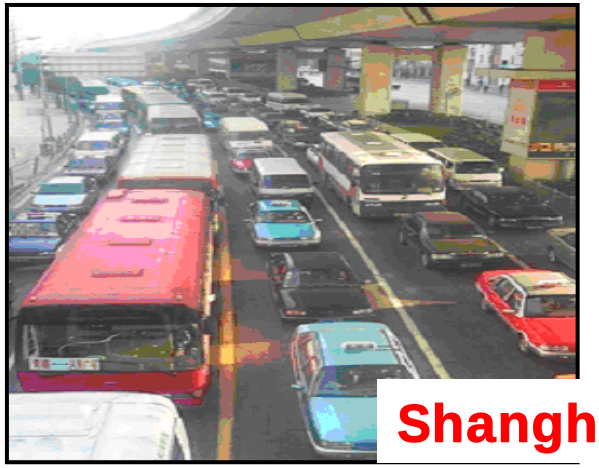
European Union Climate Change and Transport – much is needed but too little is happening

- Between 1990 and 2006 CO_2 emissions from the transport sector increased by 28%
- Had transport sector emissions followed the same reduction trend as in society as a whole, total EU-27 GHG during the period 1990–2006 would have fallen by 12.6% instead of +7.7%.



Future Challenges

Beijing



Shanghai

Guangzhou

Nanjing

Chengdou

Hangzhou

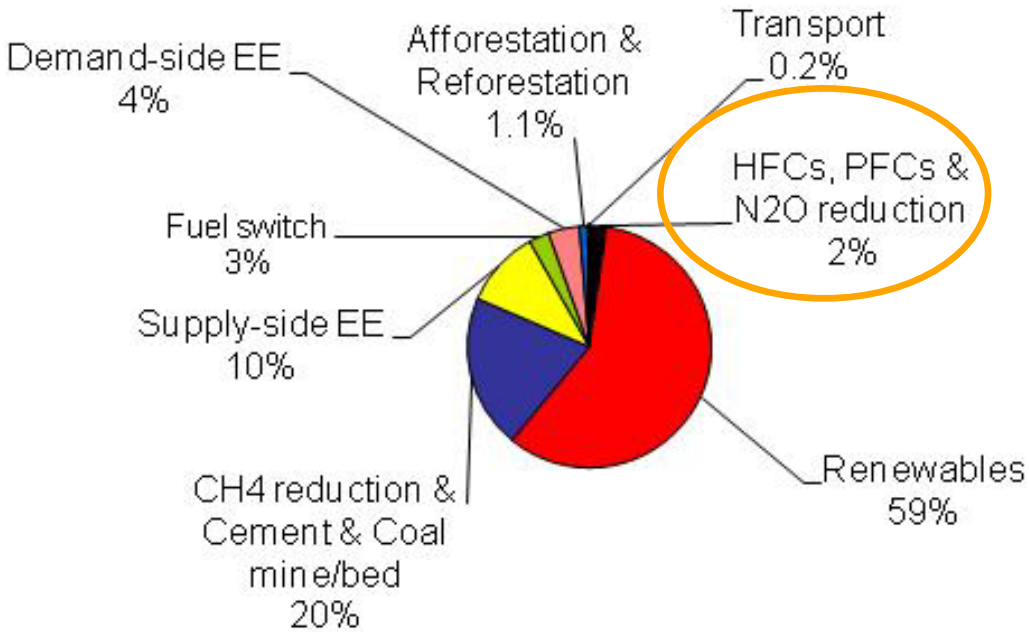
Source: GTZ

Climate Change Policy - Background

- Kyoto Protocol agreed in 1997; in place since 2005
- Overall -5.2% GHG reduction target for developed countries until 2012
- Flexible Instruments key elements of the Agreement: Emission Trading Scheme (ETS), Joint Implementation (JI) and Clean Development Mechanism (CDM)
- Bali Action Plan (COP 13) agreed 2007 should lead to a new agreement with 25 – 40% GHG reduction to be agreed in COPENHAGEN December 2009 (COP 15)

Transport within the CDM

- **12 transport projects** out of 4631 in the pipeline!
- **2 registered transport projects** out of 1792!
- **0.2 %** of all issued CERs (total market value approx 11 bn US$)



% of CDM projects in pipeline (UNEP Risoe Center, September 2009)

Transport CDM - Barriers and future actions

	Barrier	Short-term Action	Post-2012 Action
Methodological	Lack of accepted methods	Transport specific rules VERs? PoA?	Sectoral approach - NAMA
Institutional	Awareness	Capacity building/ Guidance	Upscale initiative – Transport specific
Financial	High transaction cost Low contribution to project finance	Financial support from donors Link with other funding	New funding streams – Mitigation Fund "Labelling"

UNFCCC framework – key processes

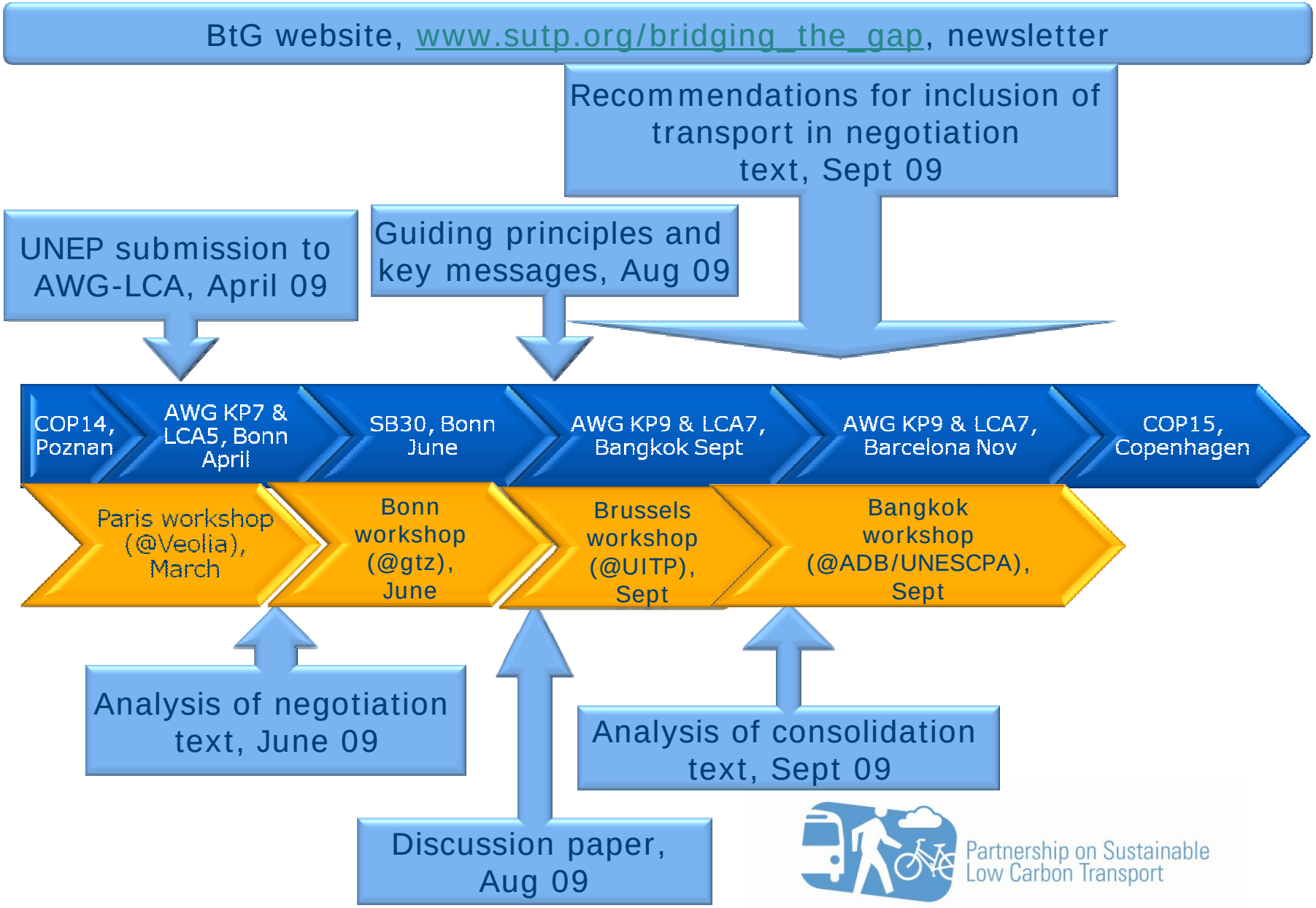
Ad-hoc Working Group on Further Commitments for Annex I Parties under the Kyoto Protocol **(AWG –KP)**

- **Emissions target commitments**
- **Financial mechanisms**
  - Clean Development Mechanism (CDM),
  - Joint Implementation (JI),
  - Emissions Trading Scheme (ETS),
  - Adaptation Fund

Ad-hoc Working Group on Long-term Cooperative Action under the Convention **(AWG-LCA)**

- **Four main building blocks (BAP)**
  - Mitigation
  - Adaptation
  - Technology
  - Finance

The road to Copenhagen



Guiding Principles for land transport in a Post 2012 agreement

Transport-policy

1. Create a paradigm shift and strengthen political will
2. Be appropriate for context
3. Recognise an appropriate time scale and provide predictable funding
4. Support cross-sector effects
5. Strengthen institutional capacity

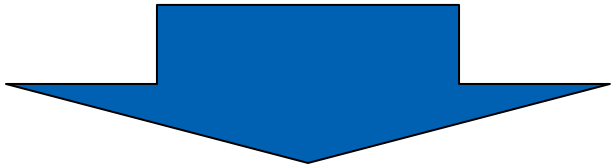
Guiding Principles for land transport in a Post 2012 agreement

Climate-policy

6. Contribute towards sustainable development and recognise co-benefits
7. Ensure environmental integrity
8. Ensure cost-effectiveness
9. Share effort
10. Ensure transparency and accountability

General Principles for a Post 2012 agreement

- New agreement should **work for land transport**
- The agreement should **enhance existing local, regional and national applications** of sustainable transport policy
- Financing should move towards an **upscale** approach
- Funding should be acknowledged a quantified reduction potential and the broad variety of **co-benefits**
- **Technology transfer** and **capacity building** are crucial for supporting low carbon transport development

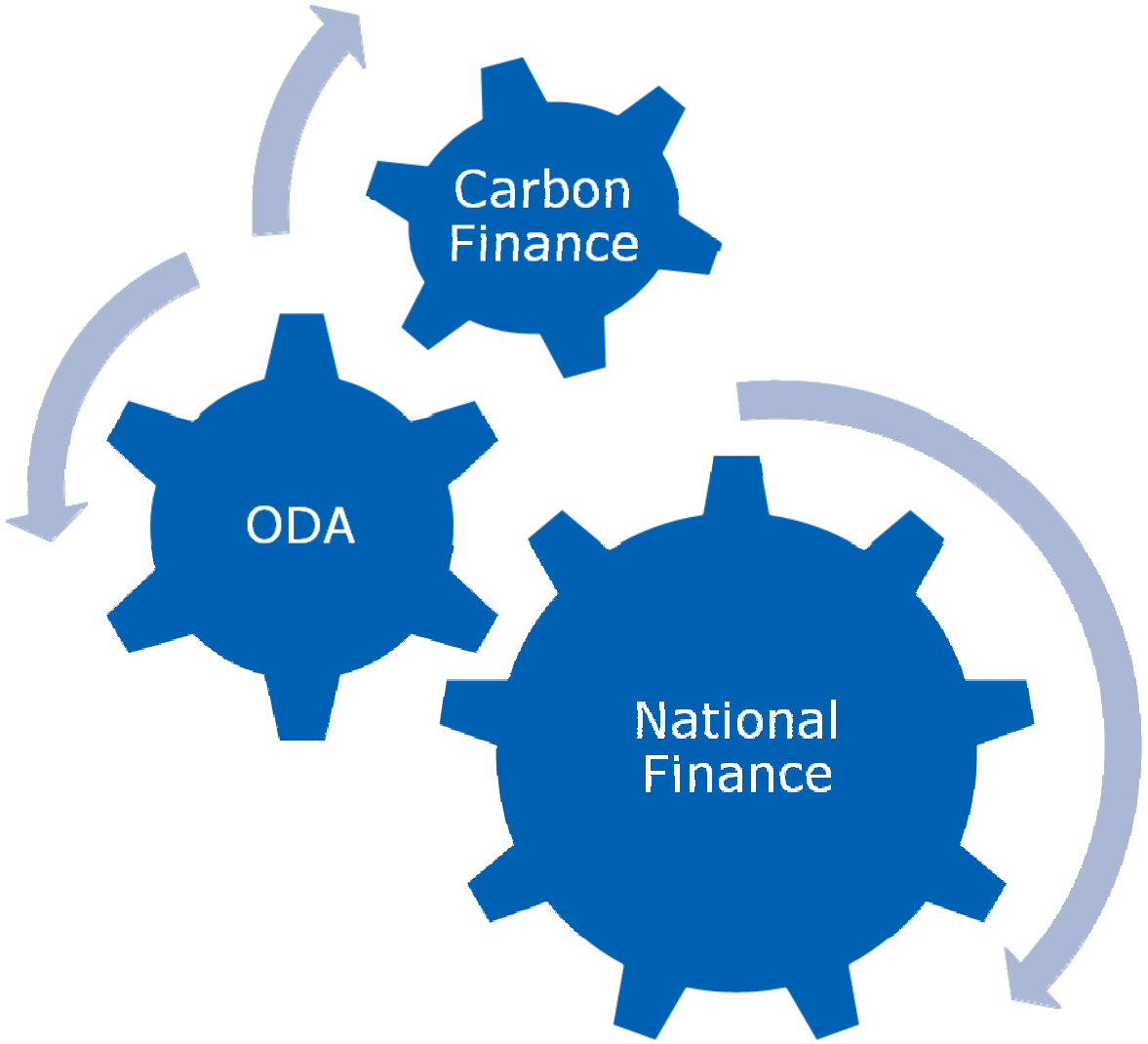


- Emerging negotiations around NAMAs may provide an opportunity to ensure a most holistic coverage of transport Post 2012

Key messages – negotiation text recommendations

- GENERAL: Explicitly mention the **key role of the transport sector** as a major emitter
- A registry of NAMAs should include a **sectoral breakdown**
- Establish a **transportation window in the mitigation fund** to secure funding for sustainable transport
- Assess transportation efficiency and include network and system improvements with **affordable technologies**
- Recognise the important role of transport infrastructure and design of cities in **adaptation efforts**
- Recognise **co-benefits** of NAMAs in all sectors including transport

Carbon finance through Post 2012 as an incentive not as a silver bullet!



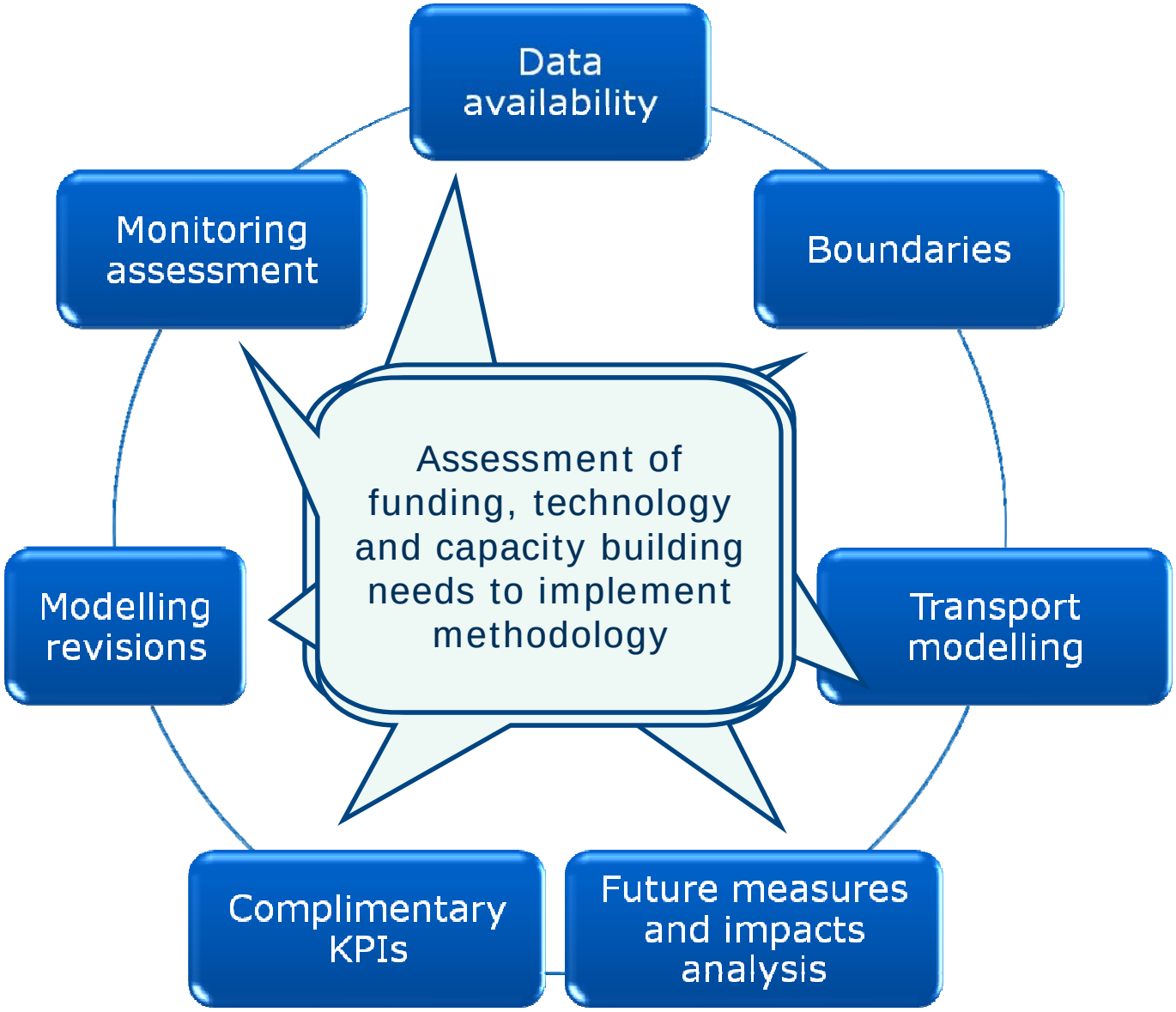
NAMA elements and potential transport applications

NAMA elements (Paragraph 48)	Potential transport applications
(a) Sustainable development policies and measures	• Local, regional & national sustainable development strategies incorporating transport elements
(b) Low-emission development strategies and plans	• Local/Regional and national transport plans/strategies with low-carbon objectives
(c) Programmatic CDM, technology deployment programmes or standards, energy efficiency programmes and energy pricing measures	• CDM based on transport PoAs • Fuel economy/vehicle standards • Taxation and fiscal policy on fuels and vehicles
(d) Cap-and-trade schemes and carbon taxes	• Cap-and-trade of transport fuels (upstream trading) • Fuel taxes
(e) Sectoral targets, national sector-based mitigation actions and standards, and no-lose sectoral crediting baselines	• Sectoral targets, either absolute or intensity based. • Sub-sectoral targets for car, rail, maritime and aviation transport.

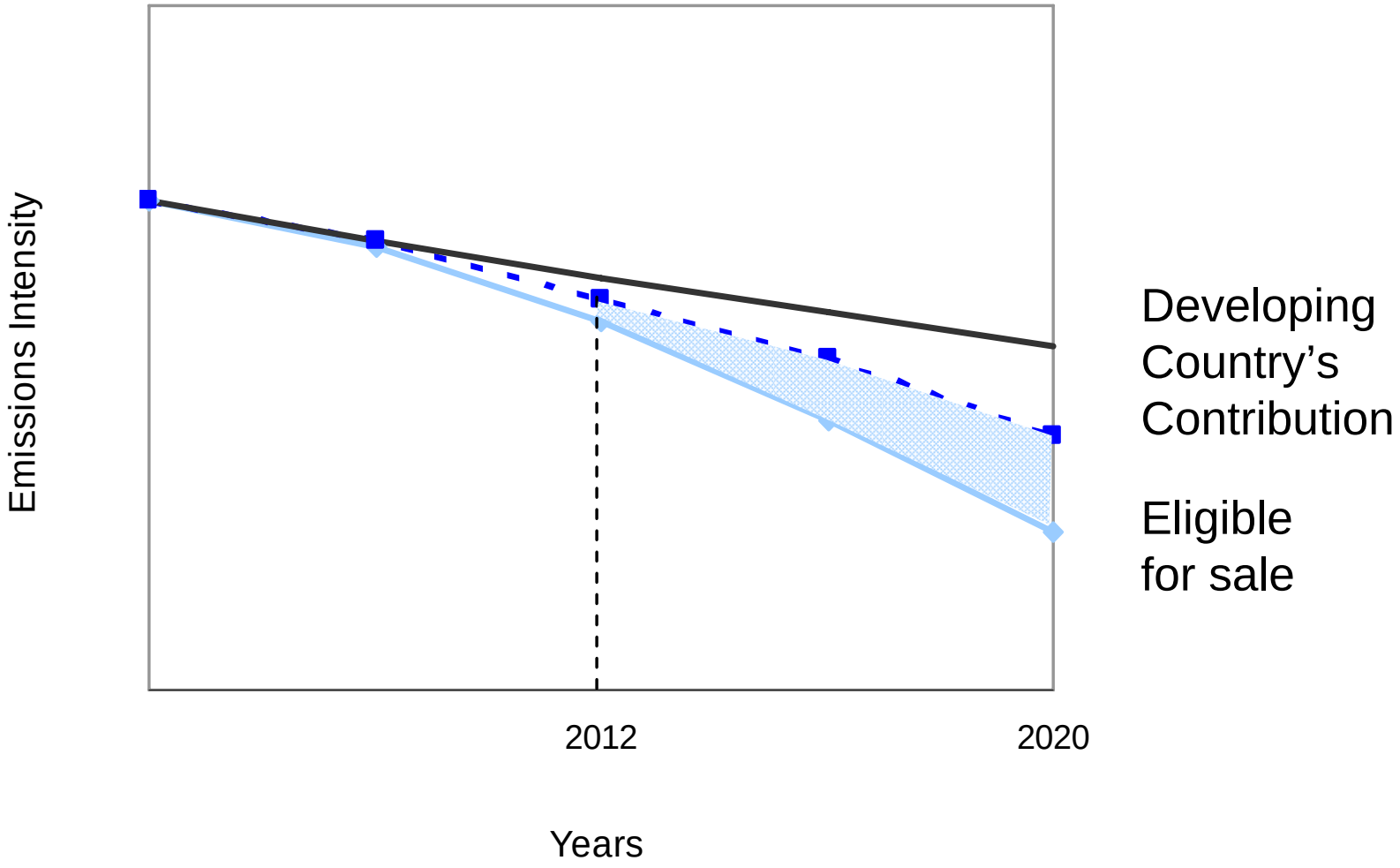
Measurable, Reportable, Verifiable (MRV) NAMAs

- NAMAs that need international support have to be measured, reported and verified under common rules set by the UNFCCC and rewarded through a crediting mechanism or other non-crediting financial mechanism
- Existing transport specific data sources and measurement methodologies have to be made “fit for purpose”
- Preliminary assessment of methodology requirements for up-scaled approaches has to be carried out

Methodology requirements for up-scaled approaches



New approach: Sectoral – no lose targets



Key Messages: Mitigation

Explicitly mention the transport sector

- The financing mechanisms of the Kyoto protocol have not worked for the transport sector. Transport emissions globally are increasing faster than any other sector and this must be addressed now rather than later

PP.4 Recognizing the importance of early action and emphasizing the urgent need to accelerate both mitigation and adaptation actions, **++ particularly in those sectors with the largest anticipated growth in emissions and those which are most vulnerable to climate change, including inter alia energy, transport, buildings, industry, agriculture and forestry. ++**

Key Messages: Mitigation

A registry of NAMAs should include a sectoral breakdown

- By being more specific a sectoral breakdown can accelerate south-south learning and indigenous policy development

- Cooperative sectoral approaches and sector-specific actions shall be focused on the enhanced implementation of Article 4.1 (c) of the Convention, on:

- (a) The development, application and diffusion, including transfer, of technologies, practices and processes that control, reduce or prevent anthropogenic emissions of greenhouse gases not controlled by the Montreal Protocol in all relevant sectors, **<<including, but not limited to, the energy, transport, industry, agriculture, forestry, health, tourism and waste management sectors;>>**

Key Message: Adaptation

Recognise the important role of transport infrastructure and design of cities in adaptation efforts

- Developing countries should be able to assess the resilience of transport systems and be enabled to adapt to climate change

Key Messages: Technology

Assess transportation efficiency and include network and system improvements with affordable technologies

- Networks and integrated systems are key aspects of low-carbon transport. Appropriate technologies and knowledge efficient, sustainable transportation needs to be made more easily accessible and adapted to local needs

- **[Endorsement of part of paragraph 16, and additions thereto]**

- 16. ……[The framework of technology] [Enhanced action on technology development and transfer to support action on mitigation and adaptation][and shall][should] [be guided][contain] by the following [[objectives and] principles][elements]:

- (ab) **++ Technologies which apply on a programmatic or system-wide level. ++**

Key Messages: Funding

Make sectoral crediting through no-lose targets possible for the transport sector

- Sectoral crediting facilitates methodologies for assessing transport activities and allows set up of effective policy packages

- 47. [NAMAs may include [but not limited to][inter alia]:

  ...

- (g) [[Economy-wide and] [Sectoral intensity targets], national sector-based mitigation actions and standards, [<<**and no-lose sectoral crediting baselines>>**];]

Outlook: Post 2012 Climate Instruments and the Transport Sector (CITS)

- Project initiated by Asian Development Bank and Inter Latin American Bank
- Feasibility study to assess the potential of future climate change instruments to support sustainable transport

Case Studies:

- TDM NAMA – Jakarta, Indonesia: Holger Dalkmann, TRL
- Behavioral CDM, Hefei PRC, Frederic Rudolph, Wuppertal Institute
- Sectoral Crediting/NAMA Mexico, Christian Ellerman, Ecofys
- Transport NAMA Porto Allegre, Dario Hidalgo, EMBARQ

Synthesis Report Cornie Huizienga (ADB) and Stefan Bakker (ECN)

Conclusions

- Existing flexible mechanism are playing no role to support a low carbon mobility
- Sustainable transport is too important to wait until CDM works for transport so far
- Climate change can only be a driver if POST 2012 agreement includes transport (Carbon Finance as an enabler)
- An upscale strategy is needed to have an impact on future transport development in developing countries
- A mix of Post-2012 instruments together with local, regional and national applications of transport policy instruments are needed
- Better data availability and measurability is a pre-condition for successful future application of Post 2012 instruments
- Get involved by supporting the Sustainable Low Carbon Transport Partnership

Thank you

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Information on Climate Change and transport under
www.sutp.org/bridging_the_gap