



**European Bank**  
for Reconstruction and Development



Partnership on Sustainable  
Low Carbon Transport



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## **Scope of Round Table** **Phil Sayeg, SLoCaT Partnership**

*London Roundtable on Enhancing Private Sector Financing for Sustainable Transport*

*London, March 25<sup>th</sup> 2015*

# Outline

- What is sustainable transport?
- Why is it needed?
- What funding is needed in future?
- What is current funding?
- What are the relevant global processes?

# What is sustainable transport?

Variety of definitions encompassing following concepts ...accessible, safe, environmentally-friendly, affordable

## SLoCaT Results Framework

Rural Access

Road Safety

Urban Access

Air Pollution

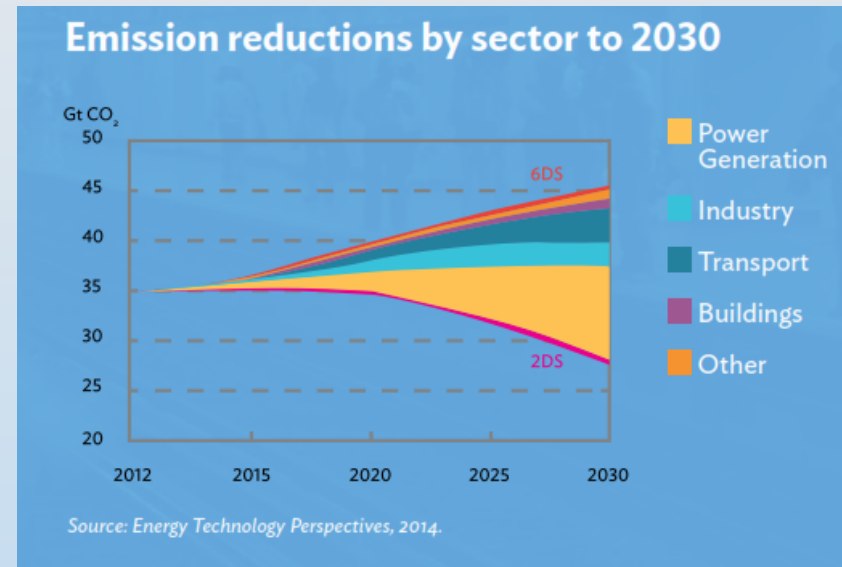
Regional Connectivity

Climate Change

- **Roads and Railways** : should operate as a network, enhance safe accessibility to jobs and services and efficiently connect production zones to markets and gateways, be well-maintained & financially sustainable, irrespective of who operates parts of it
- **Urban transport**: should connect people and goods from A to B with safe, integrated, multi-modal networks and services, at affordable tariffs that optimize community benefits & permit sustainable financing (e.g. ongoing O&M, refurbishment & replacement), irrespective of who operates parts of it
- **Transport services**: meet market and social needs efficiently & effectively, at affordable tariffs, thus enhancing use, and safety while reducing environmental externalities, be accessible to all groups in society

# Why is expanding sustainable transport important?

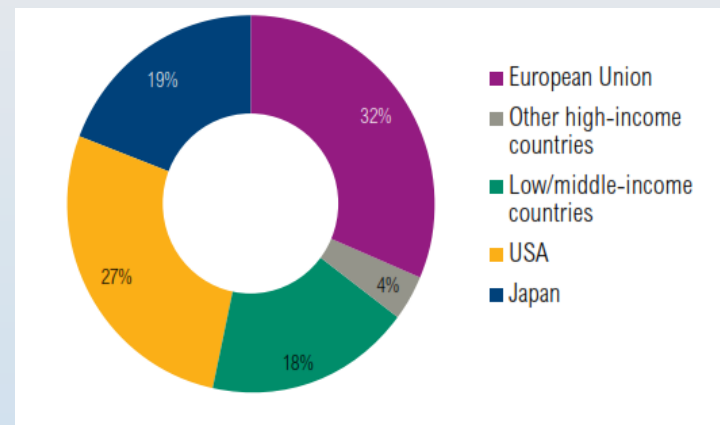
- **Rural populations will remain significant at 2030** – sustainable rural transport is a vital tool for poverty alleviation
- **Rapid Urbanization will fuel growth in transport demand** particularly in emerging and developing economies with a high need for adequate transport
- **Increasing regional and cross-border trade and passenger movements** to enhance regional integration
- **Transport contributed more than 20% of GHG emissions in 2010 with a projected 70% increase to 2050** across the board cuts of 50% needed



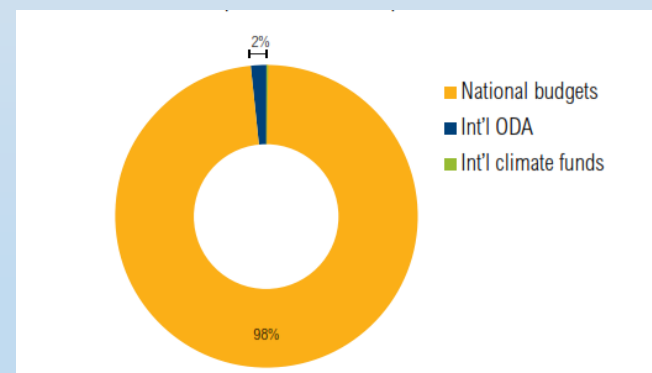
Sources: “International Energy Agency (IEA)  
“Energy Technology Perspectives”.  
IPCC Working Group III Transport “Summary for Policymakers” (2014)  
UNEP (2013), “Emissions Gap Report

# What is current funding?

- **Total investment in transport 2010:** US\$1.4 - \$2.1 trillion p.a.
- **Total public investment in transport:** US\$569 - 905 billion
- **Private share 58%:** US\$814 billion - US\$1.2 trillion p.a.
  - 2/3 in OECD countries
- **MDB investments 2013:** US\$25 billion
- **Climate finance:** less than US \$1 billion p.a.



Estimated private investment in transport by site of investment



Proportion ODA and Climate Finance spending on transport versus National Budget spending

Source:  
Lefevre, B. et al. 2014. "The Trillion Dollar Question: Tracking public and private investment in transport." Working Paper. World Resources Institute, Washington, DC. Refer Figures 1 and 6.  
MDB 2014 Report on Rio+20 Voluntary Commitments



# Future funding?

- **Net transitional investment of USD 3 trillion (2015-2035) to enhance sustainability** is needed of which over 80% relates to low-carbon modes such as railways and mass transit
- These transitional investments are **on top of existing investments** (USD 1-2 trillion p.a.)
- Future transport investments are **mainly needed in non-OECD countries (85% of total)** while current pattern is dominated by OECD countries
- **But significant cumulative whole-of-life\* savings of at least USD 70 trillion** are estimated by IEA (2012) & ITDP (2014)
- **“The World is Awash with Capital”** Sean Kidney, Manila September 2014,

*Sources:*

*IEA (2012), “Global Land Transport Infrastructure Requirements”*

*Climate Policy Initiative (2014) “Moving to Low-Carbon Economy: The Financial Impact of the Low-Carbon Transition”*

*ITDP & University of California, Davis (2014), “A Global High Shift Scenario”*

*UN-Habitat (2013), “Planning and Design for Sustainable Urban Mobility.” Global Report on Human Settlements 2013.*

(\*) initial investment, recurrent O&M, periodic maintenance, future re-investment etc.

# Sustainable Transport development increasingly legitimized by 3 related global processes

- **Financing Sustainable Development:** Third Conference on Financing for Development, Addis Ababa, Ethiopia, July 2015
  - Transport and Infrastructure acknowledged as priorities
  - Potential new governance arrangements, new instruments for project-preparation, financial support and risk-reduction
- **Sustainable Development Goals:** expected to be confirmed by UN General Assembly in November 2015
  - Transport is fairly well represented at Target and Indicator level
  - Covers both Access and negative externalities
- **21<sup>st</sup> Conference of the Parties (COP21)** of the UN Framework Convention on Climate Change in December 2015: expected to adopt a binding agreement on the long-term reduction of greenhouse gas emissions
  - Status of Transport not well defined
  - Shift towards INDCS expected to result in growing attention for transport