

Expert Workshop on

Prospects for National-Level Programmes and Funds for Sustainable Urban Transport in China

The Brickyard Lodge in Mutianyu
at the Great Wall (ca. 80km from Beijing)

November 1-3 2012

Rationale

In the context of the urbanisation and motorisation in China there is a need for huge investment in creation, operation and maintenance of transport infrastructure as well transport services. This is a joint challenge for the national and local governments.

Some big cities in China have already started implementing sustainable transport infrastructure schemes as well as policies and measures. Also, the larger cities in China are increasingly engaged in researching good practices on sustainable transport financing and policy making. At the same time other (mostly smaller) cities still lack the capacity and financial resources to cope with motorization and urbanization in terms of a pathway focused on sustainable development.

Under the current institutional set-up in China cities are responsible for the financing of the development and operation of transport infrastructure and services. At the same time, national level institutions such as the Ministry of Transportation (MoT), the Ministry of Housing and Urban Development (MoHURD) and the National Development and Reform Commission (NDRC) are promoting research and exchange of good practice and “instruct” cities to prioritize public transport. But so far only cities have mechanisms to finance the development of sustainable transport systems.

Five-Year-Plans provide mostly overall strategic guidance (e.g. identify GHG reduction objectives). More detailed direction is provided through specific documents, e.g. the strategy for the development of low carbon transport systems of MoT (published in March 2011) which provides further guidance on how to move towards a more sustainable transport system. MoT recently identified about 30 low carbon transport cities that may apply for support of specific projects. However, the availability of guidance on the eligibility for support is still limited and the incentive to invest is not very strong. It also does not address the operation and maintenance but mainly focuses on investments for projects.

China is facing two important questions in financing urban transport:

- What can and should the national government do to establish conditions allowing a sustainable development of transportation in Chinese cities?
- How can an institutional system that both promotes a more sustainable development of urban transport systems and which at the same time is economically sustainable be developed, i.e. what are suitable procedures and criteria for national-level funding of urban transport (construction, maintenance and operation)?

Objectives The workshop on *prospects for national-level programmes and funds for sustainable urban transport in China* aims to gain a better understanding of current institutional and financial arrangements in China for (sustainable) urban transport and learn from international experiences. The key focus is the development of specific recommendations for the Chinese situation and funding practice, which take into account good international practice. The results will be presented to the Chinese government in early 2013.

Participants The group will consist of max. 20 experts, about 10 international experts with a background transport finance and 10 Chinese innovative thinkers.

For further details, see the tentative participant list below.

Methodology A participatory facilitation methodology will be utilized to fully capture the expertise of the participants. This means that no formal presentations will be delivered but that instead structured brainstorming methods will be used to review existing and identify future options for national level support and funding for more sustainable urban transport in China.

The workshop will discuss different institutional, legal, and financial frameworks for the practice of national level support or urban transport systems and decide on several options for China. The discussion will focus on how national policies can change and/or influence the institutional set-up of such financing mechanisms.

During the workshop the practice of national support and financing municipal initiatives in a variety of countries (both developed countries and emerging economies) will be shared and these will be an important input in the identification of new possible Chinese financing arrangements.

The results of the workshop will be outlined in a paper that will summarize the challenges ahead and the recommendations for reforms developed in the workshop. This paper will be a thought piece for the future of sustainable finance targeting the national government (NDRC, MoT etc.). It will be presented in a workshop in early 2013. At the same time such a paper can also inspire follow-up conceptual work by international organizations with an interest in sustainable urban transport financing.

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Background Information

The workshop is sponsored by GIZ in the context of projects for *low carbon urban transport development*. GIZ intends to support national institutions in developing a climate protection strategy in the transport sector and implementing measures and incentive structures. Working closely with the Chinese National Development and Reform Commission (NDRC) and the Ministry of Transport (MoT), one focus is on financing urban transport in China and support of cities through national initiatives, programmes or policies.