

Financing session

**How to make climate finance transformational ?**



WORLD  
RESOURCES  
INSTITUTE

FINANCING SESSION

LANDSCAPE OF  
CURRENT PUBLIC AND PRIVATE  
FINANCIAL FLOWS

*Transport Day  
COP20, Lima - December 7<sup>th</sup>, 2014*

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# WRI Ross center for sustainable cities


## *Finance-related activities:*



- 1) Track financial flows + Investment needs :  
big picture + detailed analysis (countries, private sources)
- 2) Increase, improve and popularize climate finance options
- 3) Support developing countries & cities,  
Highlight public instruments to mobilize funding

# How to Shift & Increase Investment to Low-Carbon Transport?

## *Global Financial Flows & the Role of Readiness for Climate Finance*



**WORLD  
RESOURCES  
INSTITUTE**

*Working Paper*

### THE TRILLION DOLLAR QUESTION: TRACKING PUBLIC AND PRIVATE INVESTMENT IN TRANSPORT

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BENOIT LEFEVRE, DAVID LEIPZIGER, MATTHEW RAIFMAN

**EXECUTIVE SUMMARY**

In a first step to quantify global public and private investment in transport across all modes, WRI estimated annual capital expenditures (excluding consumer spending) at between US\$1.4 trillion and US\$2.1 trillion annually (Figure 1). In aggregate, this investment consists of slightly more private investment than public. Public investment, at US\$959 billion to US\$905 billion per year, consists almost exclusively of domestic budget expenditures. In 2010, 2 percent of public investment was international, mostly provided through official development assistance (ODA). Less than half a percent comes from climate-focused funds and institutions. Private investment, including both domestic and cross-border flows, is estimated to be between US\$814 billion and US\$1.2 trillion per year. About three-quarters of private investment occurs in high-income countries (Figure 1). This working paper sets the stage for analysis on how to shift financial flows to meet transport needs sustainably and with lower greenhouse gas emissions. Although these data are preliminary, we conclude that shifting future transport investment patterns, especially in the rapidly urbanizing and motorizing countries where transport growth is fastest, will depend on leveraging public finance and the establishment of a secure investment climate for private investment. To successfully target future investment in sustainable, low-carbon transport, more research is needed on the relationships among financial instruments, financing sources, and transport modes.

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**Disclaimers:** Working Papers contain preliminary research, analysis, findings, and recommendations. They are circulated to stimulate timely discussion and critical feedback and to influence ongoing debate on emerging issues. Most working papers are eventually published in another form and their content may be revised.

**Suggested Citation:** Lefevre, B. et al. 2014. "The Trillion Dollar Question: Tracking public and private investment in transport." Working Paper. World Resources Institute, Washington, DC. Available online at: [wri.org/publication/trillion-dollar-question-transport](http://wri.org/publication/trillion-dollar-question-transport).





### Transport Readiness for Climate Finance:

A framework to access climate finance in the transport sector

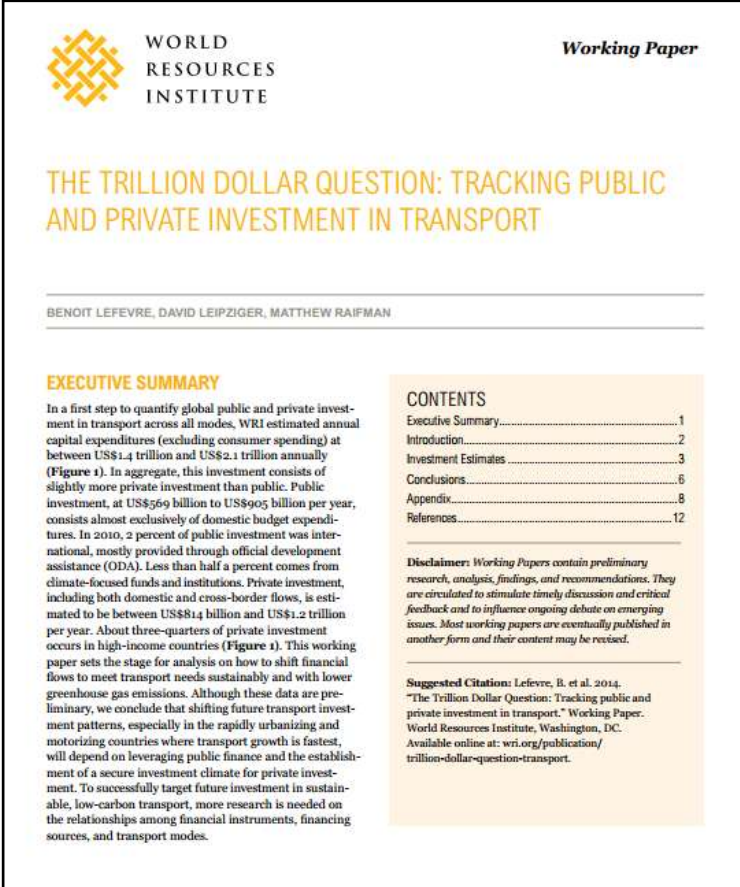
**Benoit Lefevre and David Leipziger**  
EMBARQ – The World Resources Institute (WRI)  
Center for Sustainable Transport


Updated January 2014

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# Financial flows to transport: a *Trillion Dollar Question*

1. Global annual investment
2. Only capital assets (not operational or consumer spending)
3. All modes (i.e. land, air, & water)
4. Public and Private sources
5. Domestic and cross-border



 WORLD RESOURCES INSTITUTE Working Paper

**THE TRILLION DOLLAR QUESTION: TRACKING PUBLIC AND PRIVATE INVESTMENT IN TRANSPORT**

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**How much is invested annually  
in the transport sector?**

**\$1.4 - \$2.1 trillion**

**What portion is invested in  
developing countries?**

**About 24%,  
or \$500 billion**



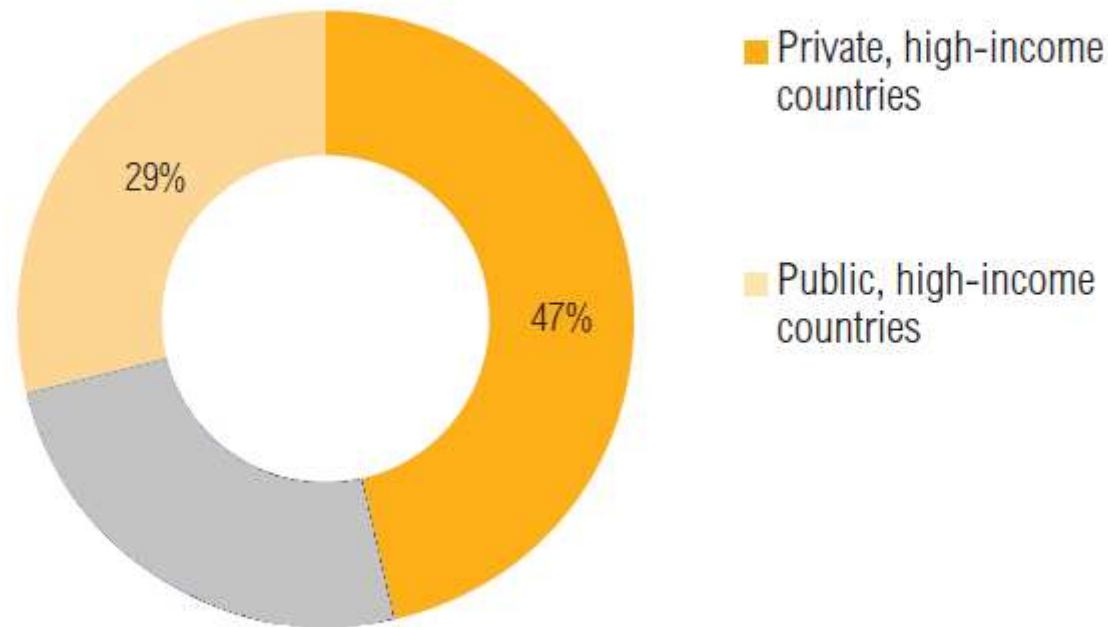
**What portion comes from  
private investors?**

**About 58%  
or \$1 trillion**



# Is public or private investment larger in developed countries?

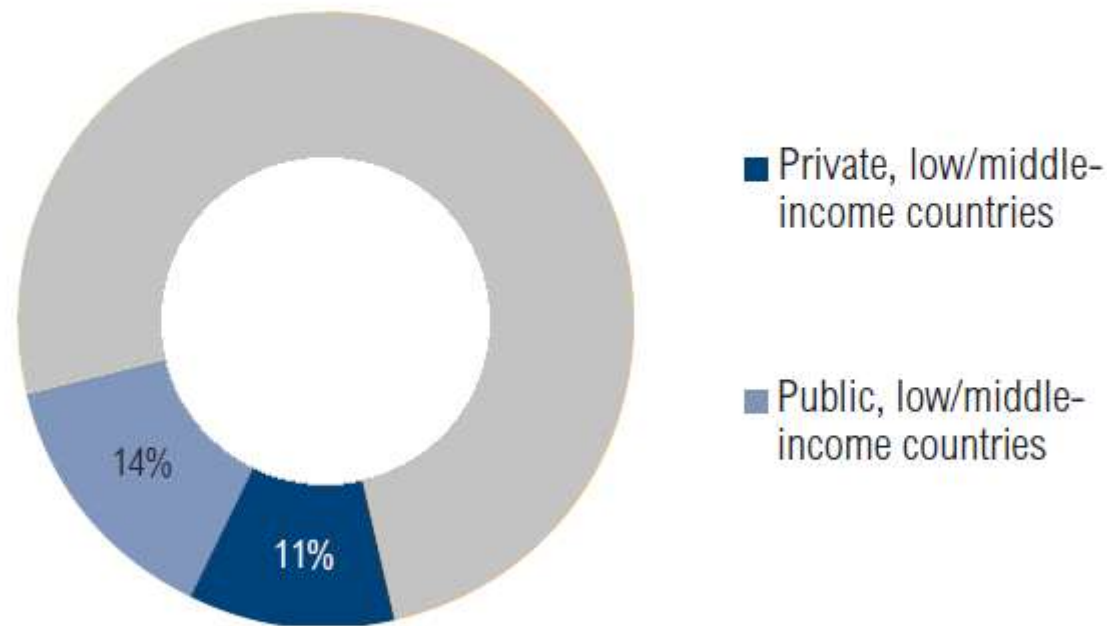
## Proportion of Public and Private Investment in Transport, 2010 estimate (billions of US\$)



Sources: Wagenvoort et al. 2010; World Bank PPI 2013; Government budget publications; CBI 2013; OECD Stats 2013; IMF Government Finance Statistics 2013; ITF 2012.

# Is public or private investment larger in developing countries?

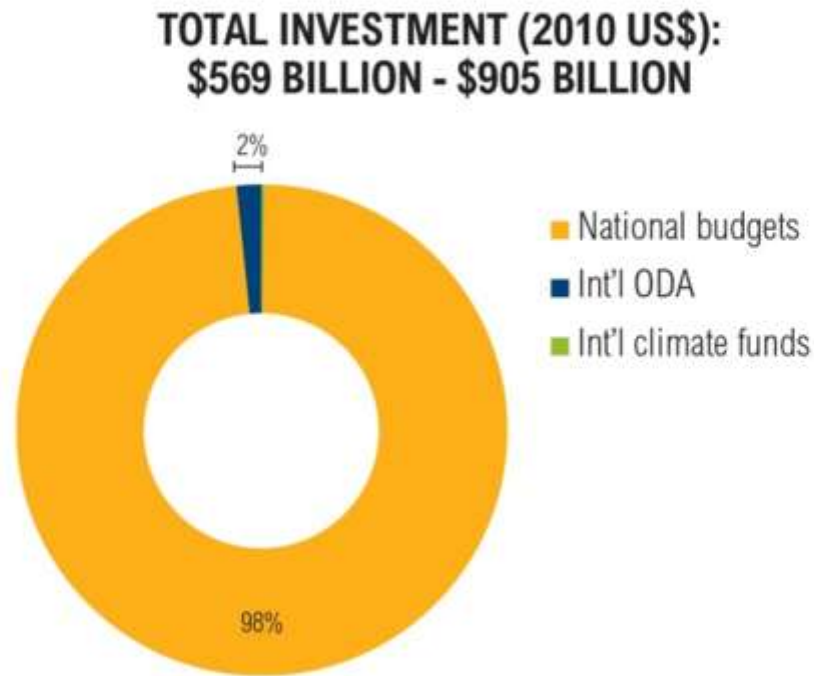
Proportion of Public and Private Investment  
in Transport, 2010 estimate (billions of US\$)



Sources: Wagenvoort et al. 2010; World Bank PPI 2013; Government budget publications; CBI 2013; OECD Stats 2013; IMF Government Finance Statistics 2013; ITF 2012.

# What portion of public investment comes from domestic budget?

Figure 5 | **Composition of Public Investment in Transport in 2010**



Sources: OECD Stats 2013; IMF Government Finance Statistics 2013; ITF 2012; Government budgets.

**How to make climate finance transformational ?**

**Part 1: Status of finance and climate finance in the transport sector**

**Adnan Rahman**, Cambridge Systematics: Presentation and first results of the Expert Group “Climate Finance for Sustainable Transport”

**Part 2: Experiences in accessing and leveraging climate finance**

**Nathaly Torregroza Vargas**, Dirección de Cambio Climático, Ministerio de Ambiente y Desarrollo Sostenible

**Carlos Paredes**, Head of Infrastructure and Environment Financing Department, COFIDE, Peru

**Fernando Farias**, Inventory and Mitigation Officer, Ministry of Environment, Chile

**Lynée Bradley**, Director Export & Agency Finance Group, Citi

***Part 3: Panel discussion***

**Xiaomei Tan**, environment specialist, Global Environment Facility

**Tao Wang**, director of mitigation and adaptation, Green Climate Fund

***Part 4: Q & A with the audience***

***Part 5: Wrap-up and Conclusion***

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# MERCI !

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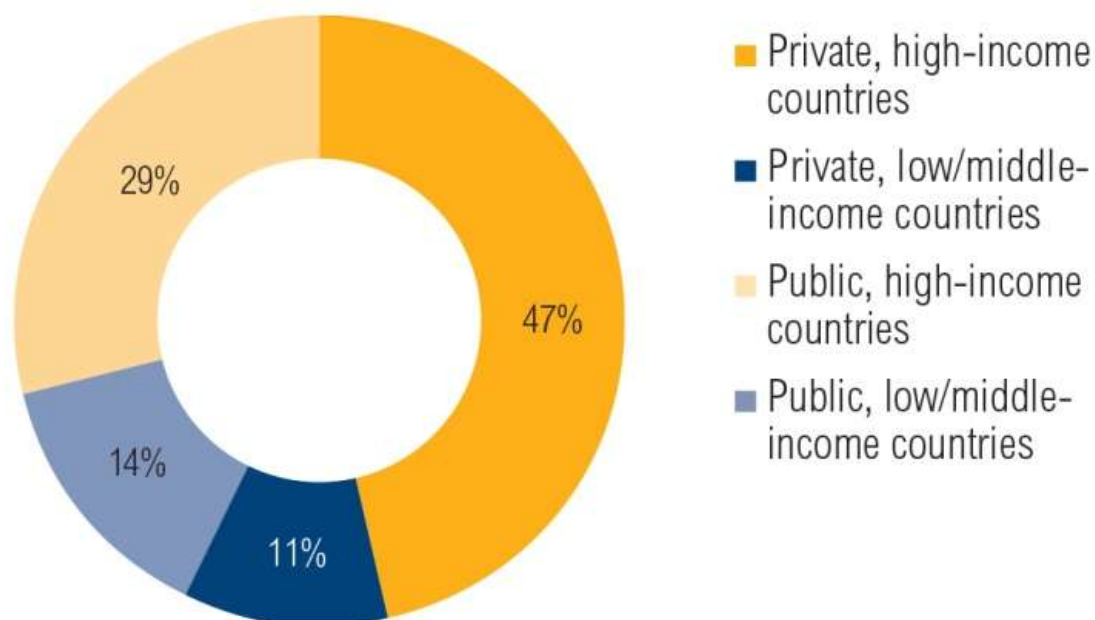
**[www.embarq.org](http://www.embarq.org)**

**[www.thecityfix.com](http://www.thecityfix.com)**



# The whole picture.

Figure 2 | **Proportion of Public and Private Investment in Transport, 2010 estimate (billions of US\$)**



Sources: Wagenvoort et al. 2010; World Bank PPI 2013; Government budget publications; CBI 2013; OECD Stats 2013; IMF Government Finance Statistics 2013; ITF 2012.



## Climate Finance

All financial flows whose expected effect is to reduce net greenhouse emissions or to enhance resilience to the impacts of climate variability and projected climate change.

## Incremental Cost

The marginal difference between a cheaper, more environmentally harmful investment and a costlier, more sustainable or climate-resilient one.

## Readiness

The capacities of countries and local governments to plan for, access, report on, and use climate finance as well as implement and monitor resulting projects.

