



IDEAS. INFLUENCE. IMPACT.

Strategic Foresight Initiative

Tuesday, April 9

Sustainable Transport for Global Development and Climate Protection

A discussion with

Otaviano Canuto
Vice President and Head of Network
Poverty Reduction and Economic Management
The World Bank

Rafael Acevedo-Daunas
Transport Lead Specialist
Inter-American Development Bank

Holger Dalkmann
Director, EMBARQ
World Resources Institute

Cornie Huizenga
Joint Convener
Partnership on Sustainable Low Carbon Transport

Marc Juhel
Sector Manager, Transport
The World Bank

Polly Trottenberg
Under Secretary for Policy
US Department of Transportation

Moderated by

Michael Replogle
Managing Director for Policy & Founder
Institute for Transportation & Development Policy

Please join the Atlantic Council's Urban World 2030 working group for a roundtable discussion of sustainable transport strategies at a global scale. Low-carbon, sustainable transport boosts equity of access to opportunities and

economic development, cuts public health costs of air pollution and traffic accidents, and curbs greenhouse gas emissions at a net negative cost to society. But unmanaged motorization remains the dominant model of development across much of the world. Weak institutional capacity and governance and ineffective financing and policy block rapid scale-up of proven sustainable transport strategies. In an effort to address these issues, the world's eight largest multilateral development banks pledged \$175 billion for more sustainable transport at the Rio+20 global sustainable development conference in 2012, with monitoring and reporting, but there is still much to be done.

This roundtable workshop will bring together key experts and stakeholders to discuss a set of key questions in this area. How might the transport sector be a critical building block for sustainable development within the United Nations climate change and development frameworks? What role could the U.S. play to advance global sustainable transport? What role could the U.S. and multilateral banks play to advance global sustainable transport? How can transport and urban infrastructural investments be redirected toward sustainability and away from long-term lock-in of unsustainable investments?

DATE: Tuesday, April 9, 2013

TIME: 1:00 p.m. - 3:00 p.m.

LOCATION: Atlantic Council
1101 15th St. NW, Basement Conference Room
Washington, DC 20005

RSVP with name and affiliation to pengelke@acus.org.

Sustainable Transport for Global Development and Climate Protection

Tuesday • April 9, 2013 • 1:00 p.m. – 3:00 p.m.

1:00-1:05

WELCOME

Peter Engelke, *Senior Fellow*, Strategic Foresight Initiative, Atlantic Council

1:05-2:00

SUSTAINABLE TRANSPORT FOR GLOBAL DEVELOPMENT AND CLIMATE PROTECTION

Moderator: Michael Replogle, *Managing Director for Policy and Founder*, Institute for Transportation and Development Policy

Otaviano Canuto, *Vice President and Head of Network, Poverty Reduction and Economic Management*, World Bank

Holger Dalkmann, *Director, EMBARQ - The WRI Center for Sustainable Transport*, World Resources Institute

Rafael Acevedo Daunas, *Transport Lead Specialist*, Inter-American Development Bank

Cornie Huizenga, *Joint Convener*, Partnership on Sustainable Low Carbon Transport

Marc H. Juhel, *Sector Manager, Sector Manager, Transport Division, Energy, Transport and Water Department, Sustainable Development*, World Bank

Polly Trottenberg, *Under Secretary for Policy*, US Department of Transportation

2:00-3:00

DISCUSSION

Moderator: Michael Replogle, *Managing Director for Policy and Founder*, Institute for Transportation and Development Policy

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Synopsis of Speakers' Remarks

Peter Engelke

Senior Fellow, Strategic Foresight Initiative, Atlantic Council

Welcome everyone to our *Urban World 2030* workshop on global, sustainable urban transport. I am with the Atlantic Council's Strategic Foresight Initiative. Our work focuses on long-range security and foreign policy issues that will shape our world in the coming decades. Over the past few years, my shop has worked closely with the National Intelligence Council on the *Global Trends* reports, the most recent of which, *Global Trends 2030*, was launched in December 2012. The Council's engagement with urbanization grew out of our work on global trends, because urbanization is one of the twenty-first century's critical megatrends that will affect everything going forward.

Thank you all for coming. We have an extraordinary lineup of speakers today.

Before handing over to Michael, perhaps Banning could say a few words about *Urban World 2030*.

Banning Garrett

Strategic Foresight Senior Fellow for Innovation and Global Trends, Atlantic Council

The *Urban World 2030* project began a year ago, with the intent of changing the paradigm about cities. We believed that the Council was an institution that could affect the conversation about cities in a way that has never been done before, by making cities a core part of the foreign and security policy agenda.

I said this at our last workshop, and I will say it again. Our big turnout today from a diverse range of organizations points to how much traction we've gotten with our effort. Our *Urban World 2030* working group is over 100 people and growing.

Let me turn over the event to our moderator, Michael Repogle.

Michael Replogle***Managing Director for Policy and Founder, Institute for Transportation and Development Policy***

Thank you to our conveners, the Atlantic Council, and to our panelists.

The question before us today is how we connect transportation to the sustainable development and climate protection agendas. Right now, this linkage is largely absent, despite the fact that transportation is a huge contributor to energy consumption and carbon emissions. There is nothing in the MDGs about transportation. Nor does climate policy take transportation into account despite its contribution of 23% of carbon emissions. So we need to better integrate transportation into the post-2015 development goals and into emissions policies. The challenges are huge. On the one hand, we face a world where more than a billion live in poverty and more than a billion will move to cities in the coming decades. These are people who will need low-cost urban transport. On the other hand, we face a growing global middle class that will also demand greater mobility. This middle class wants safe and pollution-free environments, but it will consume more automobiles. China is an example of an economic success story, but the transportation system is not producing the quality of life that people want – traffic congestion & pollution are big problems there. Finally, safety is critical. Transportation fatalities are dropping in many parts of the world, but in rapidly urbanizing parts of the developing world we expect large increases.

There is good news, however, and the time is ripe for a vigorous discussion and for policy interventions. In the U.S. economy, for the first time we are seeing decreases in driving, led by younger age cohorts whose consumption preferences have shifted away from car-dependence to favor walkable denser urban centers and use of the internet. We are seeing a technological transformation in the transportation sector, where real-time information and monitoring systems enable us to manage traffic better—analogous to the smart grid. We are poised for a new transformation in transportation technology. Cities in some emerging economies may leapfrog America in this area.

So let me stop there. We have six panelists, and we will take them in alphabetical order.

Otaviano Canuto***Vice President and Head of Network, Poverty Reduction and Economic Management, World Bank***

Thank you. I know we have lots of speakers so I will keep my remarks brief.

How do we connect the transport agenda with the global development process?

It is not a novelty that the World Bank has performed well in reducing poverty around the world. We have singled out two pillars of success: one is health, education, and transport; the other is the generation of more and better jobs. Trade has been important. But of course we have to remember that, by definition, trade depends on transportation linkages. Improving transport linkages is one of the best strategies we know of to reduce poverty through the trade mechanism. So, for example, suppose one improved transportation access [meaning transportation infrastructure supportive of global trade, e.g., ports, airports, etc.] everywhere to half of what Singapore has. By doing this, one would get six times the impact on global GDP compared to eliminating all trade tariffs.

Global targets in transport and in other metrics play a useful role in creating aspirations, but such targets do not need to translate one-for-one to national targets, especially for developing countries.

Strategies only work if the countries themselves have adopted the strategies and buy into them for their own purposes, not just because they are desirable global targets.

Holger Dalkmann

Director, EMBARQ, World Resources Institute

Thank you to the Atlantic Council and to Michael for hosting us today.

We need to bring lessons learned in the US and Europe to the developing world so they don't make the mistakes that we made over the past half century. We are dependent on motorized transportation that requires high energy use and that produces much pollution and emissions.

The solutions for a different and more sustainable outcome are out there. What we need to do is to mainstream these solutions so that the world's cities build infrastructure in more sustainable fashion. Transportation and cities are not in the MDGs, so we have a disconnect between cities, national governments and international agreements. On the local side in emerging economies, we need both more capacity and institutions. We need cohesive and comprehensive national policies, finance, and recognition of the need for capacity building. On the issue of international commitment, we need to align the sustainable transport issue with the MDGs and with national economic goals.

In sum, I would make two observations. First, sustainable transport solutions exist. We at [EMBARQ](#) work on building safer, greener, more sustainable, more livable, and more affordable cities. Second, we need to integrate these solutions into national and international economic and development goals.

Rafael Acevedo Daunas,

Lead Transport and Environment Specialist, Inter-American Development Bank

Thank you as well to everyone for having us here today. Capacity building is one of the biggest challenges we have. Most of our programs at the IDB have a capacity building element but this is a difficult challenge for us and in general terms. I think the answer to the problem is to enhance civil society's ability to influence politicians.

At the IDB, we have a new sustainable emerging cities initiative—working with mid-size cities to identify elements of sustainability and helping them avoid megacity problems, before they become megacities. So we are teaming up with local governments across a widening range of cities in the developing world.

Global policies raise attention to climate change, and this is important. But when we talk about the need to link transportation to climate change, we need to be sure to talk about how transport has impacts on other sectors, like health or energy or the economy. Transport affects land use too. There are other issues, like how transport networks shape other infrastructural networks. For a local audience to be empowered and take ownership of a sustainable transport agenda, we need to bring their local issues into their perspective so that they understand how all this fits together.

Regarding traffic fatalities, there is a big difference in talking about road safety in developed and developing nations. The bulk of the deaths in developing nations are pedestrians and bicyclists, unlike developed nations.

Cornie Huizenga

Joint Convener, Partnership on Sustainable Low Carbon Transport (SLoCaT)

The Atlantic Council motto fits perfectly with this subject—Ideas, Influence, Impact. We have the first and third, but what we need is to expand influence. Here we have a wide range of actors who can influence what is happening in the US.

We are in a unique period of opportunity in redefining what development is and what it means—that is what we are doing with [SLoCaT](#), which is trying to arrive at a different and more sustainable solution to the economy/development equation. We need to combine access to goods and services in developing-world cities, but we need to increase access in a more sustainable way. What does sustainability mean? First, it means climate change, second it means air pollution, third it means safety—some 1.3 million traffic deaths per year—and fourth it means relieving congestion. Infrastructural investments last a long time. If we build highways or subways, they will be there for decades. We have to reset this equation.

We know what works—how do we scale this up? How do we define goals? Do we have a sustainable development goal for transport, as an instrumental goal and target? At Rio+20, there were voluntary goals on sustainable transport, and SLoCaT was one result with a \$175 billion funding target globally. But how would we use that in the most sustainable manner? And how can we harmonize systems to create a reportable system on achieving goals?

We appeal to the US to articulate the importance of sustainable transport relating to cities and the post-2015 development goals. USAID, the State Department, and USDOT have not yet come together on these issues. We would like to engage with you on this.

Marc H. Juhel

Sector Manager, Transport, Water, Information and Communication Technologies, World Bank

I too offer my thanks to everyone here today. Transport is not recognized for what it does for the economy, social sector and human well-being. Transport does not capture peoples' imaginations. We tend to talk about transport when it doesn't work—during transport strikes, when planes crash, etc. But if we don't pay attention to transport policies, our cities and people will run into trouble. The proper functioning of cities will be critical to achieving goals like the MDGs. People tend to see transport like a utility like any other, but it is not. Transport shapes how a city develops, how sustainable and livable it is. Transport has a more active role than even water and power in shaping cities. All this focuses back on inclusiveness, not just economic growth per se. So inclusiveness of cities requires safe and clean ways of getting around.

Saying that taking action will reduce global emissions may get policymakers to actually take action, but it may not be the way to get the people on the ground to make the right decisions. And it is a hard sell for an elected official to support immediate local costs for future global benefits. But if you can tell mayors about steps to solve their local problems in terms of reducing congestion, increasing safety, etc., and that these steps will also at the same time reduce global emissions, then you're on to something. This is the co-benefit story we address in a paper, [Turning the Right Corner](#). By taking into account these co-benefits, we can effectively achieve global goals. We continue to see a better integration of goals between the transport and urban sectors now at the Bank.

Polly Trottenberg

Under Secretary for Policy, US Department of Transportation

I too wish to thank Michael and the Atlantic Council for inviting me today. Progress is occurring in the US. We have a decentralized and complicated political system that makes swift action at the national level difficult, but there are ways of pushing forward our ideas. We at USDOT are trying to pursue many of the things that other panelists have discussed already. In the first Obama administration, we created the [TIGER grants](#) that enabled us to invest in innovative, multi-modal projects around the country. The grants are run through a competitive process that allows cities to apply directly. We focused on rail and maritime freight because of their efficiency. We worked with HUD and EPA and others in the [Partnership for Sustainable Communities](#). This program has been a real paradigm shift within the US government because it is the first time that all these agencies coordinated their infrastructure investments in housing, water, transportation, and so on. Plus they did so around a core set of ideas about sustainability, about how we should build in ways that make sense for health, mobility, energy, environmental, and economic reasons. There has been a lot of stalemate in funding but we have had some success at getting funding for these things.

We have also been asked to develop performance measures. How do we track these? How do we track funds? Carnegie’s [Road to Recovery](#) report lays out the case for the problem we face in funding our transportation system. Gas taxes in the US are low relative to other countries. We have the lowest gas tax in the OECD—18.5 cents a gallon. All the other OECD countries pay for all their transportation systems with fuel taxes and have money left over. We don’t come close to covering the system’s costs with ours. In the past, we relied on growth in vehicle miles traveled to expand revenues, but in recent years Americans are driving fewer miles per capita using more fuel-efficient vehicles, so this revenue expansion is no longer happening. Now, everyone is aware of the politics of gasoline taxes. We have had a 20 year stalemate on this issue. But now that we have a funding crunch, we are going to have to develop a more efficient system using some combination of pricing, better technology, multi-modalism, and so on—all the things that are part of a sustainable transportation system.

Roundtable Discussion

Michael Replogle: Thank you so much to our panelists. [*Audience applause*]. What is the possibility of working with the State Department and taking US best practices to China and elsewhere?

Polly Trottenberg: We have the joint HUD-EPA-DOT program that has worked out well. It’s a great story for other countries.

Michael Replogle: What does the US experience tell us about voluntary standards and regulation?

Polly Trottenberg: We do things in a voluntary way in the US. The TIGER funds were great for this purpose, because we had something to offer to shape local transport programs.

Holger Dalkmann: There are great examples in the US. Recently, the head of urban planning in Beijing said they wanted to learn from New York City. Others around the world took seriously the transport system [Bus Rapid Transit] that was originally developed in Curitiba—a Brazilian city—when they saw it used in Los Angeles. People really do look to the US to lead.

Audience: Cities are cooperating with each other but not with their national governments.

Cornie Huizenga: If we talk about what kind of vehicles will operate over the next 20-30 years, the US is clearly in the lead compared to Europe and Japan.

Audience: What do we mean when we say "sustainable transport"?

Marc Juhel: The Bank's sustainable transport document in 1996 had 3 pillars—financial, social, and environmental sustainability. So I would say that sustainable transport means a safe, clean, and affordable transportation system. Clean includes climate change.

Audience: If sustainable transport is a key to public health outcomes, what kinds of policies are needed?

Polly Trottenberg: We have looked at the relationship between transportation and obesity because we believe there is a link. We have signed a cooperative agreement with HHS to do a study.

Michael Replogle: Yes, the public health aspect is a critical sell for transportation. For instance, a 1999 US government study said the health expenditures of transportation-related particulate pollution alone cost each US household \$600 per year. This is a hidden tax.

Cornie Huizenga: Transport in China might add up to 25% of health costs, but it is hard to make a direct and quantitative link. When it comes to public health outcomes, the benefits are long-term. Now we have disparate groups looking at road safety, congestion, etc., but they are not putting this all together into one public health package.

Rafael Acevedo Daunas: The data in developing countries are not good. We need to find ways to improve data gathering in a sustainable and reliable way.

Audience: It is very important to make these side cases about urban transport. There are huge benefits on the economic side of sustainable transportation, and we need to make this case forcefully. For example, studies show that housing in smart growth communities in the US lost 60% *less* value than non-sustainable communities did during the housing bust. That shows that smart growth is not only better environmentally and in terms of public health but economically too.

Michael Replogle: We need to do more to make the argument for sustainable transport based on economics. Focusing on the environmental benefits cannot do the job alone. This messaging is a core part of our work at [ITDP](#).

Otaviano Canuto: Proposals for better pricing of fossil fuels need to come with something else to make them politically successful, including social protection systems. We should disentangle the right price for fossil fuels with support for other energy sources.

Audience: We need to demonstrate the economic benefits of sustainable transport. When we began *Urban World 2030*, we wanted to mainstream urban policy by showing that the challenges that face the world all look different through an urban lens, they look much more soluble.

Would it be possible for the Banks to have a differential system for "normal" transportation like highways and one that would support more sustainable models?

Rafael Acevedo Daunas: We are looking towards more sustainable and new forms of transport for developing countries. There are limitations as to the development of differentiated funds because of the financial structure and the mandates of MDBs. Under current circumstances I don't see the possibility of such differentiated funds.

Otaviano Canuto: The Bank does not have those sorts of funds—they will have to come from the member states. The Bank's instruments are very blunt and its ability to influence standards has dropped.

Marc Juhel: We may be able to provide sustainable transport infrastructure, but doing so doesn't mean that people will get out of their cars. This is more complicated than power generation because it involves choices that people make about how best to get around, costs and safety, and all these things.

Rafael Acevedo Daunas: It is difficult to quantify how transportation systems impact the economy and to bring that to policymakers. This is a limitation we must try to correct.

Audience: National governments are good at dealing with air pollution, fuel economy standards, etc. But national governments are not good about what needs to be built in a local community. People should be empowered with knowledge and planning capabilities. So the top down dictating of policies doesn't work. Setting national standards is a good way to stop people from doing something, like polluting, but it is harder to get people to do more complicated things that are sustainable. Rules are difficult for this.

Polly Trottenberg: When I was on the Hill, earmarks fell into categories that included very good projects. A problem was that the earmarks pushed the hardest often were not very good and could not get funded otherwise. The TIGER program was a sea-change in terms of federal grants because it encouraged very innovative and strong projects. We designed the program to have this outcome.

Holger Dalkmann: There is a need to set certain rules and policies, especially in developing countries. Brazil has mandated that each city come up with a mobility plan. This has led to some very creative ideas. So we need a combination of bottom up and top down.

Audience: Is equity on the list of criteria?

Otaviano Canuto: There are different ways to assess equity. We go for equality of opportunity not equality of outcome. We are looking for ways to measure shared prosperity—such as the GDP growth of the bottom 40%.

Cornie Huizenga: In Hong Kong, only 6% of households own cars but the local government's focus is on measuring motorized traffic. Focusing measurement on cars in Hong Kong makes no sense given auto ownership, but it is a good example of how things that are measured are the things that get attention.

Audience: What about the relationship of sustainable transport to sustainable cities? There needs to be a dialogue with technology and science people, such as with Silicon Valley.

Audience: What cities are the gold standard in development and sustainable transport?

Holger Dalkmann: Singapore, Zurich and Copenhagen are regarded as gold standard cities in sustainability, but I maintain that people look to US cities such as New York and its [PlaNYC 2030](#) precisely because they are American. People want the US to lead.

Audience: Sustainable transport epitomizes many of the issues at USAID, including health, climate change, etc. The US has good examples to share at the local level. AID has the [CityLinks](#) program that connects US cities with developing country cities. AID looks at transport systems in Africa and Asia.

Audience: How do we convince the average person in the US or elsewhere that we should live in sustainable communities?

Audience: There is no way to quantify the feeling of sitting at a sidewalk café or coffee shop, enjoying a summer evening and watching people walk past on the sidewalk, yet this is only one of the benefits of living in such communities. Once people see and feel how one lives in them, they often realize that the quality of life is higher. So exposing people to daily life in these neighborhoods is the best way.

Peter Engelke: I should point out that the real estate market in the US is heading in exactly this direction. As was said earlier, housing prices have remained strongest in walkable, mixed-use neighborhoods, here in Washington and in other cities around the country. That means that more people understand the benefits of living in these places and want to live in them.

We have gone over time, sadly. We are going to have to end our session here. Thanks to our panelists and to all of you for coming. [*Audience applause.*]



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