

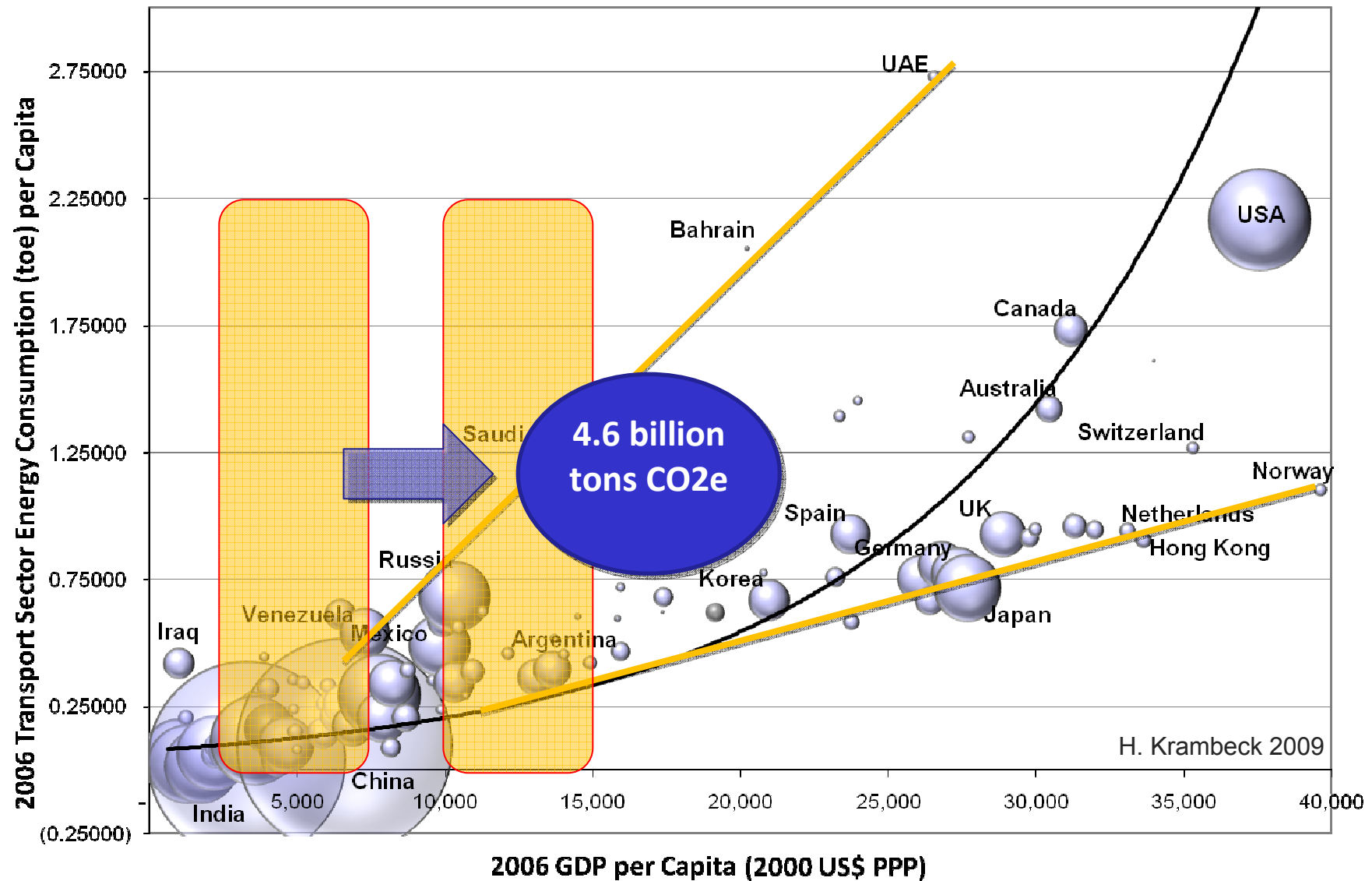
Climate-Based Financing Mechanisms in Practice: Urban Transport GHG Mitigation

**Holly Krambeck, World Bank
15 March 2010**



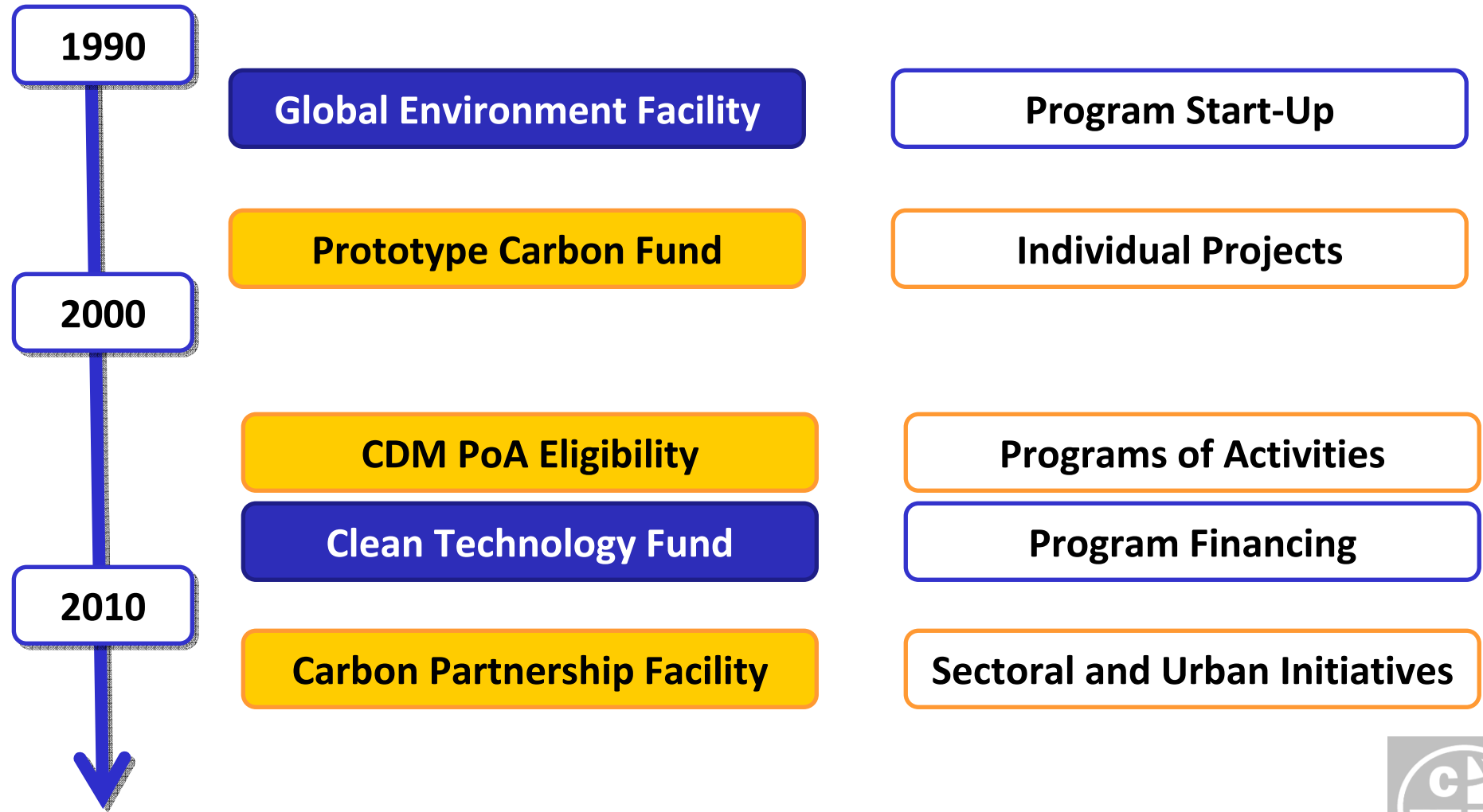
Market Origin of Transport Climate Finance

Means to and end



Climate-Based Finance Mechanisms Are Not New

But they are evolving



Climate-Based Financing in Practice

Urban Transport Examples

- Mexico Low Carbon Transport Corridors Program
 - Global Environment Facility
 - Clean Technology Fund
 - MDB Lending
 - Clean Development Mechanism Program of Activities (Candidate)
- Egypt Vehicle Scrapping and Recycling Program and Urban Transport Development Program
 - Clean Development Mechanism Program of Activities (Candidate)
 - PPIAF
 - Clean Technology Fund
 - IBRD Lending



Example: Egypt Vehicle Scrapping and Recycling

Clean Development Mechanism

- Objective
 - In addition to mitigating GHG emissions: mitigate air pollution, reduce accidents; support the local auto industries; and support technology and best practices transfer for vehicle recycling.
- Components
 - Phase I: Scrapping and replacement of ~45,000 taxis in the Greater Cairo Region through a closely monitored incentive-based scheme.
- Support
 - Enable client to leverage up to US\$23 million in carbon finance for first program phase.

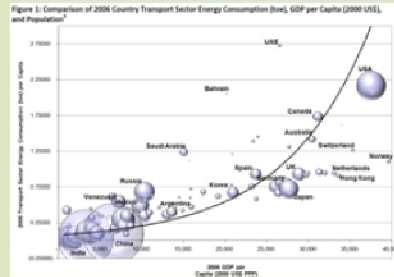


Evaluating the Role of Carbon Finance in Developing Country Transport Sector Projects

Case Study: Egypt Vehicle Scrapping and Recycling Program

Holly Krambeck, The World Bank

1 Transport plays a critical role in global GHG emissions reduction strategies.



2 There are specific types of activities that reduce GHG in transport.



3 Developing countries often require financial incentives to implement these strategies.

4 To date, the Kyoto Clean Development Mechanism (CDM), designed to bring financial resources and technical assistance to developing countries for GHG emissions reduction projects, has met with limited success in transport.

5 The World Bank is pursuing a "scaling up" strategy to overcome some of the traditional obstacles to CDM registration in the transport sector: The Mexico Low Carbon Transport Corridors Program, and the Egypt Vehicle Scrapping and Recycling Program.

6 The Egypt Vehicle Scrapping and Recycling Program aims to renew the aging national mass transport fleet through an incentive scheme, which will be partially funded through carbon finance.

Governorate	1987*	1982-1987	1978-1982	1972-1977	Before 1972	Total	Total <=1987
Cairo	23,741	7,436	11,299	9,212	4,071	55,759	92,018
Giza	10,369	2,929	5,604	4,292	1,804	24,998	34,629
Kahkaha	1,636	580	1,230	1,328	328	4,922	3,276
Total	35,746	10,955	18,133	14,832	6,203	85,667	130,923

Percent of GCR Taxis >=22 years old: 58%

Percent of GCR Taxis >=32 years old: 24%

Percent of GCR Taxis >=37 years old: 7%

Governorate	1987*	1982-1987	1978-1982	1972-1977	Before 1972	Total	Total <=1987
Egypt	73,781	19,465	43,007	33,488	13,561	186,662	314,921

Percent of Egypt Taxis >=22 years old: 62%

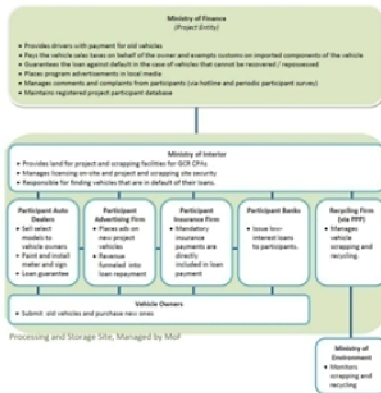
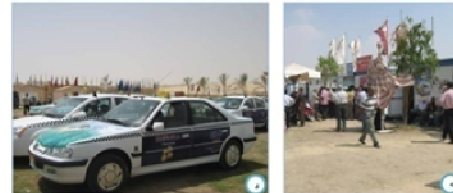
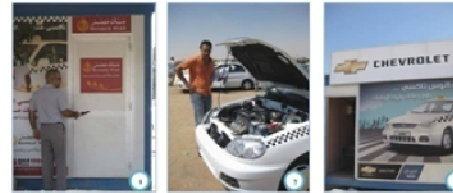
Percent of Egypt Taxis >=32 years old: 28%

Percent of Egypt Taxis >=37 years old: 7%

CDM Project Description	
Prior Consideration of the CDM Firms	
Firms that are used by the program to provide services to reduce the emissions level of the project and to monitor annual CDM credits.	
Date of submission	29 April 2009
Section 1: Project Details	
1. Title of the CDM project activity:	Year Recycling and Replacement project
2. Project geographical location: often coordinates, country, state, and county:	Egypt, Cairo Region, Giza
3. Name of project promoter, client, developer, or investor:	Ministry of Finance
4. Brief description of the proposed project activity: (include full description of technology to be installed and source of funding contribution to the project)	The program aims to reduce CO2 emissions and air pollution by scrapping old vehicles and replacing them with new ones. The program is financed by the Global Carbon Program (GCP) through a loan from the World Bank. The program has been implemented since 2009 and has replaced about 20,000 old cars with new ones. The program is expected to reduce CO2 emissions by 1.4 million tons per year and create 10,000 jobs. The program is also expected to reduce air pollution and improve the quality of life in Cairo.

8 The program began implementation in April 2009, and to date, has processed more than 20,000 vehicles

7 The national-level scheme, coordinated by the Ministry of Finance, depends on participation from many different stakeholders and widespread awareness campaigns.

1) On-site bank office; 2) New vehicle inspection and recording of motor and chassis serial number; 3) On-site auto-dealer office; 4) Advertising on new vehicle; 5) Various on-site stations; 6) World Bank team inspects site; 7) New vehicles (foreground) and scrapped vehicles (background).