



# MOBILISING PRIVATE INVESTMENT IN SUSTAINABLE TRANSPORT INFRASTRUCTURE

*The case of land-based passenger transport*

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Bridging the Gap –  
Transport and Climate Change Expert Day  
“Transport and NAMAs – what progress?”

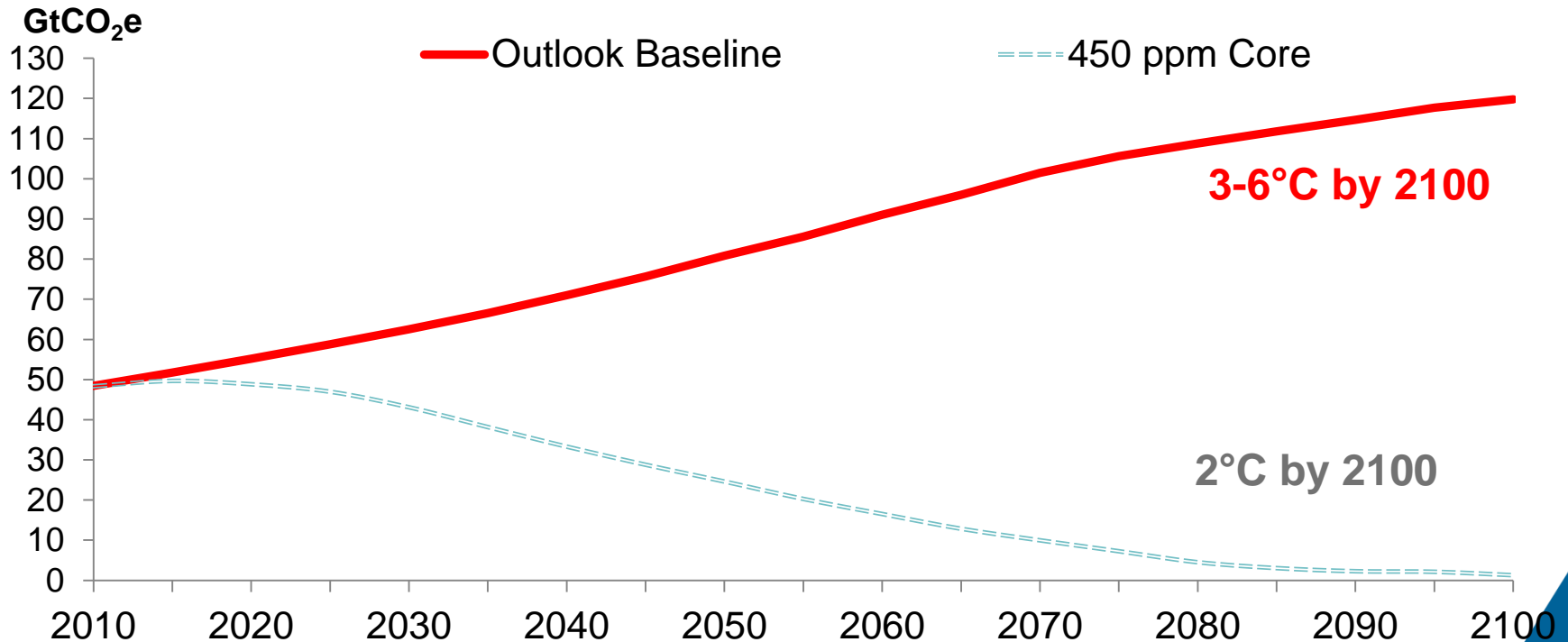
November 29, 2012, Doha



# Introduction: Why focus on infrastructure to address climate change?

Risk of infrastructure lock-in into carbon-intensive (and climate vulnerable) development pathways

## GHG emissions projections 2010-2050



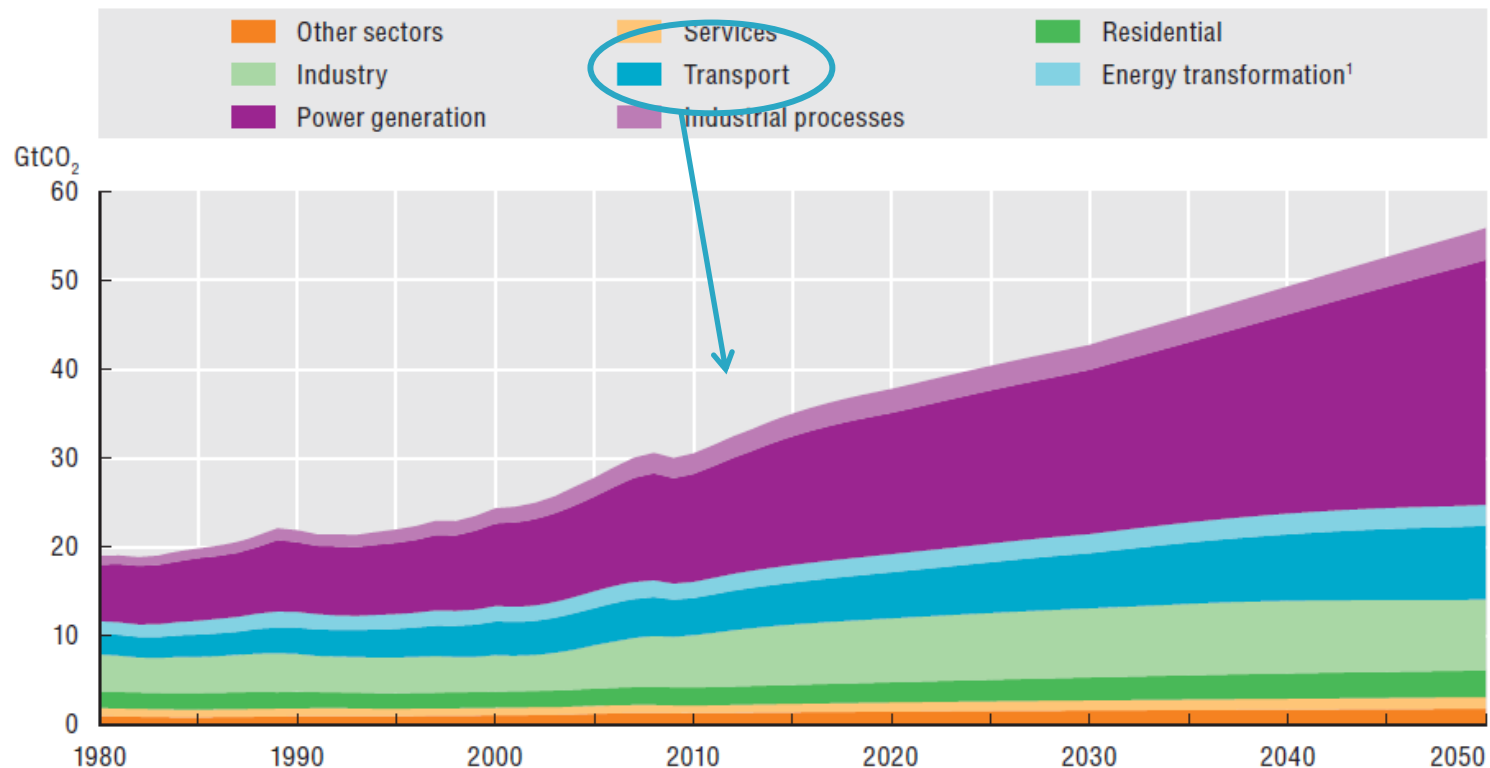
Source: OECD Environmental Outlook to 2050, 2012.



# Introduction: Why focus on transport?

Transport emissions expected to double by 2050

## CO<sub>2</sub> emissions from energy and industry to 2050, baseline



1. The category “energy transformation” includes emissions from oil refineries, coal and gas liquefaction.

Source: OECD Environmental Outlook to 2050, 2012.



# Challenges to support sustainable transport infrastructure

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Scale-up and shift investments  
towards rail and urban transit systems

How?

- Avoid – Shift – Improve strategies
- Mainstream climate-resilient goals in transport planning



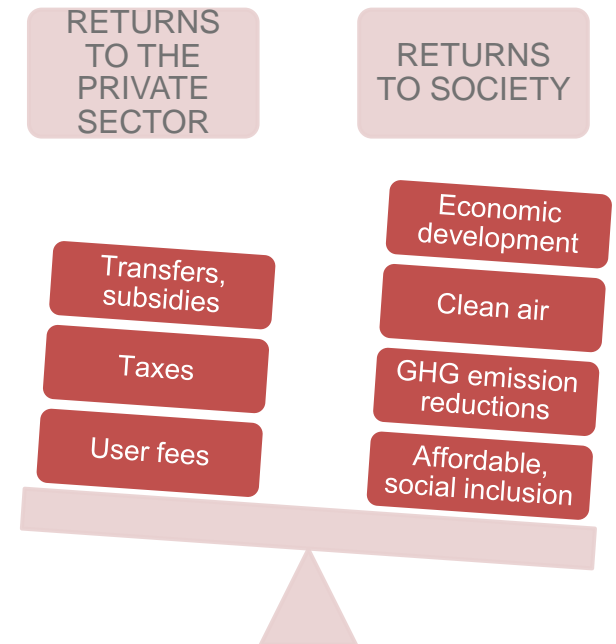
# Barriers to private sector engagement

## 1. Lack of sustainable transport investment opportunities

## 2. Insufficient risk/return value proposition vs. carbon-intensive road transport

**- Return:** High upfront capital costs; relatively low-returns vs. road investments; non-monetized benefits not captured

**+ Risk:** Multiple stakeholders; complex projects; contractual risks; long development timelines; exposure to policy risk



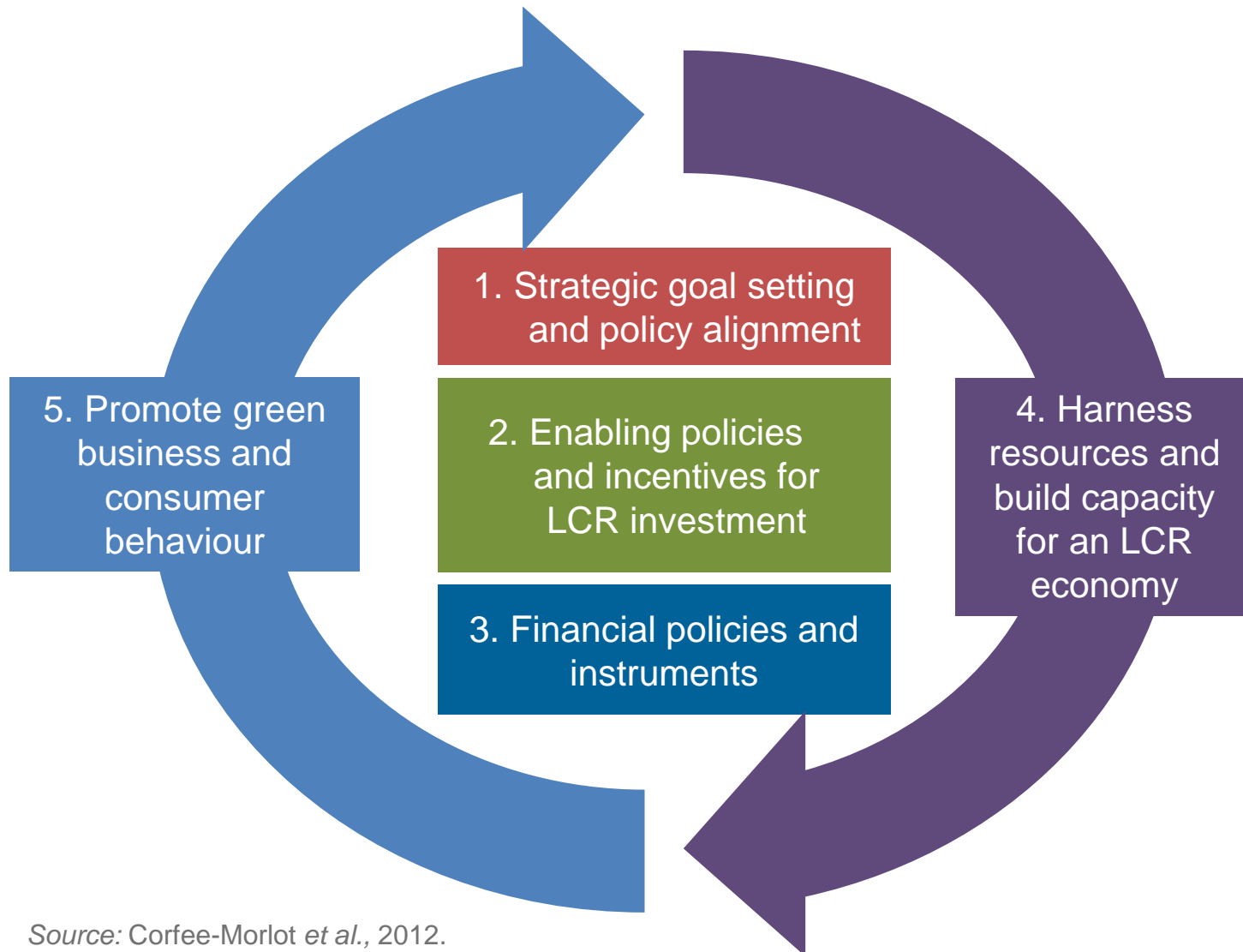
## 3. Availability of long-term finance for sustainable transport infrastructure projects

### What role for governments?

1. Create a pool of sustainable transport project opportunities
2. Improve the risk-return value proposition of sustainable transport projects
3. Leverage public sources of finance to mobilise the private sector



# What role for governments? Elements of a Green Investment Policy Framework



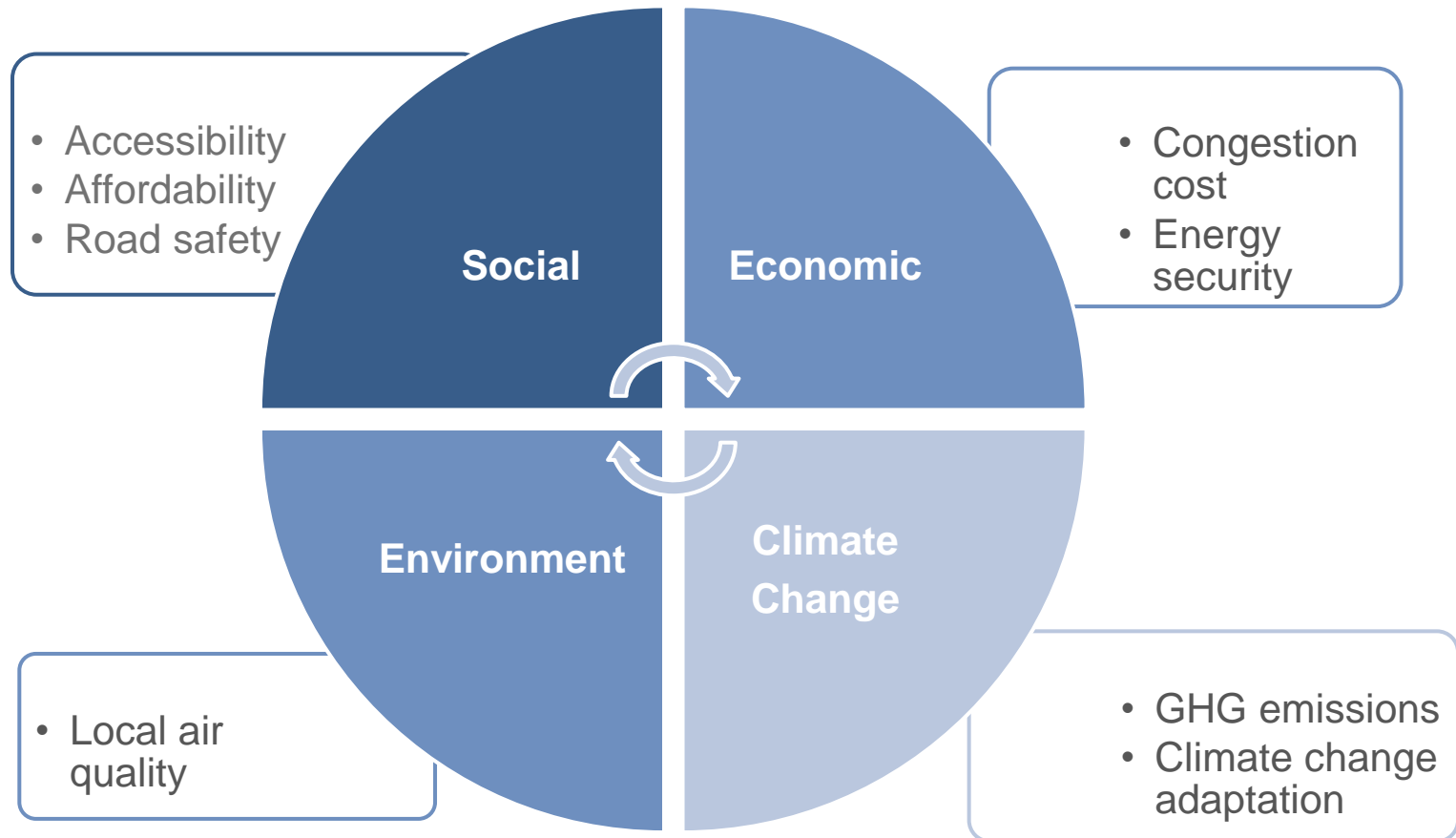
Source: Corfee-Morlot *et al.*, 2012.



# 1. Strategic goal setting and policy alignment

## Integrate co-benefits in transport planning

(Climate concerns are rarely the main drivers of transport planning)



Source: Adapted from GIZ, 2012.



# 1. Strategic goal setting and policy alignment

Integrate land-use and transport planning

and coordinate multiple stakeholders

*(e.g. horizontally between municipalities for BRTs and MRTs)*







## 2. Enabling policies and incentives

- Open and competitive markets
- Carbon pricing strategies  
(important though not sufficient)
- Need other policy instruments:
  - **Congestion charges**  
(e.g. Singapore's Electronic Road Pricing; London's Congestion Charging; Stockholm)
  - Parking levies
  - **Regulatory instruments**  
(e.g. fuel economy standards; zoning policies)





## 3. Financial policies and instruments

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### Innovative financial instruments

- Public-private partnerships (PPPs)  
(e.g. Arlanda Express, Stockholm)
- Land value capture tools  
(e.g. Copenhagen Ørestad metro)
- Grants, loans and loan guarantees  
(e.g. Viability Gap Funding in India)
- Green bonds and credit enhancement



### Transitional support:

- Infrastructure funds or banks (e.g. urban transport funds, India)
- Short-run subsidies (e.g. for EV charging infrastructure)



## Other priorities

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### 4. Harness resources and build capacity

- Foster innovation with R&D  
(e.g. for EV charging infrastructure)
- Training and human capacity:  
(e.g. building institutional investors' capacity; regulatory experience with PPPs)
- Building capacity for assessment, M&E and enforcement
- Climate risk and vulnerability assessment  
(e.g. Climate risk screening tools)

### 5. Promote green business and consumer behaviour

- Information, education and public awareness policies



# Conclusion

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- No one-size-fits-all solution
- Need to integrate tools within a coherent transport strategy and policy mix
  - E.g. pricing instruments + public awareness campaigns
  - E.g. pricing instruments + land-use planning  
(to increase effectiveness; need to ensure sustainable transport alternatives are available for users to respond to price signal change)
  - E.g. PPPs + regulatory framework + capacity building
- Need to integrate financing strategies upfront in transport planning process  
(and ensure revenues cover both capital and operating expenditures)



THANK YOU!

[www.oecd.org/env/cc/financing](http://www.oecd.org/env/cc/financing)

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