Experience from the Use of Crediting Mechanisms in the Domestic Transport Sector: Global Perspective

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Policy Mapping & Effective Instruments for GHG Mitigation in Urban Transport
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Main focus: urban transport under crediting approaches
Comprehensive set of tools with impact on GHG in urban transport

Challenging competition for support through crediting

**Economics:**

- ‘High costs – low impact’ interventions and vise versa (additionality)
- Strong co-benefits (but different performance matrix)
- Multiple drivers & optimization constraints
- Long time lead from implementation to full-range impact

**Design, Implementation & MRV:**

- Dynamic systems with complex boundaries (e.g., rapid urbanization)
- Significant policy interactions / leakage issues
- Data availability / cost to satisfactory address core elements of crediting
- Difficult to benchmark and standardize
### Main limitations under current crediting approaches

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<th>Sector circumstances</th>
<th>Limitations of current approaches</th>
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| Comprehensive packaging of technical interventions (projects) and enabling environment (regulation/policies) | Challenges for one-to-one attribution  
Narrow boundaries around technical interventions  
Policies are not “creditable” under the CDM (e.g., excluding *AVOID* interventions)  
No proper inclusion of induced (suppressed) demand and/or “new demand” (e.g., through improved connectivity) |
| Planning and strategies are simultaneously responding to economic, development and climate policy objectives | CF alone is not supportive for any type of co-benefits  
Limited value of incremental cost approach focused on GHG potentials |
| Predictable/ Long-term financing solutions are required | Marginal/non-significant contribution as compared to required resources  
Ex post incremental revenue stream (“on top”)  
Volatile carbon price |
Ways forward: how could current approaches evolve?

- Focus on net emission reductions at different scale:
  - Flexibility to select scope of intervention (national, local, city-level)?
  - Less acute attribution/additionality issues within broader scopes?

- Cover the entire set of possible interventions: Avoid – Shift – Improve

- Recognize full range of benefits at least for prioritization & design:
  - Impact assessment through composite performance indicators/proxies?

- Combine different sources of climate and carbon finance:
  - Maximize impacts and better allocate risks

- New agenda for accounting & MRV:
  - Matching approaches to financing needs: show impacts at reasonable cost
  - Enable performance management: set goals, monitor progress, adjust
  - Consistency with national MRV approaches
Multiple ways forward: piloting to better shape perceptions and instruments

- Comprehensive policies and measures with combined support from market-based and non-market based instruments
- Focus on low cost/ high impact policies where crediting has maximum impacts
- MRV-focused initiatives to inform policy choices, e.g., at city level
Thank you!