Transport and CDM: Key Issues

Transportation presents a number of challenges for CDM project development unique to the sector. Many developing countries are experiencing soaring rates of motorization. Aside from increased rates of GHGs, this trend is accompanied by negative impacts that include health problems, traffic congestion, noise pollution, safety concerns and urban sprawl. The CDM is an opportunity for developing countries to subsidize sustainable transport initiatives with income from CERs. The challenge lies in working through the methodological stumbling blocks of baselines, monitoring and additionality toward feasible projects.

Panel Questions:

- What projects or activities have been undertaken to explore the transport/CDM fit?
- What key issues need to be addressed in development of sound CDM projects in the transport sector?
- How can we develop baselines and methodologies that will satisfy OE’s while also enabling project feasibility and sustainability?
- How can the CDM address the need for long-term transportation and land-use planning and modelling, and the significant investment needs for new transit infrastructure necessary to slow rapid growth in travel demand and motorization?
- What steps, if any, must be taken at the international level to facilitate the development of transport CDM projects.

Discussion Panel/Organizations:

Agus Sari – Pelangi (Indonesia) – opportunities for developing countries; overview of Pelangi bus project in Yogyakarta

Naoyuki Hasegawa – Ministry of Land, Infrastructure and Transport (Japan) – summary of findings and discussion from the Workshop on CDM/JI in the Transport Sector (Tokyo, March 2003)

Eduardo Sanhueza – Climate Change & Development (Chile) – overview of the IISD/CC&D/CCAP project entitled “Building Capacity in the Chilean Transport Sector for CDM”

John Drexhage – International Institute for Sustainable Development (Canada) – next steps – what is needed next to support the development of transport related CDM?
Agus Sari, Pelangi, discussed opportunities in developing countries for transportation-related CDM projects, focusing on a public transportation project undertaken in Yogyakarta, Indonesia. He said this small-scale CDM project is expected to provide an environmentally friendly urban transport system by replacing existing diesel bus engines with liquefied petroleum gas engines. He noted that the project will likely result in only small emission reductions and stressed that similar projects should be part of larger initiatives to reduce local air pollution, improve local health, and/or increase efficiency of local transport systems.

Eduardo Sanhueza, Climate Change and Development Consultants, outlined efforts to build capacity in the Chilean transport sector through CDM projects. He said the objectives of the project are to: prepare pre-feasibility studies on technology and travel demand reduction; attract foreign investment for sustainable development; and establish precedents for replication. Sanhueza outlined studies focusing on a new interurban passenger rail line, land-use planning around new metro stations, school location planning, bicycle-use promotion opportunities, and clean public transportation options in Santiago.

Naoyuki Hasegawa, Japan's Ministry of Land, Infrastructure and Transport, summarized the discussions at a workshop on CDM/Joint Implementation in the transport sector, held in Tokyo in March 2003. Noting that there are few transportation-related CDM projects in place, he said the goal of the workshop was to exchange experiences and discuss ways to overcome difficulties. He stated that discussions focused on fuel switching, inspection and maintenance, and comprehensive transport management projects. Hasegawa said the workshop recommended, *inter alia*, that the CDM Executive Board set up a panel to: identify data requirements for transportation-related CDM projects; assess how the CDM can address the need for transportation and land-use planning; examine the appropriateness of CDM projects to remove barriers to implementation of existing policies and to change social behaviour; and consider streamlining, including standardizing methodologies for CDM transportation projects.

Discussion: Participants raised questions regarding the challenges of baseline development, the barriers to private entity engagement in transportation-related CDM projects, and issues related to leakage and financial additionality.