

Colombia



THE SITUATION

Colombia's GDP has grown at an annual average rate of 3.6% over the past two decades, with a corresponding increase in greenhouse gas (GHG) emissions. Although the overall energy intensity of Colombia's economy has decreased, certain sectors are still inefficient users of energy. The transport sector accounts for 39% of Colombia's total energy demand, compared to a world average of 31%. A boom in private motorized transport and decline in public transport ridership are increasing energy use and GHG emissions, which are both expected to increase by 80% by 2030, the fastest growth of any sector in Colombia. The energy efficiency sector also plays a crucial role in Colombia's energy mix due to its substantial yet untapped potential to generate energy and cost savings.



THE TRANSFORMATION

To capture the potential for accelerating economic development while reducing GHG emissions in line with its national development strategies, Colombia developed an investment plan that will tap US\$150 million in financing from the Clean Technology Fund (CTF) for a range of urban transport and energy efficiency projects. Colombia will use CTF financing to improve and expand public transport infrastructure and service in Bogotá and seven other Colombian metropolitan areas, as well as accelerate public and private sector engagement in the energy efficiency sector. The investment plan was designed in coordination with the Inter-American Development Bank (IDB), members of the World Bank Group (IBRD, IFC), and key Colombian stakeholders. Together, CTF financed projects are expected to mobilize an additional US\$2.34 billion in additional public and private co-financing.

COLOMBIA QUICK FACTS

ECONOMY

Average annual GDP growth (1992–2011):

3.6%

Projected annual GDP growth (2013):

4.4%

ENERGY

Transport sector energy demand (% total):

39%

Hydropower energy supply (% total):

78%

Coal-based generation capacity (2009–2023):

+150%

Oil-based energy supply (% total):

45%

Public transport ridership goal:

50–90%

CLIMATE

Total GHG emissions (2004):

180 MtCO₂e

Transport sector GHG emissions (2030):

+80%

COLOMBIA CTF QUICK FACTS

CTF financing:

US\$150 million

Expected to leverage:

US\$2.34 billion

Expected CTF GHG emissions savings:

90.3 MtCO₂e

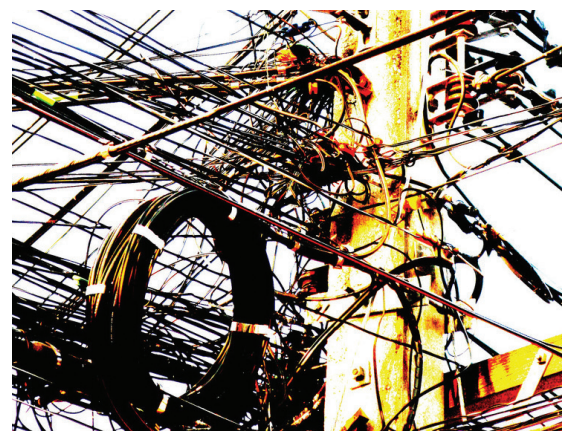
CTF IMPACT: Embedding low-carbon priorities in transport planning

From 1994–2009, Colombia's total vehicle fleet tripled, and in 2008 alone, the number of motorcycles in Colombia increased by 25%. The rapid expansion of motorized private transport in Colombia has contributed to rising GHG emissions, and declining public transport ridership in medium-sized cities. These trends reduce the ability of local municipalities to provide dependable, low-cost public transport—crucial services for many low and middle-income urban residents.

Colombia's CTF financing will provide much-needed funds that enable investments in infrastructure, as well as institutional and capacity building measures that integrate low-carbon priorities into public transport planning from the outset. By helping to improve awareness and effectiveness of low-carbon public transport planning, CTF financing aims to create a foundation upon which Colombian cities can demonstrate, replicate, and scale-up low-carbon transport projects long after CTF funds have been effectively applied.

CTF IMPACT: Tapping Colombia's energy efficiency potential

Energy efficiency investments are capable of substantially reducing the need to build additional power generation capacity, and of achieving significant cost, energy, and emissions savings by optimizing use and reducing waste. Such opportunities exist throughout the Colombian economy, including in residential, commercial, and industrial sectors. For example, refrigeration accounts for 70% of energy consumption among Colombian small businesses. Enabled by US\$32.5 million in CTF financing, projects focusing on public and private sector interventions, technical assistance, investment financing, and performance-based incentives are expected to transform the Colombian energy efficiency landscape by reducing barriers to investment.



Source: Artist in doing nothing

COLOMBIA CTF PROJECT FOCUS AREAS

URBAN TRANSPORT

RATIONALE: Colombia's transport sector is a major contributor to national GHG emissions, and public transport ridership is declining because the system is poorly maintained and operated. CTF financing will support transformative co-financing for projects to reduce the cost of low-carbon urban transport investments, policy and institutional reforms, and capacity building aimed at addressing key barriers to investment.

FINANCING: US\$100 million CTF financing is expected to leverage US\$2.05 billion from the government, IBRD, IDB, and private sector.

EXPECTED RESULTS:

- Accelerate low-carbon public transport investments in Bogotá and seven other metropolitan areas, including physical and fare integration and optimization of new and existing transport systems; improved travel demand management; and consolidated scrapping policies for old vehicles.
- Enhance institutional reforms and capacity building for regulatory, planning and policy initiatives, intended to support replication and scale-up across projects and jurisdictions.
- Reduce noise and local air pollution; improve public transport safety and service quality to further socioeconomic development objectives and improve accessibility for low and middle-income urban residents.

ENERGY EFFICIENCY

RATIONALE: Despite significant cost and energy savings potential, broader investment in energy efficiency is inhibited by financial and informational barriers, skills shortages, and policies that disincentivize energy conservation. CTF financing is designed to mobilize private sector engagement through capacity building and to complement public sector initiatives intended to improve access to finance for commercial and residential energy efficiency projects.

FINANCING: US\$50 million CTF financing is expected to leverage US\$293 million from the government, IDB, IFC, KfW, and private sector.

EXPECTED RESULTS:

- Capitalize on structure of commercial and financial sector conglomerates to efficiently scale-up and demonstrate commercial viability of energy efficiency investments.
- Build capacity in local financial institutions to improve access to finance for energy efficiency projects.
- Enhance energy security and GHG emissions; reduce pressure to build new energy generation capacity.

