

CLIMATE INVESTMENT FUNDS

CTF INVESTMENT PLAN

Colombia

Colombia's economy has become less carbon intensive during the last two decades. Nevertheless, this trend could be reversed under a business as usual scenario of increasing investment in transport and electricity generation characterized by higher carbon intensities.



Given these challenges, the Government is in the process of finalizing a national climate change policy, within its overarching National Development Plan, to address climate change mitigation and adaptation. The policy, which is likely to include the creation of a Comprehensive National Climate Change Action Plan, is based on an inclusive process engaging a spectrum of stakeholders.

Colombia's CTF Investment Plan is designed to provide support for the low-carbon objectives contained in the National Development Plan.

The CTF Investment Plan is designed to address abatement measures particularly in energy efficiency and urban transport, two sectors which are ready for scaling-up investment through CTF resources, and which exhibit high potential for transformational change to a lower carbon path. As the enabling environment gets developed, a possible second phase of the IP could include further programs on energy efficiency and transport.

Sustainable Transport

The CTF Investment Plan will support measures for increasing greenhouse gas reductions within a package of support for maximizing modal shifts toward more public and non-motorized transport. CTF resources will increase the low carbon elements in municipal investment plans for transport, making these systems more sustainable. Components may include:

Colombia CTF INVESTMENT PLAN

CTF financing: **\$500 million**
Co-financing: **\$1,850 million**

PROJECT APPROVALS

Sustainable Energy Finance

CTF Approval Date: Dec '10
CTF financing: **\$17.5 million**
Co-financing: **\$257 million**
Partner MDBs: **Inter-American Development Bank, International Finance Corporation**

Public Transport Systems

CTF Approval Date: Aug '11
CTF financing: **\$20 million**
Co-financing: **\$212 million**
Partner MDBs: **Inter-American Development Bank**

- integration among transit modes to optimize public and non-motorized transport;
- support for transfer stations,
- improved public and bicycle lanes;
- a scrapping program for the old bus fleet ;
- the possible introduction of low-carbon bus technologies over time.

The CTF Program will leverage Government, World Bank Group and Inter-American Development Bank (IDB) finance for seven out of the country's 12 major cities.

Public/Private Sector Energy Efficiency

Today, Colombia's electricity sector is relatively clean in terms of emissions: during the last decade an average of 78% of electricity generation was based on hydropower. Nevertheless, a reduction in the total amount of energy demanded from the system through efficiency measures or renewable energy sources can have a significant emission reduction impact,

The CTF energy efficiency program is designed to target equipment upgrades in the industrial, commercial, and residential sectors, which are the source of almost all

Colombia's energy mix is mostly based on oil, natural gas, coal, and hydropower with final energy consumption divided as follows: transport 39% (higher than the world average of 31%), industries 27%, households 22%, agriculture and mining 5%, and the commercial and public sector 5%. The balance is made up by the construction sector and other unidentified uses. Oil and oil products provide 45% of final energy consumption (mostly for the transport sector); natural gas 19% (mostly for the industrial sector); bioenergy 16% (mostly firewood and charcoal for the residential sector, but also bagasse and waste for industries, and biofuels for transport); electricity 16% (mostly in the residential and industrial sectors), and coal and coke the remaining 5%.



Colombian energy consumption after transport. CTF resources, through both private and public sector activities, will help overcome financial, regulatory, and knowledge barriers by providing advisory assistance, investment support, and performance-based incentives. Efforts will focus on the key stakeholders in this market: financial intermediaries, distribution companies, end-users in the industrial, commercial and residential sectors, technician-agents, and government.

What is the CTF?

The Clean Technology Fund (CTF) is a multi-donor trust fund created in 2008 as part of the Climate Investment Funds (CIF) to provide scaled-up financing for the demonstration, deployment and transfer of low carbon technologies that have a significant potential for long-term greenhouse gas (GHG) emissions savings. CTF resources amount to approximately \$4.5 billion (based on exchange rates on the initial CIF pledging date of September 25, 2008) pledged by contributors (Australia, France, Germany, Japan, Spain, Sweden, United Kingdom, United States). The CTF supports a selected series of investment plans that meet the criteria of significant GHG emissions savings, demonstration potential at scale, development impact and implementation readiness.