SLOCAT
Partnership on Sustainable, Low Carbon Transport

Creating bankable projects: Improving access to climate finance and economic appraisals for sustainable, low carbon transport

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Regional Cooperation Mechanism on Low Carbon Transport: Identification and Development of Climate Financing Mechanisms

17 May 2024 I Manila

SLOCAT
Partnership on Sustainable, Low Carbon Transport

Powering the sustainable, low carbon transport revolution
with ambition, solutions and collaboration for the people and the planet

Our Mission

SLOCAT enables collaborative knowledge and action for sustainable, low carbon transport, and brings the voice of the movement into international climate change and sustainability processes.

Our Vision

We believe that a just transition to equitable, healthy, green and resilient transport and mobility systems is central to socio-economic prosperity for the people and the planet.

SLOCAT Wheel on Transport and SDGs



SLOCAT Key Transformation for Land Transport



Our Focus

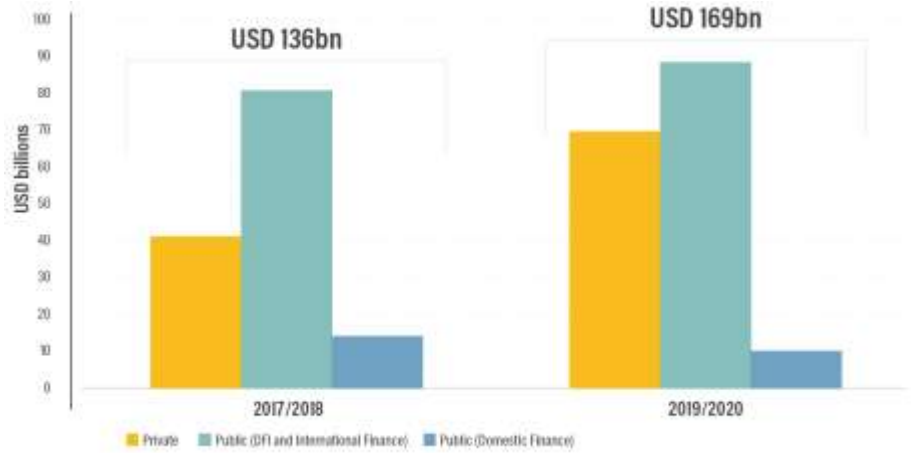
Our focus is on land transport and all mobility modes.

We propose universal analyses and actions, with dedicated efforts to Global South realities.

Investment levels for transport do not meet required needs for a low-carbon pathway

- Climate finance totalled USD 653 billion in 2019/20, of which USD 169 billion for transport.
- An estimated **USD 2.7 trillion in annual investment will be needed** globally between 2016 and 2030 to achieve low carbon transport pathways.
- Regional studies estimate a **USD 1.6 trillion investment gap for transport infrastructure in Asia by 2040**.

Global climate finance in the transport sector, by source, 2017/18 and 2019/20



Improving Access to Climate Finance in Low- and Middle-Income Countries

Improving Access to Climate Finance for Transport Projects in Low- and Middle-Income Countries

Initial research questions

- What are the barriers to climate finance in the transport sector in developing countries?
- What are different financing modalities, instruments and structures, observed in the transport sector, and how did they overcome the existing barriers?
- What can we learn from current practices?

HIGH VOLUME TRANSPORT APPLIED RESEARCH

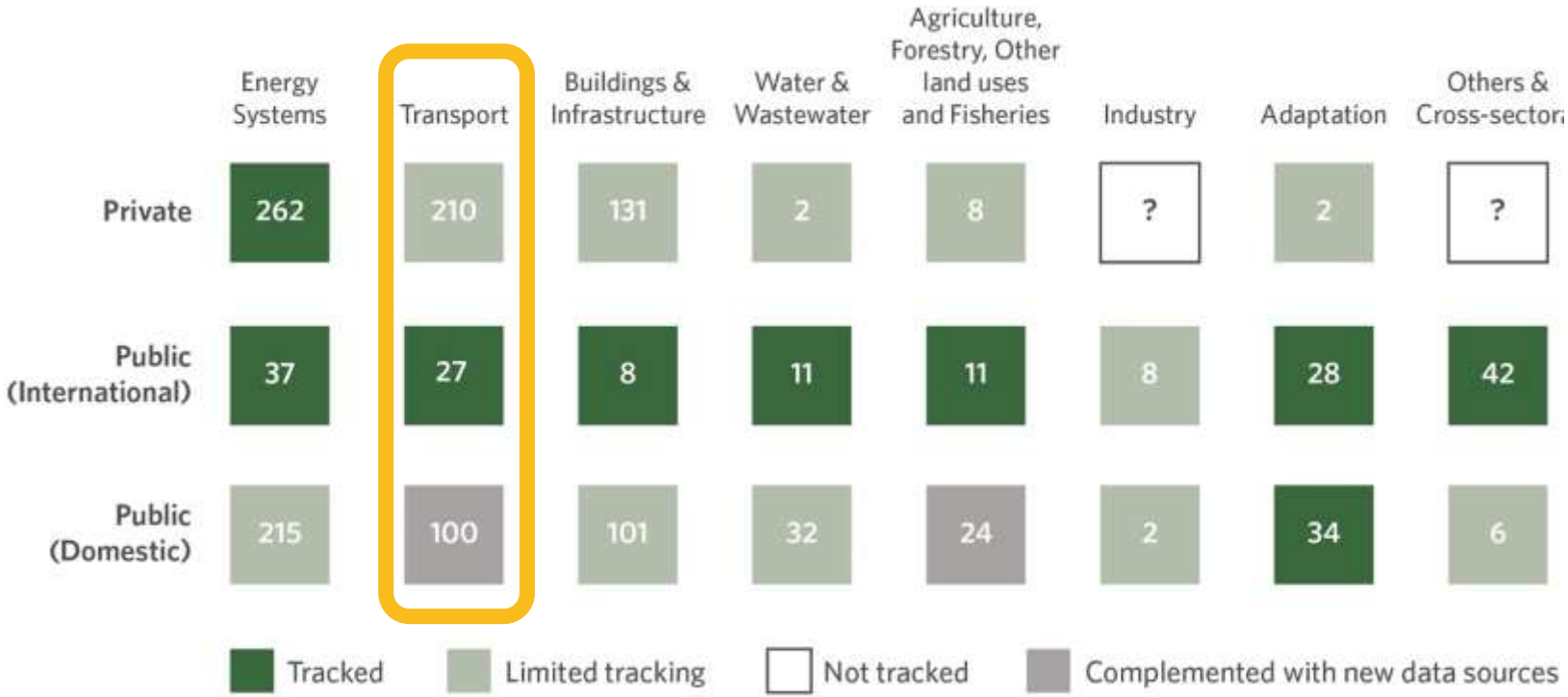
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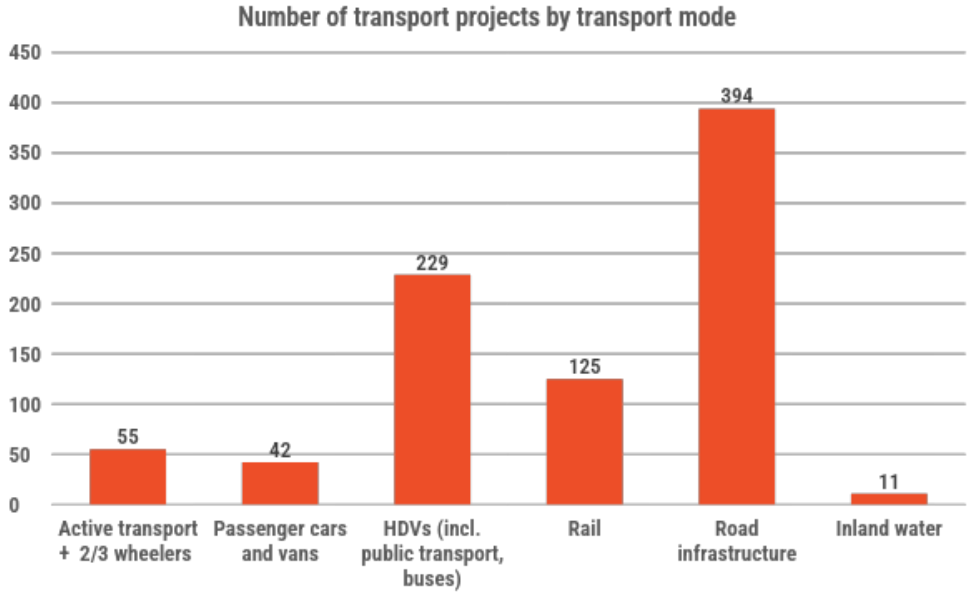
Global climate finance landscape for transport in 2021/2022

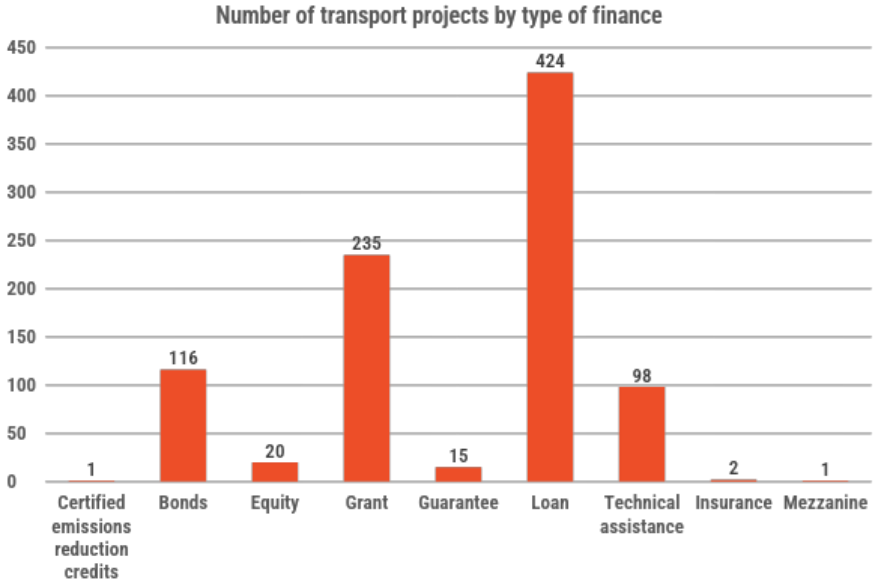


Source: Climate Policy Initiative, 2023

At USD 337 billion, low-carbon transport represented 29% of total mitigation finance in 2021/22.

Global climate finance landscape for transport





Barriers to accessing climate finance in transport: Case study analysis

Green Bus Rapid Transit in Karachi - 26.6-kilometre BRT

Barriers Identified	
Market barriers	**Institutional barriers**
High levels of perceived risks	Distrust in the public sector
Low potential for returns	Lack of transparency
	Limited institutional capacity to administer and implement projects
	Weak governance structures

Other barriers identified through case study analysis

Financial	• Difficulty in scaling investment past initial pilot projects • Public goods, limited profitability, uncertain revenue streams • Volatile exchange rates • Project complexity due to a large number of actors
Institutional	• Inadequate institutional and regulatory framework • Limited transparency and accountability on spending
Informational	• Lack of monitoring tools and data on impacts or outcomes • Lack of knowledge and awareness of transport measures
Technological	• Difficulty in financing new technologies due to costs • Technical limitations of new technologies (range, performance, capacity, etc.)

Opportunities to scale up financing for low-carbon transport project

Policy

Support policy development and create an enabling environment

- Create enabling environment for climate investments (laws, policies, regulations, and incentives)
- Enhance coordination across agencies, accountability and transparency
- Attract private investments with de-risking instruments

Capacity

Increase the relevance of capacity building

- Build capacity in accessing climate finance, across various sources, and preparing bankable projects
- Build capacity in managing and implementing projects
- Gather good data, integrate technology, monitor and evaluate

Project

Develop bankable low-carbon transport project pipelines

- Better pipeline development and project preparation
- Build gender-inclusive activities into the project design

Evolving economic appraisals for land transport investments

Issues of current economic appraisal approaches

Comprehensive, integrated scope of sustainable, low carbon transport vs. narrow scope of the methods used for quantitative analysis.

Single investor vs. multiple beneficiaries

Tangible investment vs. intangible nature of benefits

Knowledge integration across different stakeholder groups

There is a strong economic case for sustainable transport

Transport mode	Range of the return of investments
Public transport	For every USD 1 invested, returns USD 5.
Cycling	For every USD 1 invested, returns range between USD 2 to 19.
Walking	For every USD 1 invested, returns range between USD 1.3 to 20.
Active mobility (combined walking and cycling)	For every USD 1 invested, returns range between USD 1.3 to 19.
Integrated approach of public transport, walking and cycling	For every USD 1 invested, returns range between USD 1.1 and 4.5.

Recommendations for systemic analysis of multi-dimensional outcomes of sustainable land transport projects

Use an integrated, systemic analytical framework that helps define challenges, identify opportunities, and determine social, economic and environmental outcomes.

Engage with a multi-stakeholder group to identify key issues and indicators.

The systemic assessment of sustainable transport investments should be co-created, leveraging the multi-stakeholder approach.

To identify, quantify, and analyse (e.g. via economic valuation) all impacts surrounding a project, including externalities.

To perform a cost benefit analysis considering (i) financial performance, (ii) economic performance, and (iii) financial and economic returns by economic actor.

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