SLOCAT
Partnership on Sustainable, Low Carbon Transport

SLOCAT
Transport, Climate and Sustainability Global Status Report - 3rd edition

Module 5 Enabling Climate and Sustainability Action in Transport: Finance, Capacity and Institutional Support

Key Insights

www.tcc-gsr.com

#TransportClimateStatus

5.1

Financing Sustainable Transport in Times of Limited Budgets

Effective financing is crucial for the development of modern transport networks that facilitate **economic growth,** improve **connectivity** and enhance **quality of life.**

It involves a **combination of public and private resources, strategic planning and careful allocation of funds to ensure the efficient operation and expansion of transport infrastructure and services.**

Transport is the largest recipient of infrastructure investment among sectors globally.

USD 79 trillion of infrastructure investment to transport from 2015 to 2040, with **USD 26 trillion (⅓) going to roads and USD 10 trillion to rail**.

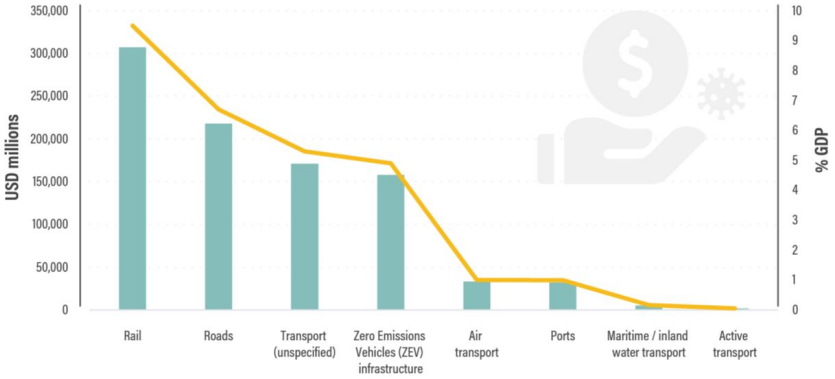
➔ Global market for transport services reached USD 7.3 trillion in 2022 and is projected to double by 2032.

Transport was a major recipient of COVID-19 recovery investment.

➔ The majority of **G20 stimulus funding for transport went to rail and road**, with **almost no funding for active transport,** in line with overall G20 transport investment trajectory.

FIGURE 2. Investment in transport from the COVID-19 stimulus in G20 countries, by volume and share of GDP

Source: See endnote 10 for this section.

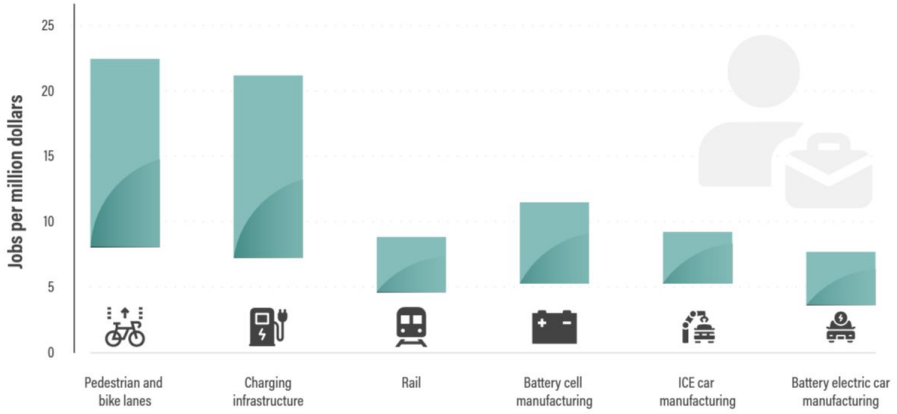


Employment benefits of sustainable transport investments exceed those of other sectors, especially in LMICs.

Walking and cycling infrastructure and **EVs charging infrastructure have the highest potential** to multiply employment opportunities.

FIGURE 1. Potential jobs created through transport investments, 2020

Source: See endnote 7 for this section.



→ Across 21 LMICs, **investments in public transport and electric vehicles could create 50 million jobs by 2030.**

Russia's invasion of Ukraine:

- **Pushed up energy prices for many consumers and businesses around the world**, hurting households, industries and entire economies – **most severely in LMICs where people can least afford it.**
- Had **far reaching economic impacts** and **halted the fiscal consolidation process of many LMICs** that started in the aftermath of the pandemic.

Europe's quest for alternatives to Russian energy could supercharge investment in hydrogen, potentially leading to USD 1 trillion of new projects globally by 2030.

Transport has dominated infrastructure investments in both G20 and OECD countries.

➜ **Much of this investment went to road construction and highway expansion**, supporting rising motorisation rates while not necessarily enhancing travel opportunities and conditions.

➜ Around **42% of public funding in the G20 countries** in 2022 **went to transport**, of which **nearly half (46%) was in road transport**, **followed by rail and public transport.**

➜ Transport also represented a **large share of spending in China and in some LMICs**.

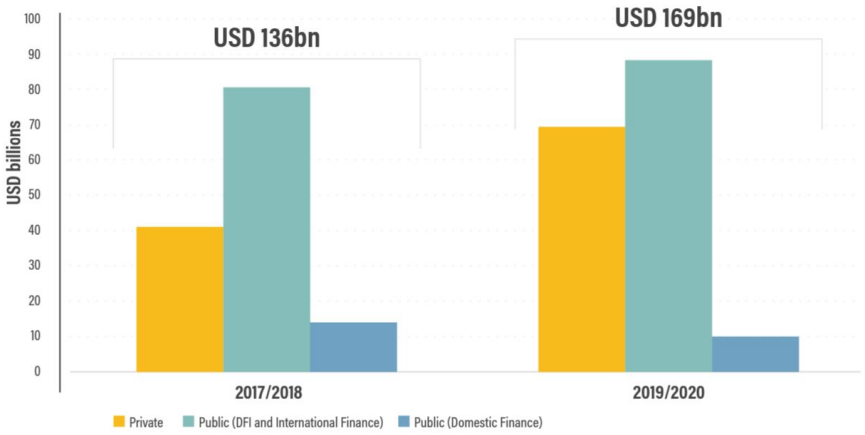
Around **1/4 of climate finance in 2019-2020 went to transport**.

➜ While it is an increase from previous years. this **represents only a fraction of the total estimated need**.

➜ Spurred by **investment in rail and transit projects** and by **rising household purchases of electric vehicles**.

FIGURE 5. Global climate finance in the transport sector, by source, 2017/18 and 2019/20

Source: See endnote 25 for this section.



➜ There is a need to reassess **public funding priorities** and explore new opportunities to **mobilise large-scale private investment towards development objectives**.

Estimated costs to achieve full decarbonisation in:

- **Road** ➜ USD 3 trillion
- **Aviation** ➜ USD 5 trillion
- **Shipping** ➜ USD 1.4 - 1.9 trillion

Green bonds for energy, buildings and transport accounted the majority of green debt (77%) in 2022.

➔ Down from 2021 (81%) and high from 2020 (85%).

➔ Transport contributed USD 100 billion.

Russia's invasion of Ukraine affected bonds bearing thematic labels

➔ Represented 5% of total debt volumes.

➔ Fell 24% in value in 2022.

Progress in carbon financing in transport is mixed.

➔ Most carbon markets focused on aviation and maritime and less on land-based transport.

However, **a record USD 95 billion was raised in 2022 through carbon pricing schemes**, covering 23% of global GHG emissions.

As the electric car market matures, reliance on direct subsidies is expected to phase out over time.

➔ Focus of government incentives is **shifting from consumers to charging infrastructure and battery manufacturing**.

➔ Led to announcements of **record investments in new battery manufacturing capacity** in 2022.

Subsidies and other support for fossil fuels in transport jumped 31% in 2021 due to the surge in fuel use following the lifting of COVID-related mobility restrictions.

Despite a slump in revenues, **auto companies maintained strong spending on research and development** in 2020-2021, **to gain a technological edge in the fast-changing mobility sector**.

➔ Low-carbon mobility and battery start-ups accounted for a combined 35% of the spending growth and for 40% of the early-stage finance in 2021.

Investment needs can change over time due to factors such as:

- **Technological advancements**
- **Shifts in transport patterns**
- **Economic developments**
- **Policy changes**

USD 40.5 trillion is needed between 2016 and 2030 to achieve low carbon transport pathways.

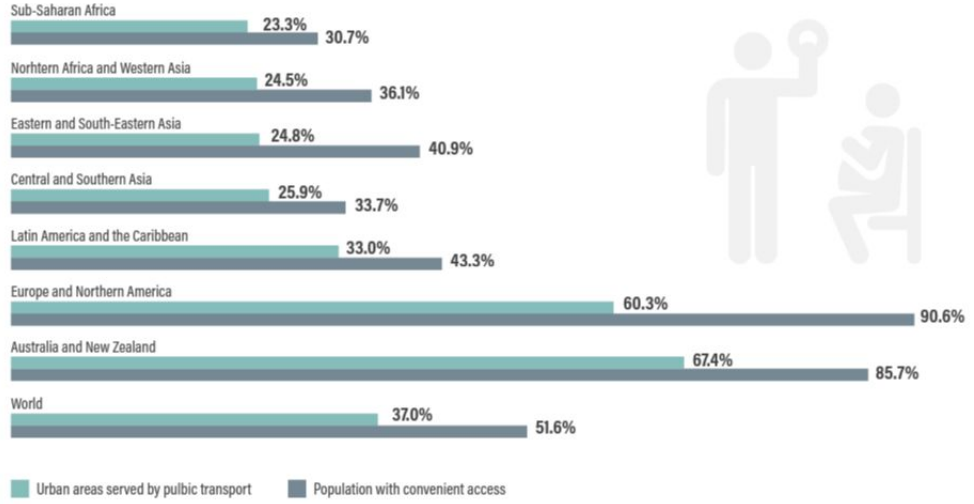
60-70% of these investment needs to occur i**n emerging economies.** However, there are **significant gaps in regional transport infrastructure investments by 2040:**

- Africa: USD 0.8 trillion
- Asia: USD 1.6 trillion
- The Americas: USD 6.0 trillion

For transport decarbonisation, **more focus is needed on addressing the service gap rather than the investment gap**, as ensuring improved services often requires more than capital investment.

FIGURE 10. Public transport coverage and share of the population with convenient access in urban areas, by region, 2022

Source: See endnote 77 for this section.



Spotlight 5

Capacity and Institutional Support to Achieve Sustainable, Low Carbon Transport

Impactful capacity building requires **identifying gaps** and **tailoring interventions** to **meet the evolving needs of transport professionals, city authorities and other stakeholders**.

Key challenges and needs for capacity building in transport:

- Urban sprawl
- Investment gaps
- City planning & management
- Administrative & institutional capacities

Individual level	Technical and economic skills; reform support, negotiation management and financing
City level	Infrastructure financing, governance structures, environmental and societal requirements.
State level	Regulatory frameworks for sustainable urban mobility

A comprehensive overview is lacking on the current offers, demand, quality of staff and institutions for capacity building.

Concerted action is required to:

- Develop **new narratives**,
- **Penetrate sustainable transport trainings into public administration management**
- Initiates **corresponding transformation course**.

Check out other key insights at www.tcc-gsr.com/key-insights

Module 1
Transport Pathways to Reach Global Climate and Sustainability Goals

Module 2
Regional Trends in Transport Demand and Emissions, and Policy Developments

Module 3
Climate and Sustainability Responses in Transport Sub-Sectors and Modes

Module 4
Transport and Energy

Module 5
Enabling Climate and Sustainability Action in Transport: Finance, Capacity and Institutional Support

SLOCAT Transport, Climate and Sustainability Global Status Report 3rd edition

Global and regional stories of where we are and where we need to get to urgently

One-stop shop for the latest available data, targets and developments

SLOCAT
Partnership on Sustainable, Low Carbon Transport

www.tcc-gsr.com

#TransportClimateStatus

5 Modules

- Transport Pathways to Reach Global Climate and Sustainability Goals
- Regional Trends
- Responses in Transport Sub-Sectors and Modes
- Transport and Energy
- Finance, Capacity and Institutional Support

12 Transport Areas

- Integrated transport planning
- Walking
- Cycling
- Public Transport
- Informal Transport
- App-Driven Shared Transport
- Rail
- Road Transport
- Aviation
- Shipping
- Transport Energy Sources
- Vehicle Technologies

5 Spotlights on cross-cutting issues

Global Supply Chains

Health

Small Island Developing States

Capacity Building

Engagement in UNFCCC

30

Country Fact Sheets

Our special thanks to

Supported by

Strategic Advisors from

Section authors, contributors and reviewers from

Explore the Report

www.tcc-gsr.com

Follow us

#TransportClimateStatus

Contact us

tcc-gsr@slocatpartnership.org