# UIC Consultation Response: work programme on climate finance, including on Article 9, paragraph 1, of the Paris Agreement in the context of Article 9 of the Paris Agreement as a whole

**(a) What are your overall expectations for the climate finance work programme (CFWP)? What concrete outputs and outcomes should the climate finance work programme deliver?**

UIC expects the CFWP to be **action-oriented** and to produce **practical recommendations** that measurably improve the mobilisation and effective deployment of climate finance—especially **private finance at scale**—towards sectors with high potential for GHG reductions. In this regard, the work programme should support a shift towards a more impact-oriented approach to climate finance, ensuring that financial flows are aligned with system-level transformations required to meet long-term climate goals. Strengthening linkages between Article 9 and Article 6 can play an important complementary role in improving the effectiveness and scalability of climate finance, including by enhancing project bankability and enabling additional revenue streams.

Current climate finance remains overly technology-focused—particularly on electric vehicles—while underinvesting in rail and public transport systems, thereby missing the opportunity to achieve far greater, system-wide impacts through modal shift and integrated transport solutions.

The vast majority of investments are still directed toward road transport, which is by far the largest source of emissions and puts transportation on an unsustainable path, as shown by the International Transport Forum in its Global transport infrastructure investment data updates.[1]

Transport emissions largely stem from fossil-fuel dependence, with **road transport responsible for 75% of transport carbon emissions and more than 40% of global oil consumption**. Rail already delivers high efficiency: it carries **7% of global passengers and 6% of freight** while emitting only **around 1% of total transport emissions**[2].

When rail investments shift traffic from road to rail, **70–80% of GHG are typically saved**. In LICs and LMICs, expanding rail provision could avoid around **1.0–1.8 Gt $CO_2$ by 2050**, which is of global significance for climate action, since it can help decouple economic development from transport emissions related growth, as it is the case with most countries.

Therefore, UIC encourages the CFWP to include a stronger focus on financing system-level mitigation solutions, notably modal shift towards sustainable transport, including rail and public transport.

The work programme should deliver operational recommendations on how to mobilise private finance, including institutional capital, into rail and public transport infrastructure in developing countries, addressing specific barriers such as risk allocation, currency risk, creditworthiness constraints, and revenue uncertainty. This should include practical guidance on project preparation, investment-grade data needs, and approaches to aggregating and packaging projects to reach scale attractive to private investors.

In addition, the work programme should explore how ca**rbon market mechanisms under Article 6 can complement climate finance** by helping to crowd in finance for rail and public transport investments.

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[1] Global transport infrastructure investment data update | ITF

[2] IEA energy system overview

In particular, there is a need to address the mismatch between the upfront capital requirements of infrastructure investments and the ex-post nature of carbon revenues.

Recommendations should include approaches to **improve MRV and methodologies** for rail and public transport, including clear rules and standardised approaches that enable credible quantification and verification of emission reductions, reduce transaction costs, and enhance investor confidence. The development of enabling pilots and replicable approaches combining public finance, private investment, and carbon revenues would also be valuable.

**(b) What are the thematic pillars of the climate finance work programme and the related subtopics that we should address within each pillar?**

UIC recommends organising the climate finance work programme around thematic pillars that reflect the need to improve both the effectiveness and scalability of climate finance.

A first pillar should focus on scaling and mobilising finance, including mobilising private climate finance at scale and developing methodologies to assess system-level outcomes, such as avoided emissions from modal shift, as well as broader co-benefits such as accessibility, air quality, safety, and economic development. Rail investments require substantial upfront capital, while carbon market revenues under existing schemes typically accrue after GHG savings occur[3]. Unlike energy markets - where infrastructure can be financed through PPPs based on predictable future revenue from energy production rather than immediate public spending - rail fares are generally insufficient to provide private investors with both security and a reasonable ROI without significant upfront support.[4]

In particular, this pillar should address the complementarity between Article 9 and Article 6, including how carbon crediting can strengthen bankability of modal shift projects and how to address the timing mismatch between upfront financing needs and ex post carbon revenues. This should also include improving MRV, methodologies, and integrity for transport modal shift, including clear and standardised approaches to quantifying and verifying emission reductions, while reducing MRV burdens and maintaining environmental integrity and transparency.

A second pillar should focus on the development of risk-sharing and de-risking approaches suitable for long-lived infrastructure, such as guarantees, credit enhancement mechanisms, and blended finance structures. This should also address ways to improve project credit profiles and the enabling conditions that investors require, including governance, transparency, and predictable cashflows, as well as the standardisation of documentation and data to lower transaction costs and support aggregation.

A third pillar should focus on enabling environments and project pipelines, recognising that rail and public transport deliver significant co-benefits and can enable integrated approaches such as transit-oriented development that reduce car dependency and emissions. This pillar should also address alignment with development priorities and national climate strategies, as well as strengthening project preparation capacities, particularly in developing countries.

[3] Carbon revenues can nonetheless form part of a funding stream supporting repayment.

[4] More information can be found in the UIC project on Financial Models for High-Speed Infrastructure HS FMI | UIC - International union of railways

**(c) How should the climate finance work programme be organized to ensure that the format is inclusive, balanced, and technically robust, while addressing climate finance comprehensively and delivering outcomes that are actionable and meaningful?**

UIC recommends a format that is **inclusive, practitioner-led, and output-driven**:

- **Balanced participation:** ensure structured engagement from developing country governments and subnational authorities, MDBs/IFIs, climate funds, export credit agencies, commercial banks, institutional investors, carbon market regulators/standards bodies, and sector actors (including rail and public transport operators).
- **Two technical tracks with joint synthesis:**
    1. *Private finance mobilisation track* (risk allocation, instruments, ROI, investor requirements, standardisation)
    2. *Carbon markets track* (strengthen linkages between Article 6 and Article 9, MRV/methodologies, integrity, monetisation structures)
- **Deliverable discipline per session:** each workshop should culminate in a concrete draft output (e.g., investor checklists, model risk-sharing structures, MRV templates, recommendations to standard setters), consolidated into a final **implementation toolkit**.
- **Use-case testing:** apply recommendations to a small set of illustrative sustainable transport archetypes (e.g., urban rail/public transport expansion; freight modal shift corridor) to ensure outputs are realistic regarding MRV complexity, ring-fencing challenges, and financing constraints

UIC stands ready to support the co-chairs with sector evidence and technical inputs on mobilising private finance and integrating carbon crediting approaches for rail and public transport projects in developing countries.