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**Following the first UN World Sustainable Transport Day, a new, comprehensive study entitled "Bridging the Rail Finance Gap: Challenges and Opportunities for Low- and Lower-Middle-Income Countries" has been released.**

(Paris, 29 November 2023) To celebrate the first UN World Sustainable Transport Day, a new, comprehensive study entitled "[Bridging the Rail Finance Gap: Challenges and Opportunities for Low and Lower-Middle-Income Countries](#)", jointly authored by the International Union of Railways (UIC), ALSTOM, the University of Birmingham, and Roland Berger has been published. It outlines a compelling case for the substantial impact that expanding rail infrastructure in low and lower-middle-income countries (LICs and LMICs) would have. The study emphasises that a coordinated effort from international finance institutions, governments, the rail industry, and the international community to unlock the potential of railways can help achieve climate goals while providing substantial economic benefits in LICs and LMICs.

**If transport emissions in low and low-middle income countries grow at the same rate as high-income countries, global emissions could increase by 16%.**

- Rail investment can help LICs and LMICs achieve their climate goals by quadrupling the modal share of rail to 8%, avoiding a total of 1.8Gt of carbon emissions by 2050.
- LICs and LMICs currently have substantially less rail infrastructure than high-income countries (HICs), with an average network density of 4.95km per 1,000km of surface area compared to the HIC average of 50km.
- Securing adequate financing is proving to be the main challenge for expanding rail infrastructure in LICs and LMICs due to challenges with internal financing, as well as difficulties in capturing the broader economic benefits.
- Rail projects offer additional economic advantages such as trade growth, job creation, increased accessibility, and connectivity, contributing to sustainable development goals.

**The double burden of LICs and LMICs**

The study reveals that increasing rail infrastructure in LICs and LMICs can separate economic development from a growth in transport emissions, contributing to international efforts to mitigate climate change. Despite being home to over half of the world's population, these countries only

account for 17% of transport-related emissions. While only having a minimal contribution to emissions, these countries are and will be the first to experience the impact of climate change, as well as the most intense consequences thereof. They are also burdened by financial constraints, as they both need to invest the most in adaptation, while having a limited capacity to invest in mitigation efforts. If LIC and LMIC transport sectors were to produce emissions at the same rate as high-income countries, the world would see an additional 8.5 billion tonnes of CO<sub>2</sub> being emitted annually, an overall increase in global emissions of 16%.

### **Key recommendations for global action**

The study gives seven recommendations for increasing investment in rail projects in LICs and LMICs, including changes in financial assessment practices, regulatory frameworks, and making rail benefit from the international community's climate finance commitments.

1. **High-income countries grant funding:** Acknowledge the importance of separating a growth in transport emissions, providing substantial funding for rail projects through grants as part of the annual \$100 billion commitment to climate financing.
2. **Paris Agreement support:** Governments must encourage rail projects to be funded under Article 6 of the Paris Agreement, generating carbon credits for emission reductions.
3. **IFI led transformation:** International financial institutions (IFIs) should update cost-benefit analysis methods for rail projects, prioritise low-carbon modes of transport, and increase the funding allocated to rail.
4. **Government policies:** LICs and LMICs lead the implementation of policies to spur on private investment in rail, aligning with standardised technical standards, and incentivising a modal shift.
5. **International finance sector support:** The sector should work to make financing rail projects more attractive to the private sector and assist LICs and LMICs in building their institutional and technical capacity.
6. **Collaboration with the rail industry:** Policymakers in LICs and LMICs collaborate with the rail industry to structure projects, leveraging private sector expertise, and maximising broader economic benefits.
7. **Technological advancements:** The rail industry should continue leveraging digitalisation and developments in rail technology to improve the attractiveness of projects and reduce costs.

In response to its publication, UIC Director-General Francois Davenne added that: "*This white paper shows that the economic benefits of railways are not adequately reflected in financial models – it is time to level up finance and give LICs and LMICs the tools to advance sustainable development, without further compromising the financial health of their economies*". He will be presenting the findings and recommendations of the study at several COP28 events.

*"This study presents a concrete roadmap for transforming transport through sustainable rail infrastructure. It clearly demonstrates how targeted investment and strategic planning in rail systems in low-income and lower middle-income countries can lead to a substantial reduction in CO2 emissions and support sustainable development. This is about making tangible progress in our global environmental goals while shaping the future of mobility."* stated Cécile Texier, Vice President CSR and Sustainability, Alstom Group.

Paul Plummer, Professor in Rail Strategy at the Birmingham's Centre for Railway Research and Education, also added that: *"The Birmingham Centre for Railway Research and Education (BCRRE) is Europe's largest academic-based group that provides world-class research, education, and innovation to the global rail industry. We are delighted to have coordinated this work and are grateful for the expert contributions from around the world to this important study, which aims to understand the changes that are needed to further finance rail in LICs and LMICs, and enable this mode of transport to fulfil its potential in achieving net zero emissions. This study will be featured as part of a programme of events highlighting research to help tackle the climate crisis on our campuses in Dubai and Birmingham, in parallel to COP28."*

Finally, Didier Brechemier, Senior Partner at Roland Berger said that: *"Thanks to this white paper, we can see that concrete levers exist with mass transport, such as rail, to decarbonise our planet. Cooperation between stakeholders is essential, as is very precise business cases being defined at the beginning of projects, in order to assess the benefits specific to each situation."*

## **World Sustainable Transport Day and COP28**

In recognition of the importance of safe, affordable, accessible, and sustainable transport systems for all in order to support sustainable economic growth, improve societal welfare, and enhance international cooperation and trade among countries, 26 November has been declared World Sustainable Transport Day. *Bridging the Gap: Challenges and Opportunities for Low and Lower-Middle-Income Countries* was released as part of a celebration of this momentous occasion, and as a tool for leaders in policy, finance and the private sector to support the acceleration of funding for rail in LICs and LMICs. As previously stated, this constitutes a significant measure to mitigate transport emissions. The report recommendations will form a key pillar of the messages that UIC will bring to COP28 in Dubai, in conjunction with a further ambition of having rail projects included in the next round of Nationally Determined Contributions (NDCs).

The full white paper is available [here](#)

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