

***Key Advocacy Messages: EIB Climate Bank Roadmap 2021-2025***

1. **The transport sector's emissions are heading in the wrong direction, constituting the fastest-growing source of emissions in the EU and around the world.** A step change in effort and approach is necessary. The EIB Group must play a decisive role in delivering the EU's climate neutral ambition by supporting transport's low carbon transformation and ensuring finance is used to unleash the potential of transport as a source of sustainable, low carbon development!
2. **A balance of Avoid-Shift-Improve measures is essential for transport decarbonisation.** The EIB should increase its focus on strategies and policies that primarily focus on avoiding unnecessary transport, while shifting to low carbon modes, especially public and active transport. An estimated 50% of the emission reductions will come from 'avoid' and 'shift' policies!
3. **Technology *improve* measures are important in the short- and long-term to help in the transition to sustainable, low carbon transport.** Investments in improving vehicle design, fuel efficiency, operations and energy sources can help turn the tide!
4. **Investment in transport Infrastructure must focus on SHIFT measures - rail freight, public transport and walking and cycling infrastructure are key.** Modal shift serves multiple benefits, such as reducing transport emissions, improving air quality, and reducing economic losses caused by road congestion. Shifting to active mobility by supporting improvements in walking and cycling infrastructure can not only reduce emissions, but also increase equity in access to mobility, especially for the most vulnerable, while supporting healthy lifestyles.
5. **Global freight transport demand will likely triple by 2050 - action on freight transport is needed to ensure low carbon solutions in the movement of goods.** Investing in sustainable rail, waterway, and multimodal hubs, enhanced system efficiency in freight and logistics, and incentivising low carbon last mile delivery are key measures here.
6. **The primary solution to address EU road transport emissions is electric mobility.** The transition to electric vehicles (2, 3 and 4 wheelers) needs to facilitate the shift to multimodal and shared mobility to increase affordability and accessibility, and tackle congestion.
7. **Transport needs to be considered in all relevant lending operations.** This approach to lending can lead to meaningful impacts in other key sectors, like urban development and

energy, and could lead to positive impacts on transport demand, create opportunities for mode shift, stimulate demand for cleaner vehicles, and other possibilities.

8. **Shipping and maritime emissions can be brought to zero now.** Long lead times and ship lifetimes mean ships designed now will be operating well past 2050. There is no time for fossil based transition fuels for ships - we must move straight to zero emission shipping!
9. **Investments related to aviation should focus squarely on decarbonisation in line with the Paris Agreement.** End investment in airport expansion and instead focus on strategies to: 'avoid' traveling, 'shift' to more sustainable modes like rail, and all possible options to 'improve' aviation (R&D for zero-emission technologies, new fuels, better operations, more efficient aircraft design, etc.).
10. **The EIB's interest in financing zero tailpipe transport vehicles must also include two and three wheelers.** We welcome this initiative by the EIB, but all types of vehicles, especially the most affordable and efficient ones, must be included in the scope of this policy shift!
11. **Innovative approaches are needed in policy and finance to ensure successful deployment of sustainable, low carbon transport measures.** Technological innovation is not the problem - the technology is in fact available. What is truly needed is innovation in governance, new approaches in finance and policy, ensuring meaningful shifts in investment, in line with the Paris Agreement and the SDGs!
12. **Ranking projects according to 'value' (highest low carbon transport 'return') for money is key.** The higher the return on investment in terms of transport decarbonisation and sustainability, the higher the investment should rank!
13. **Employ a rigorous, transparent, and verifiable process to model expected GHG impacts when selecting projects to finance.** Borrowers should also be required to measure the GHG emissions during the construction and also the operation/use phase of the investment/assets.
14. **Mobility planning is critical for sustainable, low carbon transport investments.** A comprehensive mobility plan at either the urban or national levels helps identify the right mix of **avoid**, **shift** and **improve** measures. An 'upstream' mobility plan also offers the opportunity to assess different transport scenarios according to potential GHG impacts. Undoubtedly, National Urban Mobility Plans (NUMPs) and Sustainable Urban Mobility Plans (SUMPs) for cities are useful tools in this regard!

## Supplementary Questions for Second Submission

### *Green Recovery*

**1. How can the EIB Group help turn the current health and economic crisis, related to the COVID-19 pandemic, into an opportunity to promote and accelerate the green transition?**

The EIB must facilitate a much needed 'reset' of the global economy, supporting partners to chart a path forward that turns the economic fallout from the pandemic into something positive. Sustainable, low carbon transport and mobility should be core components of the reset, as they provide key services for enhancing lives and livelihoods, while helping to transform high emitting systems and infrastructure. The EIB should:

- **Continue to support bold investments in public transport.** The pandemic has created an environment of stigmatisation of public transport. It is imperative to combat this stigma at all costs and ensure a renewed trust in public transport systems. The EIB should seek to fund public transport improvements, such as bus lanes, rail improvements, passenger and freight fleet upgrading (connected to e-mobility), bus rapid transit (BRT), trams, and improved walking and cycling commuter catchments.
- **Work with partners to provide critical economic support to subnational governments.** The Paris Agreement makes clear that non-Party actors and other stakeholders are central to the success of decarbonisation efforts. Since subnational governments are essential to service delivery (especially when it comes to transport), and have been particularly hard hit by the pandemic, further financial support to these governments to build back better is key.
- **Support local governments in expanding walking and cycling infrastructure.** As cities cope with the impacts of COVID-19, many have sought to expand opportunities for enhanced active mobility, as well as employed creative and effective tactical urbanism measures. These measures have turned decreased road traffic into an opportunity to scale up sustainable, low carbon transport systems, including an increase in walking and cycling infrastructure. Now is the time to work with governments to develop integrated national and urban sustainable transport policies that can scale up these measures and enhance low carbon urban mobility.
- **Support investment in informal transport systems in relevant Global South countries.** Informal transport has strong employment connections in many developing countries and is often the sole means of moving people from place to place. Instead of large scale infrastructure projects that often serve private vehicles, it is far more useful for people in developing countries to have access to improved, reliable, and hygienic transport services.

### *Decarbonisation Pathways, Investment*

**2. Do you agree with the key themes of the decarbonisation pathway presented? Are there additional areas of investment for mitigation that the EIB Group should be considering?**

While we welcome the serious attention given to transport matters in decarbonisation efforts, the current themes are sorely lacking. The EIB must go far beyond simply improving vehicles. Transforming transportation as a means of serving people and planet requires a far more meaningful approach. Improving vehicle efficiency and electrification are important elements, yes, but operations, mode shift, and other issues are also essential.

As a result, to decarbonise transport, we reiterate that there must be greater focus on **Avoid, Shift, and Improve** strategies for all carbon intensive modes of passenger and freight transport:

- **Avoid** unnecessary trips (e.g., promote dense and mixed urban development, teleworking, in-home/local services, reduced packaging, 3D printing, etc.);
- **Shift** trips toward less emission intensive modes (e.g., improved public transport, intermodal freight transport, active mobility, etc.);
- **Improve** existing transport technologies, operations, and fuels.

### *Consistency of “hard to abate” sectors with low-carbon pathways*

**4. (A) How should the EIB approach supporting “hard to abate” sectors – such as energy-intensive industry, airports, strategic roads, agriculture – to decarbonise?**

We again call for an end to investments of **any kind** in unsustainable and carbon-intensive transport projects, such as airport infrastructure and express roads. New approaches and ways of thinking are sorely needed. The EIB should:

- **End investment in increasing aviation capacity and expansion:** Since 2016, the bank has provided more than €4 billion in loans for the expansion of airports. In 2019 alone, the EIB financed airport expansions in Greece, Finland, Germany, the Netherlands, Italy, Ireland, and Denmark. Aviation investment should instead focus on 21st century economic development opportunities such as avoiding aviation (e.g., teleworking, 3D printing) shifting aviation (e.g., rail freight, fair taxes and charges), and R&I for zero-emission technologies and operations.
- **Focus on use and the service to be provided, and evaluate investments for their low carbon transport ‘return’ on investment.** Critically assess investments against alternative projects, especially when there is potential for these projects to retard progress on climate objectives. For example, any new road infrastructure poses a significant risk of increasing emissions, so the sustainable, low carbon use of any new road infrastructure must be assured through e.g., regulation, pricing (tolls, parking), access control, and other measures. More attention needs to be paid to the policy/regulatory framework of any new infrastructure.

- **Review how climate mitigation funds in the transport sector are labeled and appraised at development banks.** For example, do not allow a project like a major road or airport expansion to be labeled as mitigation activity if there is no carbon footprint assessment demonstrating an effective absolute reduction of GHG emissions. The EIB should not accept ‘reductions’ from BAU (i.e., absolute increases) as compatible with the Paris Agreement.
- **Investment in transport Infrastructure must focus on SHIFT measures - rail freight, public transport and walking and cycling infrastructure are key.** Modal shift serves multiple benefits, such as reducing transport emissions, improving air quality, and reducing economic losses caused by road congestion. Shifting to active mobility by supporting improvements in walking and cycling infrastructure can not only reduce emissions, but also increase equity in access to mobility, especially for the most vulnerable, while supporting healthy lifestyles.

*4. (B) Do you think the preliminary thinking and conditions set out in Chapter 3 are appropriate? If not, what alternative conditions or criteria would you suggest?*

**No.** Transport mitigation has been the largest area of EIB Climate Action in the last 8 years - but emissions are still rising. While we welcome transport being highlighted as a key sector in the paper, **a dramatic change in scale and approach is necessary.** Without more comprehensive action (including from the EIB), transport emissions will continue to rise and derail any efforts to achieve the Paris Agreement. As a result, it is critical for the EIB to:

- **Move from a *transport infrastructure* focus to a *low carbon transport system/service* focus** (infrastructure, vehicles, operations, and regulation, as well as awareness and capacity building, and resilience planning).
- **Make planning a central focus, namely the Integration of sustainable transport plans with urban planning and economic development planning** to reduce transport demand (local shops and services), reduce parking needs, increase safe walking and cycling, and promote sustainable business models for public transport operators and logistics companies.
- **Recognise that economic development opportunities for outlying and less developed regions comes from being at the forefront of the low carbon economy** - not through expanding carbon-intensive transport connections.

*4. (C) How should the EIB consider consistency with low-carbon development in the context of supporting small and medium enterprises through financial intermediaries? (Transport)*

- **Work with sector intermediaries to reach the fragmented freight and logistics sector** (for example, through eco-driving programmes for van and truck operators, shared consolidation facilities for operators, and fleet management training in low carbon logistics).
- **Pay attention to the informal sector in the Global South and consider repackaging existing instruments or tools for its benefit**, like lending at the SME level, as well as capacity building, technical assistance, and supporting cooperatives and intermediaries.
- **Extend any existing microfinance schemes to informal transport systems in the Global South.** For example, there has been successful work done on increasing the efficiency of

agricultural production by extending capacity building services and access to finance to smallholder farmers. It would be helpful to extend such support to the transport sector.

*4. (E) What kinds of investments in transport systems should the EIB prioritise to simultaneously serve the goals of decarbonisation; accessibility in all regions and by all groups in society?*

Increasing accessibility while ensuring decarbonisation can be accomplished through many of the points outlined above, as well as by investing in:

- **Public transport improvements to catalyse mode shift.** These improvements can create connected networks for public transport in cities, thus promoting industrial and warehouse investment adjacent to rail and waterway networks, while supporting telematics systems for integrated road and rail freight operations.
- **Rail to support freight and passenger transport** (infrastructures, rolling stock, multimodal terminals, workshops). Projects aimed at increasing infrastructure capacity, the electrification of rail systems, and increasing railway integration are a priority to achieve modal shift to rail.
- **Safe, attractive walking and cycling infrastructure and connectivity to public transport.** This helps reduce road fatalities, increase physical activity, and increase access to jobs, goods and services for everyone, but especially for poor and vulnerable groups.
- **Electric mobility, with due attention to decarbonising electricity grids.** The transition to EVs can have critical benefits in urban areas, especially when it comes to decreasing particulate matter (PM) and NO<sub>x</sub> in the air. In terms of decarbonising the grid, it is important to consider that fleet turnover can take several years, especially in the Global South. As a result, by setting the stage for EVs and stemming the increase of ICE vehicles, societies will be much better positioned when renewable energy does become more readily available.