Global Public Investment Requirements for Zero Carbon

Rethinking international climate finance, aid and transport investment

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GREEN HOUSE THINK TANK

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Preface

Global public investment is not currently redirecting our global economy towards a future consistent with agreed climate targets. Whilst it may no longer be funding new coal-fired power stations, investment in new infrastructure leads to more fossil fuels being burnt, and this is not recognised. This report lays out the scope of this issue and how it could be addressed.

New international investment policies and strategies still drive transport growth far more than decarbonising transport. This is as true for global public investment in transport as for transport investment within the UK and Europe.[1] This contradiction is yet to be resolved and significant public investment is still being allocated to expand roads, airports, ports and rail networks overseas. For example, a large part of the €5 billion/year allocated by the UK, European Commission, and European governments to overseas transport schemes is still in the form of traditional transport network growth. Much of this investment in transport currently supports trade- and export-orientated economic growth, such as is the case for the UK Official Development Assistance and export finance. This is also the case for many loans from the World Bank and regional development banks as well as investment by China.

Unless there is a significant shift in public sector investment, including in transport, the 'climate resilient development pathways' called for by the Intergovernmental Panel on Climate Change will not be realised.[2] Transport investment must shift to improving accessibility and wellbeing in ways that deliver the Sustainable Development Goals within the carbon emission budget recommended by climate scientists.

All global public investment should therefore be climate-proofed – not just by ending support for fossil fuel extraction but also through changing the patterns of investment that continue to drive up fossil fuel consumption globally. In that regard, the transport sector is particularly significant. This, together with the need for wider and more ambitious international cooperation, is reflected in the report's three key recommendations below:

1. Climate finance must be additional to the meeting existing Official Development Assistance commitment of 0.7% of Gross National Income. Climate finance should be increased so it is in line with each country's fair share of historic emissions, in order that all economies globally can be aligned with tackling the climate and ecological emergency (to limit global warming to 1.5°C).
2. All countries must stop financing infrastructure that locks-in fossil fuel use and align all existing Official Development Assistance and other public expenditure, including guarantees, to tackling the climate and ecological emergency.
3. All countries must adopt a more clear, accountable, equitable and effective approach to global public investment.

1 Sims, P, and Essex, J (2021) 'Transport Investment: The zero carbon challenge'. *Green House Think Tank* and *Green European Foundation*.

2 As well as addressing the trade and structural imbalances in the global economy. Jason Hickel notes: 'for every dollar of aid that poor countries receive, they lose up to $24 in *net outflows* because of how the global economy is structured'. See Hickel, J (2019) 'The scandal of British aid'.

1. Introduction

Currently industrialised countries provide financial contributions to low- and middle-income countries, which is often called aid or 'Official Development Assistance' (ODA). Public investment is also provided that does not qualify under this official definition, including higher interest rate loans and export credit guarantees (also called export finance). Together this is referred to in the rest of this report as global public investment.[3] As opposed to global private investment. See **Box 1** for more details.

3 This contrasts with a recent proposal explored in Section 5 of this report that recognises the critical role of concessional international public finance in responding to current and future global challenges. It defines Global Public Investment as just public grants and concessional loans. Valette D, and Ofield-Kerr A (2021) 'Re-imagining UK Aid Through Global Public Investment: Briefing Paper' *Equal International*.

Box 1. Main Types of Global public investment

- **Official Development Assistance (ODA)** – This is often referred to as *aid*, and is predominantly grants direct from countries (i.e. bilateral) or provided through multinational institutions.[4] ODA is support from Organisation for Economic Co-operation and Development (OECD) member countries. ODA has a clear definition that this must be in the form of public sector grants or soft loans (with a minimum grant level of 25%) for developmental purposes, net of repayments of capital, but disregarding interest.[5]
- **Loans from development banks** – Both low interest rate (concessional) loans and higher interest rate (non-concessional) loans from institutions such as: World Bank, European Investment Bank, European Bank for Reconstruction and Development, Asian Development Bank, African Development Bank, Asian Infrastructure Investment Bank and Caribbean Development Bank.
- **Export Finance** – Other official finance includes less concessional finance such as export credit guarantees and other export finance from individual countries and other finance that does not fit within the official ODA definition. The primary purpose of these is often to facilitate trade for benefit of country providing finance rather than any form of humanitarian aid.
- **Other Assistance** – Increasingly non-OECD member countries are providing international public investments, such as China's Belt and Road Initiative.[6]

Currently any of the grant or loan finance above can also be classed as 'climate finance'.

Contributor countries also provide 'climate finance' through a range of funding mechanisms within this public investment. Climate finance has been pledged at the annual Conference of Parties (international climate summits) in Copenhagen (proposed), Cancun (agreed) and Paris (reconfirmed), and is supposed to be additional to Official Development Assistance.

2. Historic Commitments

2.1 The 2030 Agenda for Sustainable Development

The Sustainable Development Goals were agreed in 2015, with a deadline for their achievement by 2030.[7] Implementation of the 2030 Agenda for Sustainable Development sets out 17 goals and 169 targets, collectively referred to as the Sustainable Development Goals (SDGs).[8]

2.2 Official Development Assistance

High-income countries should be complying with United Nations (UN) target of 0.7% of national income (Gross National Income, GNI) to be contributed as Official Development Assistance. This was formally recognised by a UN resolution adopted in 1970. In 2005, 15 then-EU members committed to reach this target by 2015.[9] However,

4 Including the UN bodies, World Bank and various others including the World Food Programme, Green Climate Fund, Global Green Growth Institute.

5 Official OECD definition of ODA: https://www.oecd.org/dac/financing-sustainable-development/development-finance-standards/official-development-assistance.htm

6 Chatzy A, and McBride J (2020) 'China's Massive Belt and Road Initiative'

7 UN (no date) 'The Sustainable Development Agenda'.

8 OECD (no date) 'Development Assistance Committee (DAC)' (accessed 17 Sept 2021); UN Department of Economic and Social Affairs (2015) 'Transforming our World: the 2030 Agenda for Sustainable Development' (accessed 17 Sept 2021).

9 OECD (no date) 'The 0.7% ODA/GNI target – a history' (accessed 17th Sept 2021).

this level of contribution has only been achieved by a small number of countries to date: Sweden, Norway and Denmark since the 1970s; the Netherlands from 1975 to 2013; Finland in 1991 only; Luxembourg since 2000; and the UK from 2013 to 2020. No other countries have contributed more than 0.4% GNI. The UK made contributing 0.7% GNI to global public investment (as Official Development Assistance) a legal requirement in 2015.[10]

Contributions increased by 3.5% globally in 2020, to their highest level ever, in part due to notable increased donations in 2020 by Germany, the US, France and Sweden in response to the Covid-19 pandemic. However, the UK chose to reduce its contributions[11] to 0.5% in 2021 – first temporarily, then as a permanent change.

2.3 International Climate Finance

The 2009 Copenhagen climate summit committed to provide 'new and additional' financial resources leading to mobilisation of $100 billion/year of resources by 2020. This figure is understood to have been an arbitrary figure proposed by richer nations to enable a global agreement to be reached, rather than a sum that is based on the scale of investments needed.[12] This commitment was reiterated at the climate conference in Cancun (2010), and in 2015, the Paris Climate Agreement reaffirmed the commitment of climate finance for climate mitigation and adaptation in so-called developing countries, and extended it to 2025.[13] Article 9 of the agreement requires 'scaled-up financial resources' and for this to be reported 'transparently and consistently'.[14] This led to a roadmap to set out how this would be achieved in 2016.[15] This included pledges from the UK and EU countries as follows:

- **UK:** In September 2015, the Prime Minister announced that the UK will significantly increase its climate finance over the next five years.
- **EU and its member states:** Pledges from EU Member States make up about half of the pledges so far received by the UN's Green Climate Fund ($4.7 billion). At least 20% of the EU budget will be spent on climate action by 2020 (i.e. €2 billion/year of grants) with funding for international climate action double that for 2012–2013.

Whilst these commitments appear to be positive, the reality of climate finance spending is troubling. What this climate finance entails and how it is spent has been opaque at best, leading to a breakdown of trust during recent climate negotiations.[16] This has included disputes around:

- The amounts of money actually received
- The legitimacy of the Organisation for Economic Co-operation and Development (OECD) in defining what should be counted as climate finance

10 OECD (2016) 'History of the 0.7% ODA target'; Brien, P, and Loft, P (2021) 'The 0.7 percent aid target'. *UK Parliament*.

11 As did Italy and Australia, to a lesser extent.

12 Contribution from Dorothy Grace Guerrero, Head of Advocacy, Global Justice Now at 'Overseas Development Finance and the Climate Emergency' (webinar), 29 Sept 2021.

13 Weikmans, R, and Roberts, J (2019) 'The international climate finance accounting muddle: is there hope on the horizon?' *Climate and Development* 11:2, pp.97–111. DOI: 10.1080/17565529.2017.1410087.

14 UNFCCC (2021) 'Climate Finance in the Negotiations' (accessed 17 Sept 2021).

15 UNFCCC (2016) 'Roadmap to US$100 Billion'.

16 Weikmans, R, and Roberts, J (2019) 'The international climate finance accounting muddle: is there hope on the horizon?' *Climate and Development* 11:2, pp.97–111. DOI: 10.1080/17565529.2017.1410087.

- The question of who decides how it is spent
- The fact that significant amounts that have been in the form of loans rather than grants
- The failure to clearly define whether climate finance is additional to existing official development finance commitments.

This last point is important as for many years aid has been aligned to the Millennium Development Goals that preceded the 2030 Agenda for Sustainable Development, and some of this targeting spending on climate change. But a clear definition is also important to ensure that the allocation of climate funds does not lead to a 'robbing Peter to pay Paul': diverting funding, for example, from projects designed to address extreme poverty in one location to reducing climate vulnerability of populations in another.

3. Current Situation

3.1 The 2030 Agenda for Sustainable Development

Pre-Covid 19 the global Sustainable Development Goal (SDG) funding gap, including to address SDGs 11 to 15 which are core to climate action, was estimated as a figure of $2.5 trillion/year. Global economic uncertainty and an estimated $1 trillion gap in Covid-19 emergency and response spending between the 38 OECD countries and other countries was predicted to increase this SDG funding gap by around 70% – a further $1.7 trillion – in 2020.[17,18]

3.2 Official Development Assistance

In 2020 the level of Official Development Assistance (ODA) reached $161 billion in part due to the increase in contributions as a response to the Covid-19 crisis. This meant that the level of funding reached 0.32% of the GNI of all eligible countries.[19] However, this is still $193 billion short of the expected contribution if ODA had already reached the agreed 0.7% GNI target.

3.3 International Climate Finance

Rich countries have failed to meet the target of $100 billion of new and additional climate finance that they committed to deliver by 2020. Of the $78.9 billion reported as provided in 2018 only $43.6 billion was actually additional money, as many countries had not increased their Official Development Assistance contribution at all since the

17 OECD (no date) 'Where: Global reach' (accessed 17 Oct 2021).

18 OECD (2019) 'Global Outlook on Financing for Sustainable Development 2021: A New Way to Invest for People and Planet' (accessed 1 Oct 2021).

19 OECD (2021) 'COVID-19 spending helped to lift foreign aid to an all-time high in 2020 but more effort needed'.

pledge was made.[20] Furthermore, much of this climate finance is provided as high-interest loans which risks further debt and only marginally addresses climate issues.[21]

A recent UN report recommended increasing contributions, particularly grant finance which has declined to around $12 billion a year, as part of a wider shift in the global financial system to invest in net zero emissions and resilient development.[22] However, even this level of climate finance is totally inadequate. The IPCC recently stated that the global investment needed to create a global clean energy system must average $3.5 trillion each year from 2016 to 2050, whilst the United Nations Environment Programme estimates that annual adaptation costs in so-called developing countries alone are currently estimated to be in the range of $70 billion, with the expectation of reaching $140–300 billion in 2030 and $280–500 billion in 2050.[23,24]

Whilst there is now a commitment from China to join others in stopping finance of new coal-fired power stations overseas, this level of climate finance must be matched by a new commitment to end all fossil fuel extraction and burning.[25] In addition to the impact of infrastructure investment (see Section 4), governments still spend around $500 billion each year directly subsidising fossil fuels.[26] But this is just a fraction of the undercharging of environmental costs, resulting in an overall under-pricing of fossil fuels by $5.9 trillion or 6.8% of global GDP in 2020.[27] This is vastly more than the annual investment in renewable energy and the current $100 billion climate finance goal. Alongside this there is a need to mainstream climate change commitments across financial institutions (just 26 financial institutions hold $11 trillion on their balance sheets) and ensure consistent climate-related financial risk disclosures for all companies.[28]

20 The OECD estimates progress towards the target based on countries reporting their climate spending using the 'Rio-marker' system. This scores the entirety of projects with climate as a 'principal' objective and between 30–100% of projects where climate is a 'significant' objective (i.e., secondary), even when much of the spending is not actually climate related and often little different from existing projects. This approach was not originally designed for measuring progress against the $100 billion target, but it is this methodology that puts climate finance at $78.9 billion for 2018. See: Mitchell, I, et al. (2021) 'Is Climate Finance Towards $100 Billion "New and Additional"?', CGD Policy Paper 205. *Center for Global Development*.

21 WWF (2020) 'Delivering on the $100 billion climate finance commitment' (accessed 17 Sept 2021).

22 Bhattacharya, A, et al. (2020) 'Delivering on the $100 Billion Climate Finance Commitment and Transforming Climate Finance'. *The Independent Expert Group on Climate Finance*.

23 IPCC (2018) 'Special Report: Global Warming of 1.5 °C – Chapter 4'.

24 UNEP DTU Partnership and World Adaptation Science Programme (WASP) (2020) 'Adaptation Gap Report 2020: Executive Summary'.

25 BBC (2021) 'China pledges to stop building new coal energy plants abroad'.

26 $450 billion in 2020, estimated to rise and then remain around $600 billion per year from 2021 to 2025. Parry I, et al. (2021) 'Still Not Getting Energy Prices Right: A Global and Country Update of Fossil Fuel Subsidies, WP/21/236'. *IMF*.

27 Ibid.

28 Weikmans, R, and Roberts, J (2019) 'The international climate finance accounting muddle: is there hope on the horizon?' *Climate and Development* 11:2, pp.97–111. DOI: 10.1080/17565529.2017.1410087.

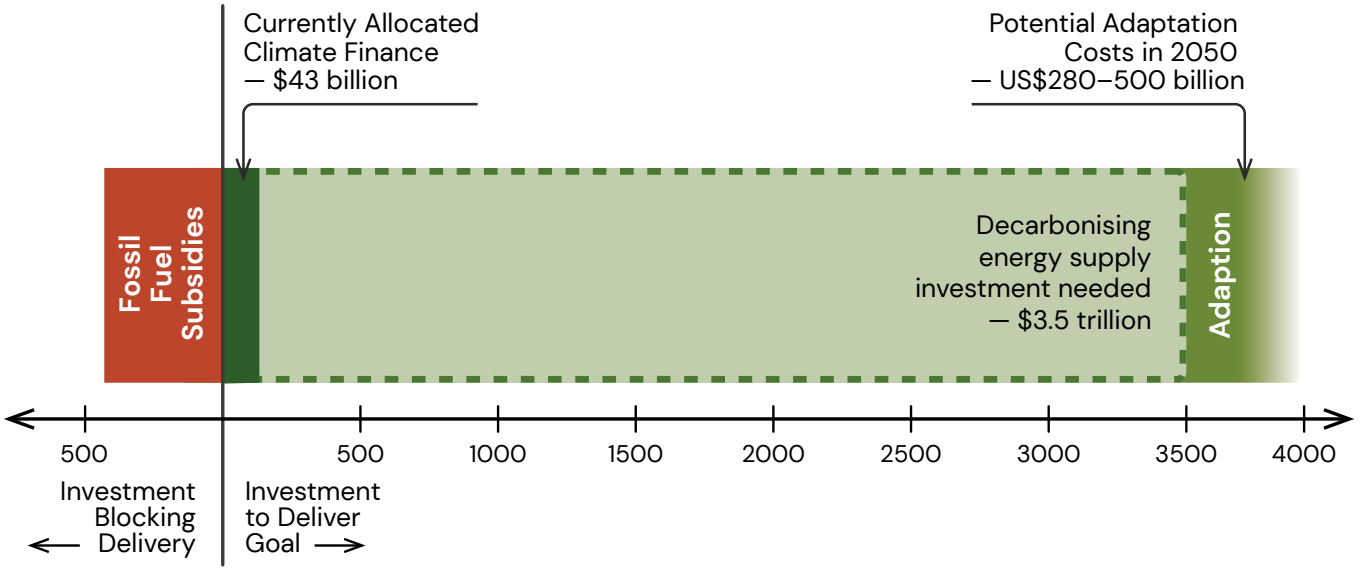

Figure 1. Comparison of existing global public investment and required investment to reach zero carbon

3.4 Case Study – Climate Finance in the UK

One such country that has recently pledged to double its climate finance is the UK: to at least £2.3 billion a year.[29] However, the way the UK reports the level of Official Development Assistance that is allocated to international climate finance does not reflect the method agreed at climate summits (see Section 2).[30] Firstly, it is not clear that all of this is additional climate finance. Secondly, it allows a proportion of climate finance to be allocated to programmes where the overall programme could make climate change worse. This is expanded upon below:

- **Not additional – Rebadging existing Official Development Assistance as climate finance.** The amount of spending claimed is the *total* not the *additional* amount because the climate finance is a subset of an existing commitment for the UK to provide 0.7% GNI, now reduced to 0.5% of GNI, of Official Development Assistance. This is double counting.
- **Not all benefiting the climate – Climate finance allocated to programmes with negative climate impacts.** For example, a road programme could be categorised as climate finance because it increases 'infrastructure resilience' even though it can directly induce more motorised transport and increase carbon emissions. Similarly, an infrastructure fund could allocate a percentage of its fund as climate finance through its support to roll out renewable energy generation (reducing carbon emissions) whilst the same fund also increases road capacity or facilitates global trade (increasing carbon emissions). The importance of mainstreaming climate change into *all existing* global public investment is explored further in the case of transport later in this report.

29 Department for International Development, Prime Minister's Office, 10 Downing Street, Department for Business, Energy & Industrial Strategy, and The Rt Hon Boris Johnson MP (2019) 'Press release: UK aid to double efforts to tackle climate change'.

30 Olsson, A (2016) 'Climate Smart Development: How to integrate climate finance into DFID programming'.

So, will the combination of 'climate smart development' and an overall reduction in Official Development Assistance from 0.7% to 0.5% of GNI from 2021 still lead to £2.3 billion additional climate finance in the UK? The UK Foreign, Commonwealth and Development Office annual accounts published in September 2021 strengthen the argument that they will not.[31] Whilst this is only part of the UK's Official Development Assistance (some is funded through other government departments – such as BEIS and Defra), it shows a 35% cut in the departmental spending on climate and environment, whilst funding to Bangladesh, one of the most climate-vulnerable nations is budgeted to drop from £256 million in 2019–20 to just £72.6 million in 2021–22 a 72% reduction. It is hard to see how this commitment of a doubling of climate finance stands. Indeed, some have calculated the cut in Official Development Assistance as almost completely eliminating any additionality of UK international climate finance.[32] **That makes the UK's pledges little more than a fudge, as measurement and reporting of climate finance is very misleading.** One positive, however, is that the UK's reporting of international climate finance does highlight the extent to which it has attempted to mainstream climate objectives in its remaining Official Development Assistance.

4. Global Public Investment in Transport

This section explores the extent to which one of the traditionally most carbon-intensive forms of investment, spending on transport infrastructure, has shifted within global public investment.

4.1 Where Are We Heading?

The recent IPCC Special Report on 1.5°C used the term 'climate resilient development pathways' to describe the economic change needed for an equitable way of meeting the agreed sustainable development goals whilst avoiding catastrophic climate change.[33] Achieving such a pathway requires that changes to our economies are planned, both spatially and economically. Transport infrastructure sits at the heart of this challenge for two important reasons:

- Firstly, transportation is itself a significant and growing source of greenhouse gas emissions.
- Secondly, perhaps even more crucially, the shape of transport networks actually defines the overall shape and nature of economies, and how countries relate to and trade with each other.

This is perhaps highlighted best by one statistic: by 2012, road transport alone had grown to be responsible for 21% of global emissions.[34] Continuing the current pattern of industrialisation in high-income countries, whilst replicating it worldwide is completely at odds with global climate targets.

31 FCDO (2021) 'Annual Report and Accounts: 2020–21'.

32 Mitchell, I, et al. (2021) 'Is Climate Finance Towards $100 Billion "New and Additional"?', CGD Policy Paper 205. *Center for Global Development*.

33 IPCC (2018) 'Special Report: Global Warming of 1.5°C – Summary for Policymakers'.

34 1,883 Mtoe (Mega Tonnes of Oil Equivalent). See SLOCAT (2019) 'Final Report – Project Reference: HVT/007 – Applied Research Programme in High Volume Transport', p.26; Adib, R (2020) 'How can the transport sector build back better from the COVID-19 crisis and what is the role of renewable energy in this recovery?' *SLOCAT*.

Indeed, transport remains perhaps the fastest growing sector worldwide. The Partnership on Sustainable Low Carbon Transport (SLOCAT) highlights that without action, transport emissions will increase at a faster rate than emissions from other energy end-use sectors and reach up to 18 gigatonnes of CO^2 by 2050.

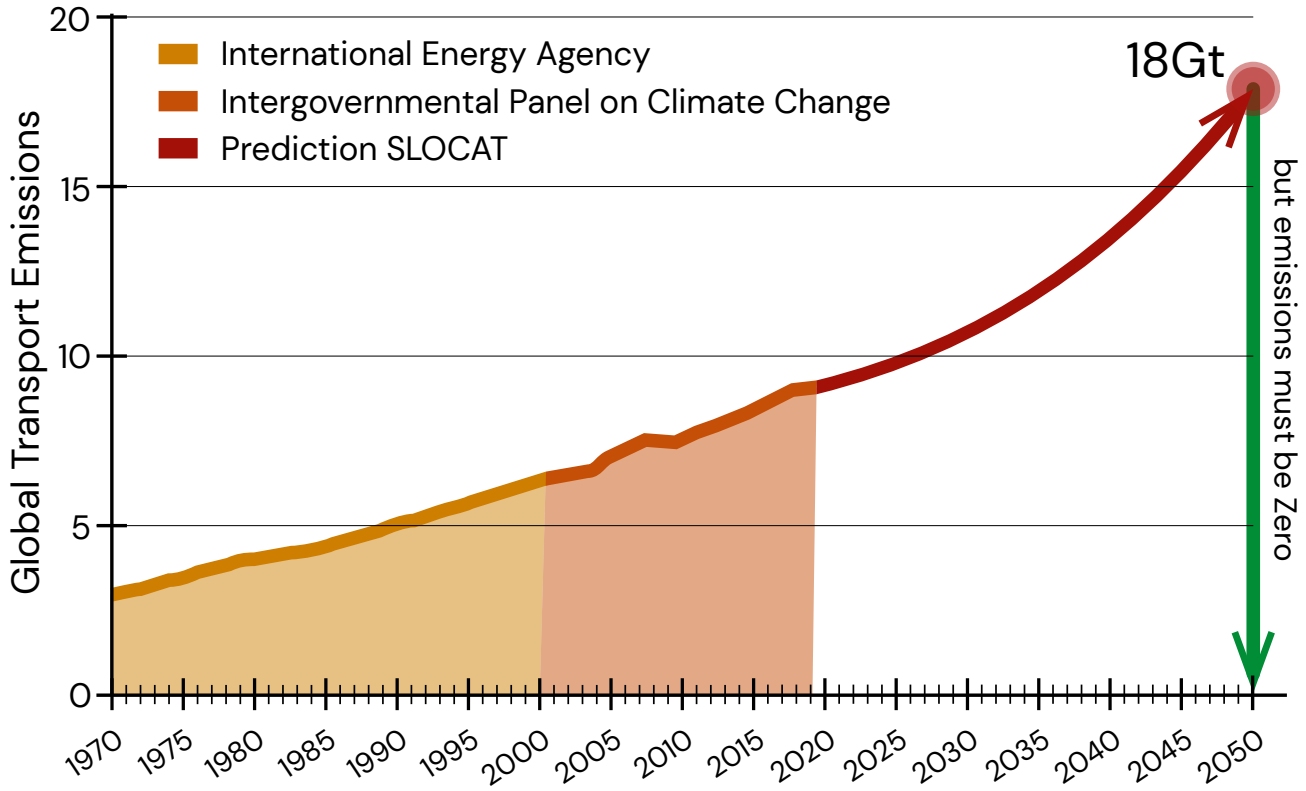

Figure 2. Global transport emissions trends 1970 till 2050

Source: 1970–1995 data — Sims R. et al. (2014) 'Fifth Assessment Report of the IPCC'. Cambridge University Press. Ch 8, Fig 8.1 p606; 2000–2019 data — IEA (2020), 'Tracking Transport 2020', IEA, Paris www.iea.org/reports/tracking-transport-2020; 2050 prediction — Gota S et al. (2019) 'Decarbonising transport to achieve Paris Agreement targets'. Energy Efficiency 12, p363–386

This is opposite to the need to decarbonise economies worldwide. This increase will mainly stem from emissions growth in middle-income countries, although per capita emissions in high-income countries would still be three times as high. However, relative growth of absolute transport emissions between 2000 and 2016 was highest in Asia (92%) and Africa (84%). SLOCAT also highlights the need to raise the share of low-emission final energy within transport from 5% globally in 2020 to about 35–60% by 2050 – but this requires a significant *shift* in investment. The word shift here is key. It is simply not possible to continue to expand transport networks to pursue and lock-in the current patterns of economic growth worldwide whilst decarbonising transport. These two objectives are incompatible with each other. Either investment funds zero carbon transport or it funds the expansion of high-carbon transport projects. The same money can't be spent on two different things, and doing both in parallel would, at best, just maintain transport emissions at current levels, and therefore be a massive waste of public money. There is a clear need to shift public investment in transport from expansion to decarbonisation, as a key lever to redirect our economies globally towards climate resilient development pathways.[35]

35 SLOCAT (2019) 'Final Report – Project Reference: HVT/007 – Applied Research Programme in High Volume Transport'.

The SLOCAT partnership say the way to do this is to avoid unnecessary transport, shift to low carbon public transport, walking and cycling and improve vehicle design, fuel efficiency and energy sources.[36] Others point to different spatial planning approaches so as to leapfrog the patterns of development that lock-in car dependency.[37]

This requires a shift from investment that replicates current transport systems across the globe, to methodical redirecting of each portion of transport investment not just to fund different transport infrastructure but to drive more localised and zero carbon industrialisation.

This re-structuring of economies through investment in different forms (and most likely smaller scales) of transport can strengthen the resilience and accessibility of communities both within settlements and with their surrounding rural areas. The future development of economies must avoid facilitating the fossil-fuel-intensive manufacturing, construction and consumption patterns of today and instead bring forth zero carbon ways of living that enable ecological sustainable and equitable wellbeing in all countries. Rather than focusing on the transfer of resources, energy and consumer products *between* countries, it must deliver a sustainable interplay between the human and natural systems in *every* country. Changing the decision-making that underpins the investment in transport infrastructure is crucial in achieving this, and requires redefining how the objective of transport investment is assessed. This needs the support of all countries, not least China, which has granted or loaned $843 billion to 13,427 infrastructure projects in 165 countries over the past 18 years.[38]

4.2 Global Public Investment in Transport: Analysis of UK and EU Contributions

The rest of this report explores one specific aspect of the extent to which global public investment is responding to the challenge laid out above. Are the UK's and EU's contributions to global public investment expanding transport infrastructure, or decarbonising transport worldwide? This could be contrasted with the extent to which transport infrastructure investment has shifted *within* the UK and EU – the subject of a sister report published by the Green European Foundation and Green House earlier in 2021.[39]

Over the past seven years the UK and the EU and its member states have committed almost €5 billion a year to investment in the transport sector overseas. The transport total averaged 20% of all global Official Development Assistance spending allocated to different sectors from 2014-2019.[40]

With the exception of rail electrification, much of transport investment is to expand carbon-emitting transport to facilitate trade and productivity, rather than decarbonise transport. The overall breakdown is included in Annex 1 (Table A1) and is summarised in Figure 3.

36 Adib, R (2020) 'How can the transport sector build back better from the COVID-19 crisis and what is the role of renewable energy in this recovery?' *SLOCAT.*

37 Lloyd-Jones, T (2017) 'Rwanda – Targeting Green Growth and Green Urbanisation'. *Urban Design* 141, pp.34–37.

38 Hatton, C (2021) 'China: Big spender or loan shark?'. *BBC.*

39 Sims, P, and Essex, J (2021) 'Transport Investment: The zero carbon challenge'. *Green House Think Tank* and *Green European Foundation.*

40 OECD (2021) 'Aid (ODA) by sector and donor'. Data. Transport as % of all overseas spending allocated to different sectors for last five years (2014-2019) extracted on 14 Oct 2021.

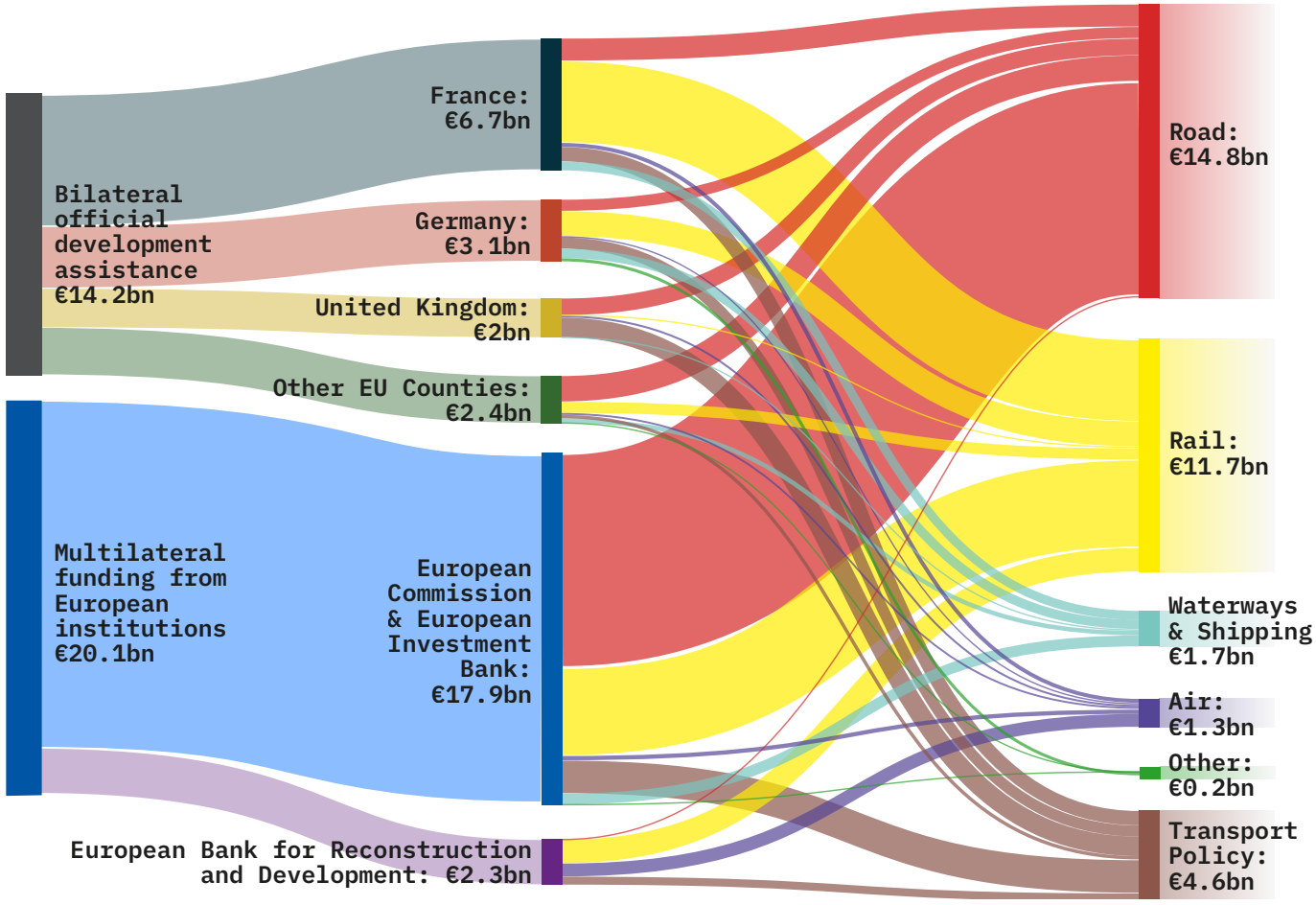

Figure 3. Breakdown of bilateral and multilateral European global public investment based on data from Table A1 in Annex 1

The rest of this section explores global public investment in transport infrastructure by the UK and EU-27 in the form of:

- Official Development Assistance (examples from the UK)
- European Commission, European Investment Bank (EIB) and European Bank for Reconstruction and Development (EBRD)
- UK Export Finance (public finance guaranteeing private sector investment)
- EUROCLIMA+ (an example of climate-proof development).

4.2.1 Current UK Portfolio of Transport Sector Investments

Current UK direct Official Development Assistance spending in the transport sector is presented in **Table A2** and is summarised in **Table 1**. The vast majority of the largest transport sector projects, totalling over half a billion pounds in aid spending, invest in expanding transport networks to increase trade and productivity – increasing as opposed to decarbonising transport's global carbon footprint. This highlights the way transport spending is primarily used to increase trade instead of directly addressing poverty and setting countries on climate resilient development pathways, as called for by the IPCC.

Table 1. Largest Current UK Overseas Development Assistance transport projects (2021) (see Table A2 for more details)

No.	Project Name (and location)	Sector	Transport spend (£m)
1	UK Caribbean Infrastructure Fund	Multi-sector	221
2	Pakistan Economic Corridors Programme	Roads	175
3	DFID's support for PIDG (worldwide)	Multi-sector	63
4	Rural Access Programme 3 (Nepal)	Roads	51
5	Corridors for Growth (Tanzania)	Multi-sector	43
6	Montserrat Capital Investment Programme for Resilient Economic Growth	Multi-sector	30
7	Southern Agriculture Growth in Corridor Programme in Tanzania	Multi-sector	20
8	Regional Economic Development for Investment and Trade Programme (Kenya)	Multi-sector	18
9	Unlocking Prosperity in the Horn of Africa (Somalia)	Roads	17
10	Cities and Infrastructure for Growth (Myanmar, Zambia and Uganda)	Multi-sector	15
		Total	**651**

4.2.2 Current European Commission and EBRD Portfolio of Transport Sector Investments

Current EU-funded overseas spending in the transport sector still includes significant investment in road building alongside massive projects supporting growth of ports, airports and railways. Funding for the largest current projects by the European Commission, European Investment Bank (EIB) and European Bank for Reconstruction and Development (EBRD) are set out in **Table A3** and **Table A4**.

The top ten EBRD-funded current projects include:

- **Road building:** Such as the reconstruction of a 217km long Atyrau Astrakhan road section of the Trans-Caspian Road Transit Corridor in Kazakhstan.
- **Ports and Airports:** Finance to airports in Morocco, Greece and Hungary as well as to the Turkish port of Mersin. The largest of these is a $150+ million[41] loan project providing liquidity support under the Bank's Covid-19 solidarity package to the Office National des Aeroports, a Moroccan state-owned enterprise.[42]
- **Rail:** Significant scale of investment – for example, supporting rail electrification in Ukraine, Serbia and Egypt.

The top ten European Commission and European Investment Bank funded current projects include:

- **Road building:** Route National 1 section Tshikapa-Mbuji-Mayi in the Democratic Republic of Congo, two road corridors from Monrovia airport in Liberia, rural roads in Mozambique and sustainable road transport in Haiti.

41 The amount loaned has already surpassed $177 million and isn't set to end until 2030.

42 Accessed 15 October 2021 at d-portal.org.

- **Transport Investment Funds** for Turkey, Eastern Europe, Asia and Latin America. These portfolios vary. One of the newer projects is the Asia Investment Facility, which has a stated aim to promote additional investments and key infrastructure with the priority focus on climate-change-related and green investments.

The trends in UK and EU transport investment reflect a tendency to still place climate ambition as secondary in sectors that are seen to drive economic growth, such as transport. A good example of this is the EBRD 2019–2024 transport policy (see Box 2). Just like investment in transport infrastructure within Europe[43] there is a need to shift the pattern of infrastructure investment to one which brings about a zero carbon future.

Box 2. European Bank for Reconstruction and Development (EBRD) Transport Strategy

The current EBRD transport strategy (2019–2024)[44] aims both to increase transport infrastructure and address climate change. These objectives, whilst conflicting, are presented side by side but almost invariably economic and infrastructure growth is presented before action on climate change. The EBRD strategy aims to both increase network infrastructure through private sector participation and support low carbon and innovative solutions that deliver environmentally and socially responsible transport.[45] The strategy is framed as addressing 'infrastructure gaps', and commenting on but not committing strong climate actions:

- **Roads (no clear climate ambition):** The strategy states that 'the vast majority of economies where the Bank invests have significant gaps in road connectivity. … Cross border and global network connectivity remains a priority with significant investment gaps remaining' (p.35). … The section on electrification highlights that for roads this is 'in its infancy with little to no policy support from the state sector and little interest from the private sector' (p.39).
- **Rail (expand and decarbonise):** 'Significant gaps remain in connectivity … An extensive, electrified rail network can provide a greener alternative and has received increased focus' (p.36).
- **Shipping (expand whilst noting a climate problem):** Maritime is an 'increasing source' of greenhouse gas emissions and 'many ports are subject to climate risks'. Investment will be required 'in the coming years in both fleet replacement' and expansion and port infrastructure and services (p.37).
- **Aviation (expand whilst noting a climate problem):** 'Supporting low cost and regional airlines entry and expansion may further improve air connectivity.' Alongside this, the strategy states that aviation is 'recognised as one of the fastest growing emitters of [greenhouse gas] emissions' (p.38).

4.2.3 UK Export Finance Funding of Transport-related Projects

UK Export Finance was recently reviewed by the UK parliament.[46] The resulting report is critical of export finance being used to fund projects with high fossil fuel emissions. This is reflected across the portfolio with funding of aircraft, vehicles, mining equipment, support to vehicle manufacturers and airlines as well as nearly £1 billion of

43 Sims, P, and Essex, J (2021) 'Transport Investment: The zero carbon challenge'. *Green House Think Tank* and *Green European Foundation*.

44 European Bank for Reconstruction and Development (EBRD) (2019) 'Transport Sector Strategy (2019–2024)'.

45 Ibid., pp.22–25.

46 House of Commons International Trade Committee (2021) 'UK Export Finance: Second report of the sessions 2021–22'.

support for construction of an LPG terminal to liquefy and export natural gas from Mozambique. However, in addition to these specific exports of products, the export finance includes construction activities overseas, including £1.7 billion over the past four years for transport projects, as summarised in **Table A5**. This includes funding for a monorail project in Egypt, road and bridge construction, and airport expansion and associated works. The funding of airports, and how this supports expansion of the oil industry, airfreight and natural gas export is highlighted in **Box 3**.

Box 3. Airports, Infrastructure and UK Export Finance

UK Export Finance recently supported two airport projects, as well as massive Liquefied Petroleum Gas (LPG) terminal in Mozambique, whose construction was enabled through creation of a new airport (with support from the US Export Finance Agency):

- **Uganda:** £271 million loan to the Ugandan government to help finance Hoima Airport. The overall development includes a new airport, a crude oil export pipeline hub, an oil refinery, warehousing and logistics as well as polymer, fertiliser and agro-processing industries (which rely on the petroleum industry). The project required resettlement of 13 villages and led to human rights abuses as documented by the Africa Institute for Energy Governance. Police and the army were deployed to Hoima Airport following industrial action over claims of illegal dismissals and harsh working conditions for the airport construction workers and non-payment of salaries.[47]
- **Ghana:** £130 million of private exports guaranteed through publicly funded credit support (announced in 2019) included a £44 million loan for the expansion of Tamale airport to 'promote economic growth and tourism'.[48] The Airport's expansion is intended to facilitate the export of fresh agricultural products such as shea butter, cashew nuts and mangoes.[49] There have been allegations of unlawful acquisition of lands belonging to the community by elders of the Nyoglo and Savelugu Municipality by the Ghana Airport Company Ltd.[50]
- **Mozambique:** £910 million, comprising £271 million of direct lending and a £639 million credit support, for a new LPG terminal to export natural gas (alongside a $5 billion loan for the terminal construction and a $400 million load from the African Development Bank). In parallel to funding for the LPG terminal, the US Export Finance Agency is funding the construction of the Afungi airstrip on the peninsular next to the new terminal.[51]

Although UK Export Finance has committed to achieving net zero by 2050 it is not yet clear whether its new climate strategy will precipitate a move away from investments in projects that lock-in carbon emissions. Its strategic pillar on reducing greenhouse gas emissions says it will: 'Build our understanding … set interim targets [not set yet] … implement government policy on clean energy transition … continue to take climate change considerations into account …and seek to reduce emissions where appropriate.'[52]

47 Environmental Justice Atlas (2019) 'Petrochemical industrial park in Hoima, Uganda'.

48 UK Export Finance, Department for International Trade, and The Rt Hon Liam Fox MP (2019) 'UKEF supports UK firms to develop critical Ghanaian infrastructure'.

49 Airport Technology (2019) 'Tamale Airport to receive loan for expansion project'.

50 Bruce, E (2016) 'Parliament raises concerns over acquisition of land for Tamale Airport expansion'. *Graphic Online* (accessed 28 Sept 2021).

51 Environmental Justice Atlas (2020) 'Afungi LNG airport and construction camps, Mozambique'.

52 UK Export Finance (UKEF) (2021) 'Climate Change Strategy, 2021–24'.

In this sense, UK Export Finance echoes the European Investment Bank, which has hinted that it will shift its funding away from similar airport expansion, but so far failed to articulate a clear commitment.[53]

4.2.4 EUROCLIMA+ – Example of Climate-proof Development

The overall direction of strategies that frame investment of Official Development Assistance needs to change. The EUROCLIMA+ project (see **Box 4**) is a good example of moving in a new direction, highlighting how development assistance can collaborate to build consensus around the coherent processes needed to support a green transition to shift development to climate resilient pathways. Its focus, though, is wider than infrastructure per se – providing governance, capacity building and support to a wider range of projects needed to expedite climate action in a sustainable and equitable manner.

Box 4. EUROCLIMA+: Example of a Collaborative Approach to Strengthen Climate Governance and Action

EUROCLIMA+ is a flagship EU climate programme with focal points in the environmental and other relevant ministries of 18 countries across Latin America. It was initiated in 2010 on the basis of an intergovernmental cooperation agreement from the EU-LAC Summit in 2008. EU funded with German, French and Spanish bilateral contributions, EUROCLIMA+ is defined by its cross-cutting nature, allowing it to address climate challenges at multiple levels. The programme intends to strengthen NDC commitments[54] and climate governance and provide strategic interventions identified through intra-regional and country dialogues around shared interests. For example, in Argentina conversations with the Environment Ministry and civil society actors highlighted the need for sustainable transport plans in different municipalities, decarbonisation of the energy system and a climate finance unit. Similarly, engagement in Brazil led to work on a Green New Deal vision for specific industrial sectors. This process can benefit from wider civil society engagement to identify opportunities that align climate with economic development goals. The programme's approach is to be demand-led, to build capacity and ensure full ownership by recipient countries.

There is also a real opportunity to link such an approach to a green post-Covid recovery. But as is highlighted in **Box 5**, this requires a shift in the underlying government ambitions rather than a rebadging of existing aspirations of growth and trade-led assistance.

53 Morgan, S (2020) 'EU bank mulls ban on cash for airport expansions'. *Euractiv* (accessed 28 Sept 2021).

54 UNFCCC (no date) 'Nationally Determined Contributions' (accessed 15 Oct 2021).

Box 5. 2021 G7 Summit Commitment Conflates Infrastructure Expansion and Climate Action

Despite the Carbis Bay G7 Summit agreeing that '2021 should be a turning point for our planet as we commit to a green transition that cuts emissions, increases adaptation action worldwide, halts and reverses biodiversity loss'.[55] It is obvious that economic and political considerations such as perpetual economic growth and expanding geopolitical influence are still taking priority over environmental concerns.

The G7 sees no contradiction in claiming to be concerned about the climate emergency whilst earmarking trillions for infrastructure expansion. The G7's new 'Build Back Better World' (B3W) partnership initiative promises $40 trillion of infrastructure investment in developing countries by 2035. It is widely thought that the B3W is a counter to China's expanding influence through its Belt-Road Initiative (BRI), launched in 2013, which has seen over 100 countries sign agreements with China to cooperate on vast infrastructure projects including ports, roads and rail.[56]

When it comes to tackling climate change the G7 is still drawn by its overarching aim to address challenges affecting the growth of the world economy, such that it seeks to address two, often competing, objectives at the same time. Here the G7, alongside many industrialised governments and large corporates, is distracted by the False Horizon[57] of putting its complete faith in technological solutions to deliver structural economic change. This appears to be based on a belief that it is possible to tackle the environmental crisis whilst also expanding infrastructure.[58] The G7's motivation for tackling the climate crisis appears to be the economic benefits, reflected in the declaration that 'a global green and resilient recovery offers the greatest economic opportunity of our time to boost income, innovation, jobs, productivity and growth'.

5. Rethinking International Finance Flows

To have a meaningful discussion around 'aid', 'climate finance' and 'global public investment', clarity is needed about what we mean by each term, and what the objective, or justification for each is. This report highlights that significant global public investment has conflicting climate/sustainability and expansion/growth objectives (often linked to the trade interests of contributing countries).

Climate finance has not sufficiently impacted global public investment. Meanwhile the impacts of Covid-19 and the inequitable global response, including the vaccine roll-out, has put back the Sustainable Development Goals and increased global inequality. It is important to recognise that currently 'aid' or Official Development Assistance is just a small fraction of overall global flows of wealth and resources.[59] Global public investment must not be charitable compensation for the inequality of

55 G7UK (2021) 'Carbis Bay G7 Summit Communiqué' (accessed 30 Sept 2021).

56 Holland, S, and Faulconbridge, G (2021) 'G7 rivals China with grand infrastructure plan'. *Reuters* (accessed 16 June 21).

57 See the Zero Carbon Policy Toolkit.

58 G7UK (2021) 'Carbis Bay G7 Summit Communiqué' (accessed 30 Sept 2021), p.24: 'we believe that infrastructure development, implementation and maintenance – carried out in a transparent and financially, environmentally, and socially sustainable manner – will lead to beneficial outcomes for recipient countries and communities'.

59 Hickel, J (2021) Less is More: How degrowth will save the world, pp.189–196.

global trade. It must be effective and, combined with reforms to the rules governing global trade, readdress the imbalances in the global economy.[60]

> *'The aid industry fundamentally misses the point about what causes poverty in the first place, and therefore can never hope to solve it. It has the story all wrong. And this is crucial: aid is, above all, a story.'* – **Jason Hickel, 2019**[61]

The objective of global public investment must therefore be to reverse the current net flow of wealth and resources from lower to higher income countries, which is principally the result of unequal trade, debt servicing, profit repatriation by transnational corporations and tax evasion. For the same reasons that transport investments play a significant role in shaping our global economies, the trade policy also has a major impact. In fact, they are closely linked with transport investment being driven by trade policy, and trade that relies on transport infrastructure. Transport is directly responsible for around 16% of global greenhouse gas emissions.[62]

There are also other issues with the way global public investment is currently delivered:

- A significant proportion of aid grants are contracted to corporations in rich countries rather than to local providers. This reduces the amount of money that actually reaches lower income countries.
- Currently contributors rather than recipients typically decide how funding is allocated. Funding is often directed to facilitate the contributor's interests (e.g. facilitating trade to create export-led economies) rather than addressing local needs.

However, perhaps the two most pressing issues requiring a different approach to global public investment are the continued increase in global inequality and the need for a herculean shift in investment priorities to limit climate change to 1.5°C. To stop using fossil fuels, governments must not just stop subsidising their extraction but stop patterns of investment that drive up their use. Yet investment in expanding high-carbon transport infrastructure continues: nationally and internationally. Export and trade-led global public investment is still further embedding an exploitative and extraction-based global economy which invests in new construction of urban areas and transport networks. This must shift to one that first and foremost creates and sustains livelihoods and life. The changes in decision-making to enable rather than block this transformation are explored in the Zero Carbon Policy Toolkit developed as part of the Climate Emergency Economy project.[63]

The agenda at COP26 in November 2021 must reassert the earlier commitment that climate finance is additional, as well as climate-proof all existing and future

60 Trade Justice Movement and Queen Mary University of London (2021) 'How trade can support climate action: a 2021 agenda for the UK'.

61 Hickel, J (2019) 'The scandal of British aid'.

62 Ritchie H, and Roser, M (2020) 'CO_2 and Greenhouse Gas Emissions' (accessed 15 Oct 2021).

63 See the Zero Carbon Policy Toolkit.

global public investment. But first let us consider what a fair and sufficient approach to determining the scale of climate finance required.

One approach to differentiated responsibility could be based on cumulative emissions (total greenhouse gas emissions since 1750). The case for a fair share of responsibility being taken by the most polluting countries to address historic emissions is referred to as climate reparations. Resources and cooperation should be directed where there are the greatest disparities between need and ability to pay. This would mean the UK would shoulder 5% of global responsibility and the EU-27 as a whole would take on 18% – together just under a quarter of global emissions to date.[64] In Section 3.3 we highlighted that the IPCC have estimated energy supply investment needed as $3.5 trillion per year. On the basis of the amount of historic emissions, this would suggest that the UK should be contributing $175 billion (~£125 billion) per annum and the EU $630 billion (~€530 billion) per annum. This would have equated to around 6% of the UK's and 4% of the EU's economies in 2020.[65]

National income and wealth should be shared internationally by investing based on need and justified by a social or environmental, rather than purely financial, return. Global Public Investment is this same concept but at an international level, as set out in Box 6. All international flows of public money and resources, including 'aid', are not a gift or charity, but a collective investment in global public goods. A safe climate is clearly one such global public good.

Box 6. The Global Public Investment Framework

Recent work by the Joep Lange Institute laid out a framework for addressing the confusion and outdate language around 'aid'.[66] The new 'Global Public Investment' framing shifts the objective to reducing inequality not just poverty; measures effectiveness and appropriateness rather than money spend; and highlights importance of accountability and transparency, particularly to beneficiary communities. Most importantly it recognises that all countries have universal, but differentiated obligations to contribute, and that the resulting provision of global public goods is therefore not viewed as an act of charity. It is global investment for a social and environmental return, not just an economic return.

6. Recommendations

Global solidarity is needed to collectively stay within the 1.5°C global warming limit. Collaboration is a multiplayer game. Neither industrialised nor low- and middle-income countries can make sufficient progress alone. Transnational assistance and international cooperation is required between all countries. As long as industrialised countries continue to fail to manage down their own demand for cars, planes and connections with an ever more globalised economy, the notion that other countries will shift their development away from continued economic growth tied to greater energy use and carbon emissions is unrealistic. The extent to which the UK and the EU are complicit in this was explored in Section 4. The global economy must shift

64 Ritchie, H (2019) 'Who has contributed most to global CO_2 emissions?'. *Our World in Data.*

65 Source: https://www.macrotrends.net/

66 Glennie, J (2019) 'Global public investment: Five paradigm shifts for the future of aid'. *Joep Lange Institute.*

from one that continues to drive up energy, resource use and carbon emissions in the pursuit of economic growth. All countries therefore have a role, and must collectively influence the transition and the resulting patterns of development, production and consumption.

But we are nowhere near this. The following recommendations aim to sufficiently transform global economies to deliver the Sustainable Development Goals whilst reaching zero carbon.

- **Climate finance must be additional to the meeting existing Official Development Assistance commitment of 0.7% of Gross National Income.** Climate finance should be increased so it is in line with each country's fair share of historic emissions, in order that all economies globally can be aligned with tackling the climate and ecological emergency (to limit global warming to 1.5°C). Additional climate finance must be matched by climate-proofing all existing and future global public investment. Together this must shift the overall direction of development onto truly 'climate resilient development pathways', as defined by the IPCC. The forthcoming COP26 climate summit in Glasgow in November 2021 provides one opportunity to secure this commitment.
- **All countries must stop financing infrastructure that locks-in fossil fuel use and align all existing Official Development Assistance and other public expenditure, including guarantees, to tackling the climate and ecological emergency.** Investment in new roads, airports and other infrastructure to facilitate further global trade and freight must be phased out now. Stopping investment in activities that increase fossil fuel use and perpetuate high-carbon economic models will free up the resources to decarbonise transport (including zero carbon public transport) and invest in basic social infrastructure (such as schools and health centres).
- **All countries must adopt a more clear, accountable, equitable and effective approach to global public investment.** This must bring forth a shift in the structure and nature of the global economy from one dominated by global trading relations that are extractive and exploitative in nature to one that delivers a 1.5°C limit on global temperature increase and the Sustainable Development Goals together. This needs to be supported by technical cooperation to strengthen the governance, capacity and investment needed to address the climate emergency.

All three of these recommendations must be delivered together. Increasing the amount of climate and wider global public investment to what is required must be accompanied by removing fossil fuel subsidies and ending investment in high-carbon infrastructure, and both delivered with changes to the rules that govern global trade and international private and public investment.

Annex 1. Details of Current UK and EU Official Development Assistance (ODA) Transport Sector Spending

Table A1. EU and UK transport infrastructure investment committed through Official Development Assistance (ODA), 2014–2021

	2014–2021 Financial Commitment (Euro million)						
	European Commission & European Investment Bank	European Bank for Reconstruc-tion and Development	UK	France	Germany	Other EU countries	Total
Road (1)	10,909	1	855	1,135	573	1,313	14,786
Rail (2)	4,450	1,209	10	4,164	1,291	570	11,694
Air (3)	219	667	103	202	50	97	1,338
Waterways and Shipping (4)	565	0	15	459	485	232	1,756
Other (5)	9	0	0	0	157	17	183
Transport Policy (6)	1,682	412	1,005	739	577	176	4,591
Total (7)	**17,834**	**2,290**	**1,988**	**6,702**	**3,133**	**2,405**	**34,352**

Notes:

1. 61% of roads commitments (€9 billion) were for projects across 51 African countries.
2. 51% of rail projects were in Turkey, Morocco and India.
3. The largest single commitment for air transport was €95.3 million to establish an airport on the Island of St Helena, a UK overseas territory.
4. 47% of the commitment on water transport was for projects in India, Morocco, Indonesia and South Africa.
5. Other includes storage and education/training activities.
6. EBRD classifies transport policy to include administrative management and includes substantial investments in roads (56% of total) in this sector, as well as ports and airports.
7. Total commitments for transport sector ODA averaged €4.9bn/year.

Sources: The totals in the table include investments by the European Commission, EBRD, European Investment Bank and for bilateral support provided by EU member states and the UK.

European Commission (2021) 'EU Aid Explorer' (accessed March 2021, with filters: Transport, Sub sectors as above, 2014–2021); d-portal.org for EBRD data (accessed and converted from $ to euros on 29 Sept 2021). Data for the UK was sourced from the European Commission as it was reported by the EU for this period.

Table A2. Current UK Official Development Assistance transport spending (2021)

No.	Project Name (with brief description)	Location	Sector	Period	Transport (£m)
1	**UK Caribbean Infrastructure Fund.** Critical economic infrastructure including bridges, renewable energy, ports, water and sea defences.	West Indies	Multi-sector	2016–24	221.1
2	**Pakistan Economic Corridors Programme.** Infrastructure financing, road safety and regulations to increase trade and economic growth.	Pakistan	Roads	2015–22	174.5
3	**DFID's support for PIDG.** Mobilise private investment in infrastructure.	Various	Multi-sector	2018–22	62.5
4	**Rural Access Programme 3.** Improve road access for rural communities in Western Nepal to improve economic opportunities and access to markets and social services.	Nepal	Roads	2013–23	50.8
5	**Corridors for Growth.** Increase infrastructure for trade by (i) co-financing to double Dar Port's capacity, (ii) catalyse c.£600m funding for six major transport projects, (iii) Launch Public-Private Partnerships to improve municipal infrastructure.	Tanzania	Multi-sector	2016–23	43.0
6	**Montserrat Capital Investment Programme for Resilient Economic Growth.** Enhance resilience against natural disasters and economic shocks through infrastructure and enhanced tourism.	Montserrat	Multi-sector	2019–24	30.0
7	**Southern Agriculture Growth in Corridor Programme in Tanzania.** Raise rural incomes and increase food security through commercial agriculture.	Tanzania	Multi-sector	2013–19	20.0
8	**Regional Economic Development for Investment and Trade Programme.** Improve efficiency and capacity of transport, logistics and trade at Mombasa Port and border points.	Kenya	Multi-sector	2017–23	18.0
9	**Unlocking Prosperity in the Horn of Africa.** Investment in trade and economic growth by developing/improving roads.	Somalia	Roads	2018–23	16.6
10	**Cities and Infrastructure for Growth.** Increase city productivity through access to renewable power and investment into infrastructure services.	Myanmar, Zambia, Uganda	Multi-sector	2017–23	14.6
11	**UK Nigeria Infrastructure Advisory Facility.** Support power sector reform, Public Private Partnerships, capital spending and road maintenance.	Nigeria	Multi-sector	2017–23	12.7
12	**Centre for Resilient Cities and Infrastructure.** Improve programming in infrastructure, energy and urban development.	Unspecified	Multi-sector	2020–24	11.9

No.	Project Name (with brief description)	Location	Sector	Period	Transport (£m)
13	**Asia Regional Trade and Connectivity Programme.** Increase trade, access to markets and investment across targeted sectors/locations.	Various	Multi-sector	2018–23	11.3
14	**Global Road Safety Facility.** Design engineering measures to improve road safety.	Various	Roads	2013–21	9.4
15	**Montserrat Financial Aid 2019–2022.** Support delivery of essential public services including health, education and maintaining air and sea access.	Montserrat	Multi-sector	2019–22	8.9
16	**Humanitarian Assistance and Resilience in South Sudan.**	South Sudan	Multi-sector	2015–23	8.7
17	**India: Infrastructure Loan Fund.** Improve transport, clean energy and urban services through loans to private sector-led infrastructure projects.	India	Multi-sector	2013–23	7.5
18	**St Helena Financial Aid 19/20 to 21/22.** Meet the reasonable assistance needs of the citizens of St Helena.	St Helena	Multi-sector	2019–22	7.2
19	**Ethiopia Investment Advisory Facility.** Support government in energy, trade logistics and urban development.	Ethiopia	Multi-sector	2015–21	6.7
20	**Accelerating Investment and Infrastructure in Nepal.** Help Nepalese institutions develop major infrastructure for private investment and economic growth.	Nepal	Multi-sector	2014–22	5.8
21	**Somaliland Development Fund Phase 2 Programme.** Improve governance, accountability and public service delivery.	Somalia	Multi-sector	2017–24	5.4
22	**Liberia Road Development Programme.** Improve road connectivity along the Ganta to Zwedru Road Corridor and improve capacity to manage the road sector.	Liberia	Roads	2018–24	4.8
	Smaller programmes, research and funds.	Various	Various	Various	21.0
				Total	**772.5**

Source: FCDO (no date) 'Development Tracker' (accessed 15 Oct 2021).

Table A3. Top 10 current European Bank for Reconstruction and Development (EBRD) investments in the transport sector (2021)

No.	Project (with brief description)	Country	Sector	Amount (EUR – see note)
1	**Locomotive Renewal Programme.** Sovereign loan to Egypt National Railways	Egypt	Rail	290,000,000
2	**Atyrau Astrakhan Road Project.** Loan to state-owned national road operator.	Kazakhstan	Road	255,063,130
3	**VISP – Office National des Aeroports (ONDA) stabilisation Facility.** Provide overall liquidity support to Moroccan state-owned enterprise to address impacts of Covid-19 crisis.	Morocco	Airport	150,000,000
4	**Ukrainian Railways Electrification.** Sovereign guaranteed loan for electrification and second track along 253km Dolynska-Mykolaiv-Kolosivka line.	Ukraine	Rail	150,000,000
5	**Greek Airports Privatisation Cluster A.** Privatisation of 14 regional airports under long-term concession agreements.	Greece	Airport	131,663,690
6	**Budapest Airport Financing.** Part of EUR 1.32 billion financing package to restructure balance sheet of Budapest Airport.	Hungary	Airport	100,000,000
7	**Serbia Voz Rolling Stock Acquisition.** Sovereign guaranteed loan to state-owned rail operator to purchase 18 Electric Multiple Units.	Serbia	Rail	100,000,000
8	**Ukraine Railway Eurobonds investment following USD 500 million issuance in 2019.**	Ukraine	Rail	84,738,580
9	**Mersin International Port bond as part of USD 600 million Eurobond issue.**	Turkey	Port	89,411,930
10	**Greek Airports Privatisation Cluster B. Privatisation of 14 regional airports under long-term concession agreements.**	Greece	Airport	89,124,690
			EUR Total	**1,440,002,020**

Source: Data sourced from d-portal.org, with values as reflected in the project description with $ loans converted to EUR using the September 2021 conversion at 'Exchange rate (InforEuro)'.

Table A4. Top 10 current European Commission investments in the transport sector (2021)

No.	Project (with brief description)	Country	Sector	Amount (EUR)
1	**Multi-annual Country Action Programme for Turkey on Transport.**	Turkey	Multi-sector	326,254,500
2	**National Transport Programme.** Improve access of Haiti populations to basic infrastructure through efficient and sustainable road transport services.	Haiti	Road	229,995,280
3	**Rehabilitation of national road section Tshikapa-Mbuji-Mayi.**	Congo	Road	177,356,020
4	**Rural Development through Improved Rural Transport in Mozambique.** Road projects aimed to improve food security/nutrition and enhance rural competitiveness in Nampula and Zambezia provinces.	Mozambique	Road	146,614,300
5	**Latin American Investment Facility (2014).** Additional investment in key transport, energy and environment infrastructure and to support social and private sector development.	South America	Multi-sector	75,495,084
6	**Support to the Liberia Reconstruction Trust Fund.** Reconstruction of road corridors from Monrovia Airport (Cotton Tree) to Buchanan and Monrovia (Red Light) to Ganta / Guinea border.	Liberia	Road	70,942,410
7	**Neighbourhood Investment Platform (NIP) 2020 – East share.** Key transport, energy, water and environment infrastructure investment and to support social and private sector development.	Europe	Multi-sector	58,400,380
8	**Sustainable Investments and Jobs for Mozambique.**	Mozambique	Multi-sector	35,116,491
9	**Asia Investment Facility (2020 part 1).** Promote additional infrastructure investment with priority focus on climate-change-related and green investments.	Asia	Multi-sector	18,856,379
10	**Support to the Liberia Reconstruction Trust Fund (additional funding).** Reconstruction of road corridors from Monrovia Airport (Cotton Tree) to Buchanan and Monrovia (Red Light) to Ganta / Guinea border.	Liberia	Road	70,942,410
			Total	**1,209,973,254**

Source: Data sourced from d-portal.org, with values converted to EUR using the September 2021 conversion at 'Exchange rate (InforEuro)'.

Table A5. UK Export Finance for transport infrastructure and linked construction (2017–21)

Year	Country	Description	Finance	Type
2017–18	Ghana	Airport construction	£66,693,386	Buyer credit
2017–18	Uganda	Airport construction	£271,460,755	Direct lending
2018–19	Sri Lanka	Bridge construction	£46,843,120	Buyer credit
2019–20	Gabon	Road improvements	£41,314,427	Buyer credit guarantee / direct lending
2019–20	Ghana	Development of an airport	£47,151,056	Buyer credit guarantee
2019–20	Ghana	Airport infrastructure	£12,955,207	Buyer credit guarantee
2020–21	Benin	Road reconstruction/up-grade	£92,879,871	Direct lending
2020–21	Egypt	Two monorail lines including rolling stock	£936,685,695	Buyer credit guarantee
2020–21	Uganda	Redevelop industrial park	£77,712,450	Direct lending
2020–21	Uganda	Redevelop industrial park	£124,606,420	Asset based guarantee
		Total	**£1,718,302,387**	

Note: Does not include investment in equipment or specific buildings.

Sources: UK Export Finance (2021) 'Annual Report and Accounts 2020–21'; UK Export Finance (2020) 'Annual Report and Accounts 2019–20'; UK Export Finance (2019) 'Annual Report and Accounts 2018–19'; UK Export Finance (2018) 'Annual Report and Accounts 2017–18'.

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Sufficient and appropriately directed global public investment is critical to shift our economies globally to zero carbon. Currently such investment is inadequate, and still funds additional fossil fuel dependent transport infrastructure. This report explores UK and EU global public investment in transport.

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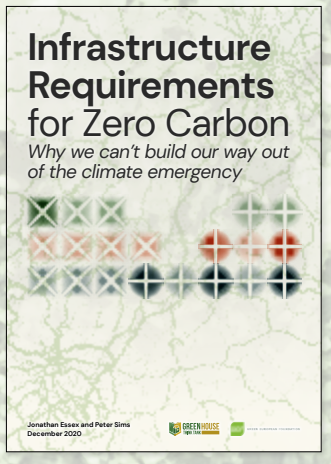

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