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Rail as a Backbone

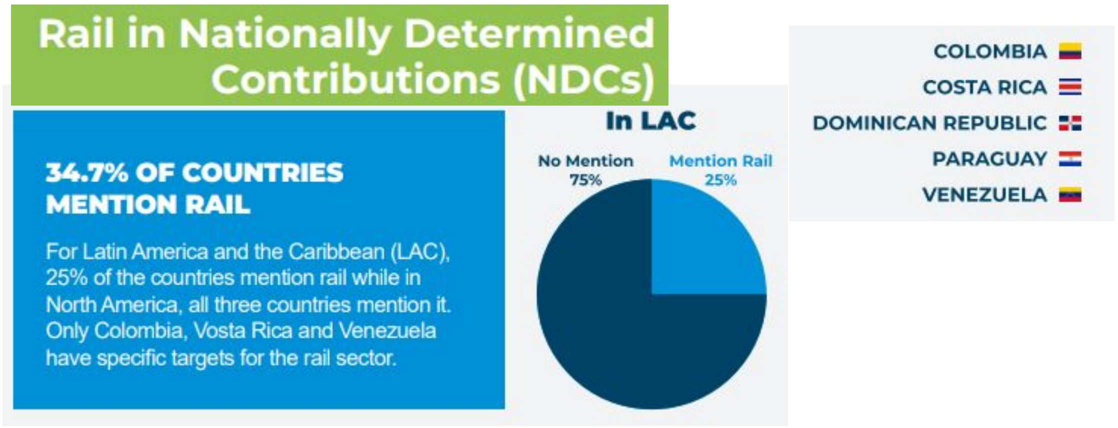
for Sustainable Transport in Latin America

François Davenne, UIC Director General

Dialogos del Ferrocarril, Rieles Hacia un Futuro Sostenible
Barcelona, 7 October 2025

Rail as a **Climate Solution**

- **Invest in rail is investing in decarbonization** Rail transports around 7% of global passenger-km and 6% of tonne-km but accounts for only around 1% of transport emissions
- **Build with Resilience**: Rail connects regions efficiently, enhancing territorial integration and climate resilience.
- **International Cooperation is key**: Experiences on rail electrification, modal shift policies, and public-private partnerships
- **Ambitious policy is needed: NDCs** can strengthen rail infrastructure accelerates countries' progress toward transport sector emissions target and open doors for **climate finance**
- **UIC can help**: Harmonized technical solutions reduce project risks and help future-proof investments.



How is UIC **advocating for rail?**

Raising Rail Ambition in NDC 3.0

- Track how rail is featured in NDC 3.0 submissions
- Builds on 2024 Rail NDC Template, guiding governments to integrate rail into climate commitments
- Getting rail projects into NDCs is essential to attract climate finance — including under Article 6.4

Joint position paper UIC and UITP

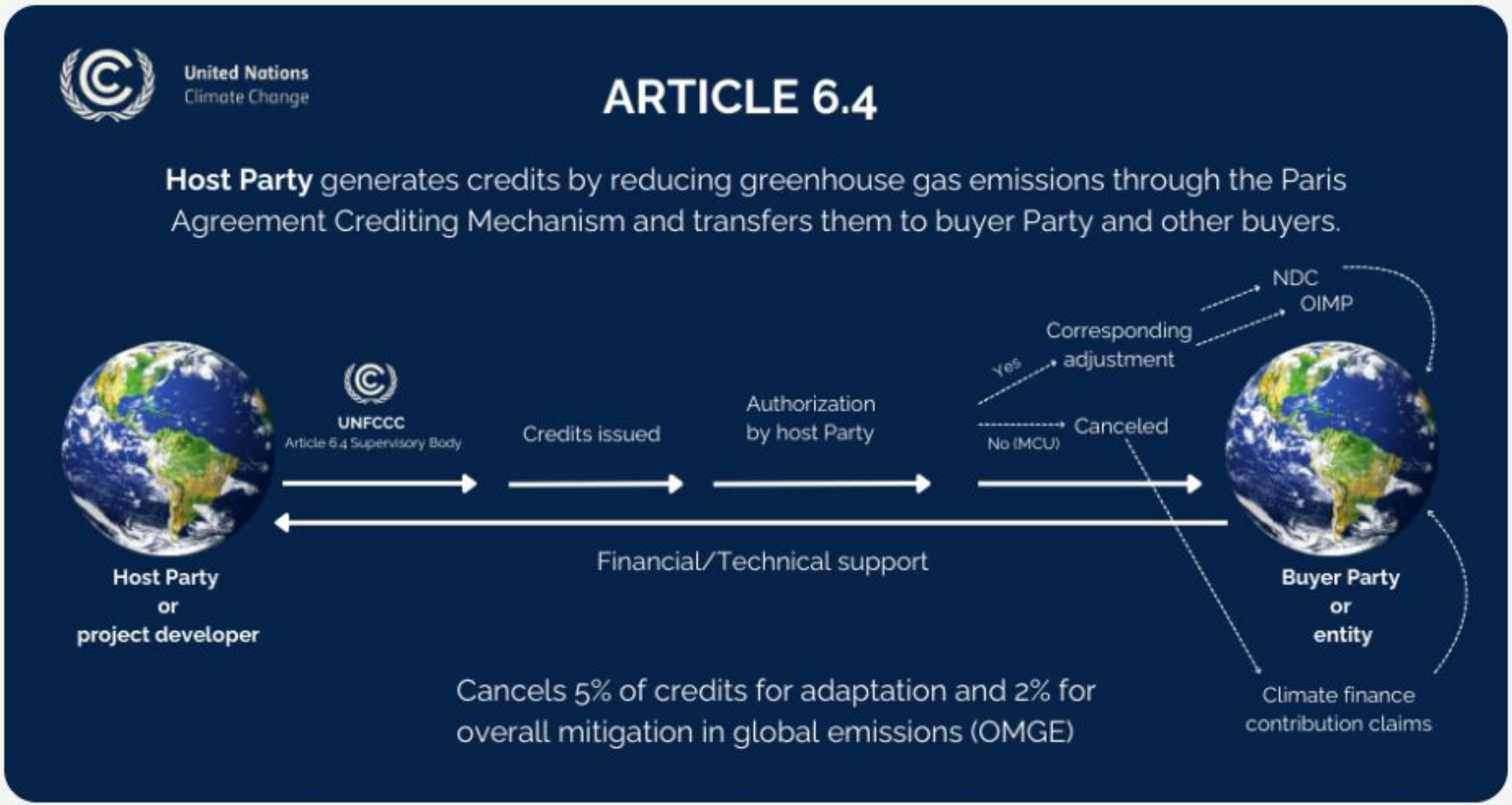
- **Rail & public transport** offer major mitigation at low cost, yet face underinvestment — esp. in LMICs
- **Article 6.4 (PACM)** can provide debt-free finance for NDC 3.0 by enabling carbon crediting for projects
- Need **fit-for-purpose methodologies** to fully capture benefits: avoided emissions, land use, access, resilience
- **Promote local access to finance** and align with national policies to empower subnational governments
- Engage sector in co-designing **MRV, additionality**, and sustainable development criteria

Article 6 – **Paris Agreement**

Overview: it outlines mechanisms to promote voluntary international cooperation among countries to achieve their climate goals more effectively and ambitiously. It consists of three key provisions:

Market based		Non-market based
Article 6.2	**Article 6.4**	**Article 6.8**
• Possible since 2021 • Accounting framework for voluntary cooperative approaches involving use of ITMOs towards NDCs • Bilateral/ multilateral transfers of ITMOs between Parties (no UNFCCC supervision, accounting rules agreed under UNFCCC at COP26)	• Possible from 2025 • Mechanism to contribute to the mitigation of GHG emissions and support sustainable development • Involve public and private sector • Under international oversight through UNFCCC • Has to deliver an Overall Mitigation of Global Emissions (OMGE) • Has to provide a Share of Proceeds (SOP) to Adaptation Fund	• Non-market based approached to promote mitigation and adaptation ambition • Does not involve transfer of ITMOs

Article 6.4 and the Paris Agreement Crediting Mechanism



Unlocking Article 6.4 for Rail and Public Transport in NDCs

- **Global urgency**: Transport accounts for ~25 % of GHG emissions; shifting to rail/public transit is key to meeting 1.5 °C goals
- **UIC & UITP position**: propose guidance for methodologies that support rail and public transport in generating high integrity carbon credits, in line with UNFCCC's Article 6.4 objectives.
- **Position paper objective**: Advocate for methodologies and processes that fully recognize and support emission reductions achieved through land transition and modal shift to rail and public transport.

💡 Support the call now

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UITP ADVANCING PUBLIC TRANSPORT

UNLOCKING ARTICLE 6.4

for Rail and Public Transport in NDCs

As countries prepare their next Nationally Determined Contributions (NDCs) for COP30, innovative and scalable financing for climate action is urgently needed. Transport contributes nearly 24% of global CO_2 emissions and is the fastest-growing source. Meeting the 1.5°C target requires cutting transport emissions by 59% by 2050. Despite receiving about 29% of climate finance, transport faces the largest investment gap, needing over seven times more spending to meet decarbonisation goals. Rail and public transport are key to this transition but currently receive only 23% of transport climate finance, limiting their potential climate impact.

The Paris Agreement's Article 6.4 introduces the Paris Agreement Crediting Mechanism (PACM), a market-based framework enabling the generation and trade of carbon credits, would reduce NDC implementation costs by $250 billion annually

Unlocking Article 6.4 for rail and public transport offers a critical opportunity to close the climate finance gap and accelerate low-carbon transport transitions in Low- and Middle Income Countries (LMIC).

Making Additionality Work for Public Transport & Rail

Article 6.4 can help translate NDC commitments into bankable projects, making it financially sustainable for public or private projects holders. Making these projects viable through supplementary funding - especially in LMICs where many NDCs include conditional commitments reliant on international support - will enable climate additionality by delivering emissions reductions that would not have occurred without such support, due to challenges like creditworthiness, cost of debt and low public spending capacity.

Enable Subnational Entities Access to Article 6.4

Urban rail and public transport projects are often designed, managed, and delivered by regional or municipal authorities. For Article 6.4 to be effective in these sectors, national frameworks must enable subnational entities to directly access carbon market mechanisms. This requires alignment between national climate goals and local development priorities, mechanisms and administrative structures that allow equitable access to carbon financing across levels of government.

Develop Sector-Specific Criteria Methodologies

Article 6.4 methodology standards should maintain flexibility for cross-sector application, while also being capable of reflecting the distinct characteristics of the rail and public transport sectors. These systems deliver far more than just modal shift benefit—they enable compact urban development, more efficient land use, and reduced car dependency, which together could reduce urban transport emissions by up to 50% by 2050. Ongoing advancements in electrification and energy efficiency will further strengthen their climate impact. To fully capture these benefits within the Article 6.4 framework, it is essential to adapt or develop methodologies in close consultation with sector experts. Doing so will ensure more accurate emissions accounting, enhance environmental integrity, and unlock greater investment in sustainable transport.

Monitoring, Reporting, and Verification (MRV) Frameworks

MRV under Article 6.4 must strike a balance between rigour and administrative feasibility. Tailored MRV systems should reflect the specific operational realities of rail and public transport, helping to reduce costs without compromising transparency or environmental integrity. Collaboration with technical experts from the sector will be critical to designing effective and scalable MRV systems that balance rigour with practicality.

Promote Integrated Investments and Policy Frameworks

To ensure impact, scalability, and long-term sustainability, PACM-supported interventions should be reinforced by coherent and enabling policies, including NDCs - including supportive regulations, robust local governance, urban mobility strategies, and incentives for low-carbon transport - as recommended by UIC's and UITP's NDC Template.

Prioritise SDG Investments in Rail and Public Transport

Rail and public transport systems contribute directly to 14 of the 17 Sustainable Development Goals (SDGs). Given Article 6.4's requirement for projects to deliver sustainable development co-benefits, investment in these sectors should be prioritised to maximize SDG alignment.

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Thank you
for your attention

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