



Mitigation Action
Facility

On behalf of

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Financing Public Transport: Insights from the Mitigation Action Facility

“What we have learned from grants, guarantees and concessional finance”

06 October 2026

Closing the gap

Challenge

To keep 1.5° goal in reach, emissions need to be halved by 2030. To avoid the worst impacts of climate change, at least USD 4.3 trillion is needed annually by 2030. Only 16% of needed climate finance is currently being provided.

Mission

Accelerate decarbonisation to keep temperature rises to below 1.5° by financing measures that shift priority sectors in partner countries towards a sustainable carbon-neutral pathway.

Value Proposition

An agile, high-impact and country-driven go-to platform, the Mitigation Action Facility supports scalable, replicable sector-wide solutions, incl. pilots, that enable Official Development Assistance (ODA)-eligible partner countries to meet their climate goals.

Priority sectors



Why transport requires tailored finance ?

- High upfront costs of clean technology and related charging infrastructure.
- Limited access to finance for operators and municipalities.
- Perceived technology, demand and repayment risks.
- Weak or developing regulatory and procurement frameworks.
- Need to combine financial instruments with technical assistance and policy reform.

The financing instrument must respond to the specific market barrier.

The Mitigation Action Facility's Journey in Transport Climate Action



Transit Oriented Development

2013

Colombia

Indonesia

Peru

2015 - Kenya

E-mobility – Public Transport

2019 - Cabo Verde

2020 - Colombia

2022 - Nepal

2023 - Paraguay

2025 - Brazil

E-mobility – Small Vehicles

2021 - Rwanda

2022 - Kenya

2024 - Pakistan

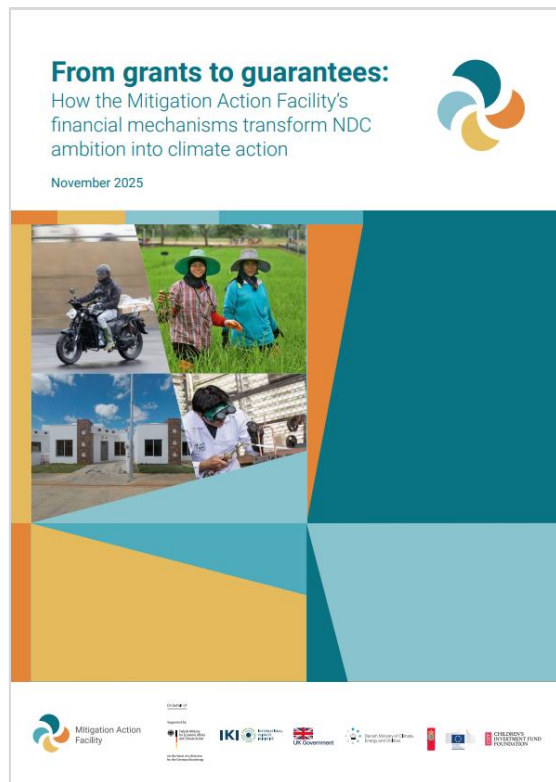
Clean Fuels

2022 - Costa Rica

2025 - Brazil SAF



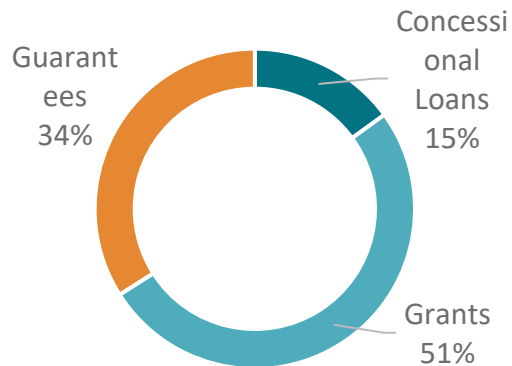
Financial Mechanisms Stocktake



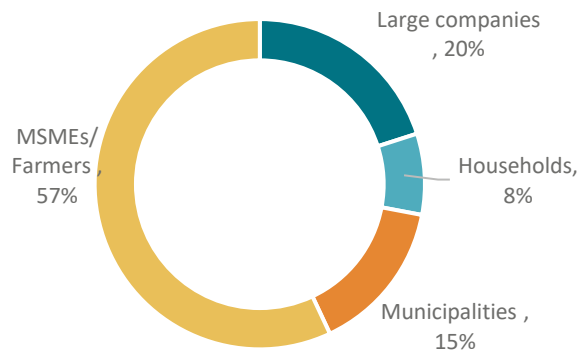
- **Publication:** Published on 14 November 2025 at the Mitigation Action Facility (MAF) side event during COP30 in Brazil.
- **Focus:** MAF Financial Mechanisms (FMs) and their potential for private finance mobilisation.
- **Purpose:** 10-year stock taking and analyse the MAF FM portfolio to capture key operational learnings.
- **Scope:** 43 projects across all stages - Completed, Implementation Phase (IP), Detailed Preparation Phase (DPP), as of June 2025.
- **Approach:**
 - ✓ Over 50 stakeholder interviews conducted and Evaluations and Learning Exercises (ELEs) reviewed.
 - ✓ Project-level data collection covering financial instrument types, terms, and conditions.
 - ✓ Focused analysis on projects demonstrating the highest private sector mobilization (M5).
 - ✓ Learning, recommendations, case studies

Key financial instruments in the FM portfolio

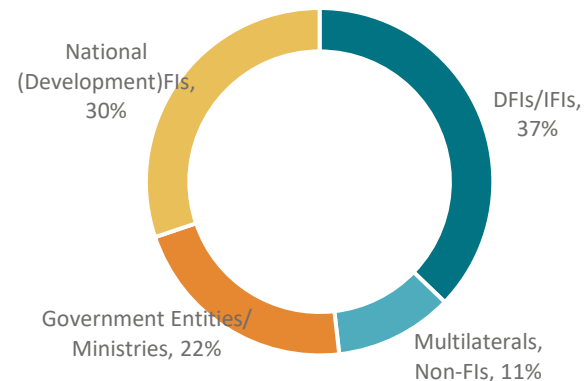
Breakdown by financial
instrument



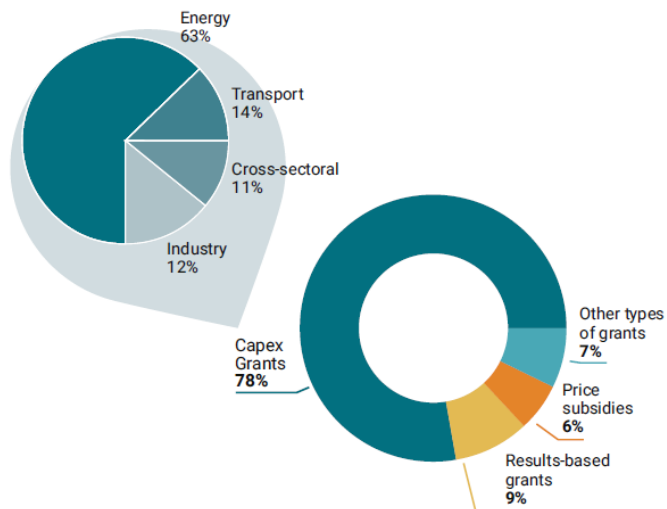
Breakdown by Target Group



Breakdown by FC IO



Multiple use cases of grants for pioneering work



What worked	What remained challenging
Electric vehicles were introduced.	Wider market uptake remained slow.
Charging infrastructure was established.	Commercial expansion of the charging network remained limited.
Incentives helped create initial demand.	The market did not rapidly become self-sustaining.
Regulatory foundations were strengthened.	Transformational change across the wider transport system was gradual.



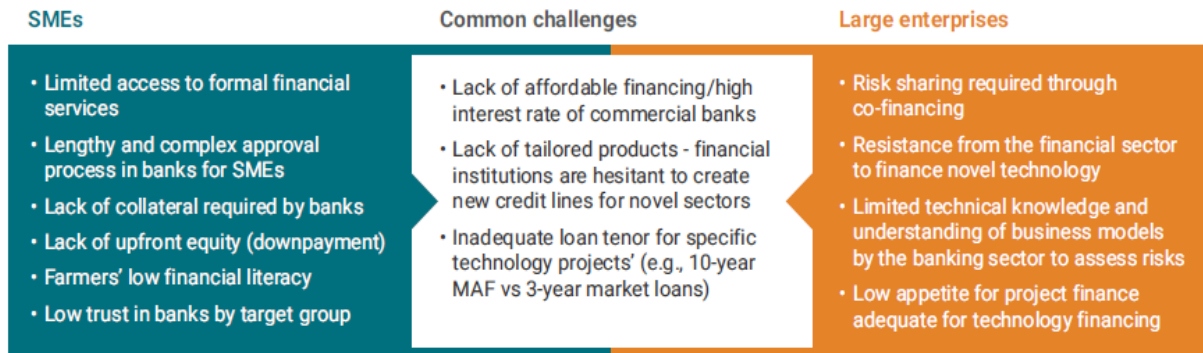
Cabo Verde Electric Vehicles

Implementation Organisation	Deutsche Gesellschaft für Internationale Zusammenarbeit (GIZ) GmbH
Main Project Partner	Center for Renewable Energy and Industrial Maintenance (CERMI)
Funding Volume	EUR 7.1 million
Project Duration	2020-2025
Financial Mechanism	Grant
Mitigation Potential	19,890 tCO ₂ e over technology lifetime
MAF Website	Cabo Verde – Electric Vehicles

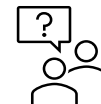
The project assisted the government in its promotion of electric vehicles. The project supported and provided incentives for the acquisition of 600 electric vehicles, the installation of a network of 40 commercial and 55 private EV charging stations and the implementation a legal and regulatory framework for EVs and charging infrastructures.

Grant finance can demonstrate viability and create initial market conditions, but it does not automatically generate replication or private-sector scale.

Diverse beneficiaries of MAF concessional and blended finance



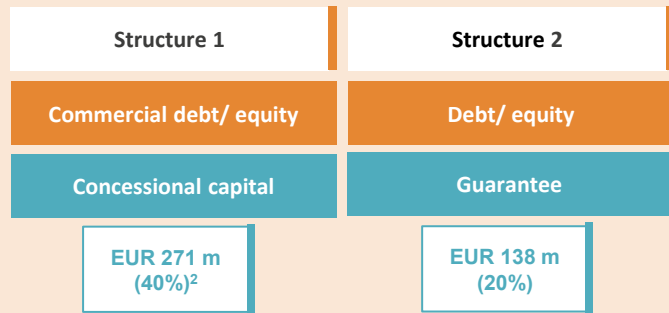
- MAF concessional loans address diverse market needs across various beneficiary groups
- Transport and Energy sectors lead users (40% each in the loan portfolio)
- Similar to CAPEX grants, deployment relies primarily on national, regional, or multilateral DFIs
- Partnering with Financial Cooperation (FC) entities with established local relationships provides an efficient, direct channel to reach beneficiaries (proved success)
- Private commercial financiers typically enter at later project stages once initial risks are mitigated



Concessional capital can stretch loan tenors and lower interest rates—but how do we use it to build commercial banks' confidence in financing novel technologies independently?

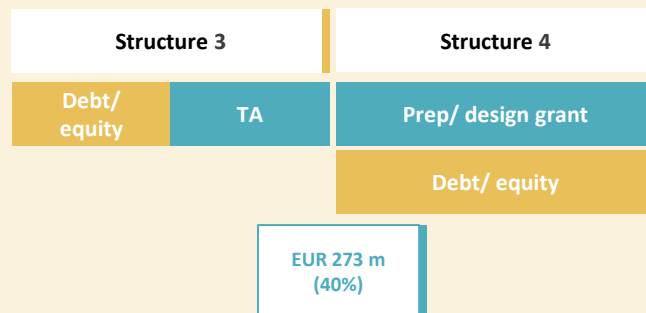
MAF Blended Finance¹ in action

Financial Component



 Mitigation Action Facility funding commitments

Technical Component



¹Source: Graphs adjusted from Convergence

¹Percentages refer to total project budget (FC and TC)

This current pipeline builds on the success of 10 completed projects with average **8.3x** financial (private capital) leverage achieved

Brazil: using an SPV to structure e-bus investment



Brazil E-Buses Industry

Implementation Organisation	World Resources Institute (WRI) Brazil
Main Project Partner	Instituto de Políticas de Transporte e Desenvolvimento (ITDP Brasil)
Funding Volume	EUR 25 million
Financial Mechanism	Blended Finance (SPV)
Mitigation Potential	2.7 MtCO ₂ e over technology lifetime
MAF Website	Brazil – E-Buses Industry

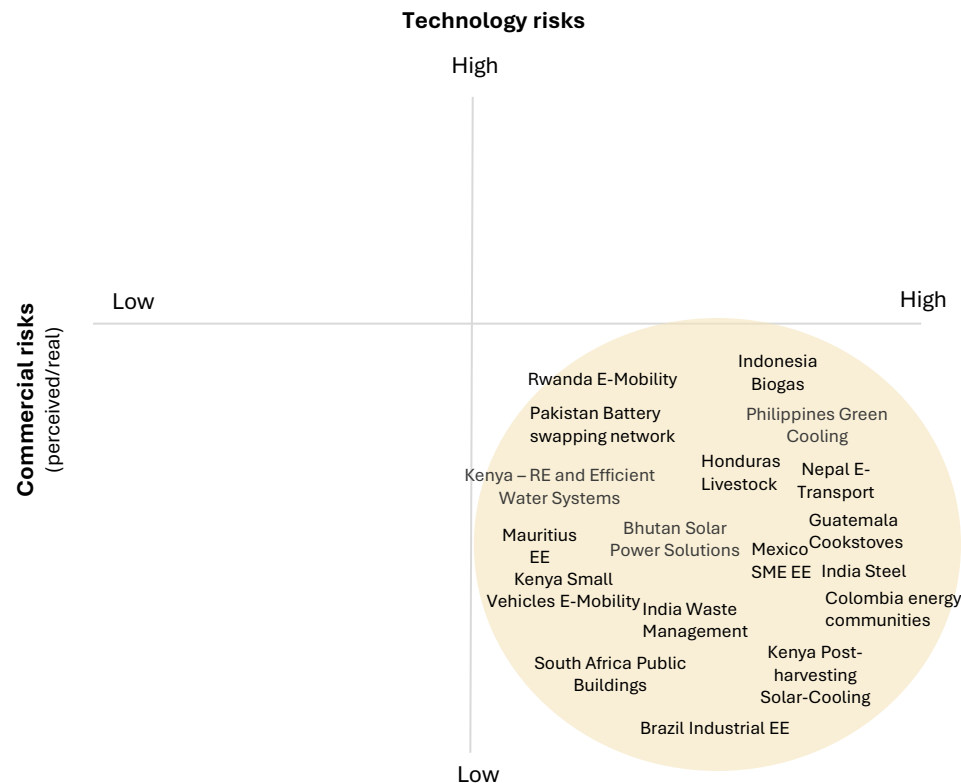
The project aims to replace 1,739 internal combustion engine (ICE) buses with electric buses (e-buses) in up to 5 Brazilian cities, contributing to long-term emissions reductions and advancing sustainable urban mobility. The project uses a Special Purpose Vehicle scheme make investment in e-bus fleets more attractive. It will collaborate with municipalities that will invest in charging infrastructure development. Proposal under assessment.

The rationale for the SPV:

- Aggregate e-bus investment across several participating cities
- Create a clearer allocation of assets, risks and revenues
- Improve access to debt and equity
- Separate fleet investment from individual operator balance sheets where appropriate
- MAF capital as Junior Tranche to make the model more attractive to institutional and private investors (Senior Tranche)
- Creation of a replicable structure that can be applied to future fleet investments.

- *Brazil represents a move from financing individual assets to building a repeatable platform for urban-fleet transformation.*
- *The objective of concessional finance is not to fund the full investment, but to improve the risk-return profile sufficiently to mobilise larger volumes of private capital.*

Growing role of MAF guarantees in the Portfolio



- Competing instruments like loans, grants, or subsidies are often seen as simpler and more appealing
- Regulatory frameworks (e.g., capital relief provisions for local FIs) need to be considered to effectively use guarantees
- Where possible, build on existing guarantee schemes to reduce setup time and avoid procedural delays
- Engage private lenders and technology providers early to structure attractive, market-fit guarantees

MAF guarantees primarily address perceived/real **commercial risks**, stemming from vulnerable target group, unproven business models in the country context and uncertain uptake of green technologies

Nepal: combining grants and guarantees



Nepal Electric Transport

Implementation Organisation	Deutsche Gesellschaft für Internationale Zusammenarbeit (GIZ) GmbH
Main Project Partner	Global Green Growth Institute (GGGI)
Funding Volume	EUR 17.7 million
Project Duration	2023-2028
Financial Mechanism	Grant and guarantee
Mitigation Potential	1.65 MtCO ₂ e over technology lifetime
MAF Website	Nepal – Electric Public Transport

The project aims to systematically remove barriers to the electrification of the public transport sector in Nepal. The project intends support the financing and deployment of 3,500 electric micro- and minibuses (EMBs) as well as public charging stations. The financial support mechanism is a combination of CAPEX grants (in slabs) for EMBs and partial first loss guarantee fund.

The structure:

- CAPEX grants reduce the upfront cost of electric vehicles.
- A partial first-loss guarantee reduces lenders' downside risk.
- Public charging infrastructure supports deployment.

The result logic:

- Public risk-sharing enables initial loans.
- Loans support deployment of electric mini-buses.
- Lenders gain experience with the technology and borrowers.
- The market can expand beyond the original guarantee-supported portfolio.

- *The guarantee is designed to enable lending, not to replace lending.*
- *The long-term success of the guarantee will be measured by whether lenders continue financing public transport fleet and gradually require less public risk-sharing.*

Way forward: finance the transition

- Keep public transport publicly accountable for affordability, access and coverage.
- Use grants for early-stage market creation, including pilot projects, charging infrastructure, TA, regulatory reform and support for underserved users or locations.
- Apply guarantees where the main barrier is lender risk, as in Nepal, while using them to build local financial institutions' confidence and encourage lending beyond the guaranteed portfolio.
- Use concessional loans and blended-finance structures where projects have credible revenues and can attract private debt, equity or institutional investment, as envisaged for Brazil's e-bus SPV.
- Allocate private capital selectively to bankable components such as fleet finance, leasing, charging infrastructure and performance-based operations, without allowing commercial returns to determine public-service priorities.
- Make subsidies transparent, targeted and performance-based: distinguish social and affordability support from technology support, and link operating subsidies to service quality, coverage and emissions outcomes.
- Measure success through both financial mobilisation and public value, including private capital attracted, network coverage, service reliability, emissions reductions.

Thank you for your attention!