EU Funds and Financing for Resilient Local Mobility
OVERVIEW

The COVID19 pandemic has demonstrated that passenger transport is an essential and common good we all have to preserve. Hit by a double meltdown of revenues and ridership, local public transport is in dire need of sound and sufficient funding streams. It will not only guarantee a continuous and efficient mobility offer, but also help mass transit emerge ever greener in the post-pandemic landscape. For the sector that provides 60 billion passenger journeys per year, contributes €150 billion annually to the EU economy, and employs two million people across Europe, the current EU long-term budget 2021-2027 will become a game-changer for decades to come.

With weakened local budgets and growing national debts, the critical role of EU funds and financing is undeniable. EU support remains vital in addressing the public transport sector’s sustainability and digitalisation challenges, while at the same time meeting growing passenger expectations and demand. Moreover, local public transport investments that foster modal shift are essential for the European Green Deal to deliver on its strategic objectives, including decarbonisation and social justice. Finally, being strongly interlinked with many sectors of the economy, collective, shared and multimodal mobility will continue to remain constitutive to a sound recovery of local communities across Europe.

This UITP Policy Paper is a tool to support all transport professionals and decision-makers engaged in shaping the post-pandemic mobility landscape. The Paper offers key priorities and recommendations on EU funds and financing. Also, it zeros in on all major EU funding and financing streams, helping stakeholders understand the EU financing architecture for sustainable and smart local mobility.
1. Financing sustainable local mobility must be seen as an important climate investment, not only a regular structural financial assistance.

2. Investing in the public transport ecosystem is critical for the European Green Deal to deliver on its strategic policy and environmental objectives.

3. Delivering investments in clean fleets, smart infrastructures or user-friendly systems is the only way forward to achieve liveable and people-centred cities.

4. Supporting local mobility projects is a tool to increase modal shift in favour of shared, active and collective modes of travel.

5. Improving infrastructure and fleets resiliency requires more significant and stable funding frameworks as well as better targeting of funds to ensure their overall effectiveness.

6. Relying on EU funding is not enough, with a blend of subsidies, green bonds, financial guarantees, performance contracts, state aid, equity funds or private investments all coming into play.
WHY ARE EU FUNDS OF ESSENCE

Sustainable transport investments have long functioned as key accelerators of a carbon-neutral economy. In the context of worsening climate change and the looming permanency of the pandemic, careful EU policy actions are required to mainstream transport financing into broader recovery assistance. Substantial EU funds for resilient public transport are critical if we want to ensure at least the pre-COVID19 levels of passengers, but also deliver on the promise of a green and digital mobility transition. This is true in the mid-term, post-lockdown perspective, and for the long-run sustainability ambitions of the European Green Deal. Local public transport remains an essential precondition for resilient recovery and green growth.

# Address mobility and climate challenges of today and tomorrow

Many of the current mobility and climate challenges can be successfully addressed by sustainable local public transport, including walking, cycling and shared mobility. In the pre-COVID19 era, buses, trams, metros and local rail in Europe carried almost 60 billion passengers (2018), which translated into more than 40 billion car journeys avoided. The whole multimodal public transport ecosystem can lead to a sharp decrease in CO2 emissions across Europe if the modal shift away from private cars towards collective modes of travel is encouraged and accelerated. This is by no means the fastest and most cost-efficient way to decarbonise people’s daily mobility choices across the EU, particularly with 75% of the Europeans living, working and commuting in or around urban areas (projected to raise to 85% by 2050). Resilient public transport has a vital environmental role to play in the coming years and decades since it has the best capacity to move large numbers of people with low energy consumption, emissions and space use per capita. The mobility of tomorrow will be sustainable, inclusive, digital and safe. It is impossible to achieve this without strong public transport networks, infrastructures and fleets.

# Assist pandemic-hit local governments

With a substantial drop in passenger numbers, the ongoing pandemic caused severe degradation of financial capacity at the local level. Although some local recovery plans have tried to support public transport getting through the crisis, many municipal budgets were left on the brink of making ends meet. Given a resource-constrained environment in which local and regional authorities currently operate, prioritising investments in sectors that provide good social, economic and climate benefits remain critical. All European cities, towns and villages aspire to offer more liveable and healthier habitat. Yet, local and regional governments struggle to balance their budget sheets with decreasing tax incomes and mounting operational expenditures in the post-lockdown context. Financing new capital investments and operations has already become to form a severe challenge for many municipalities and transport operators alike. The only way for sustainable mobility to remain a local priority is a targeted and sufficient financial assistance from the EU.

# Fulfil strategic policy objectives of the European Green Deal

Every year, public transport can help avoid at least 20 times the amount of CO2 it emits. Increasing the usage of public transport is one of the solutions to comply with the ambitions of
the Green Deal as well as the 2015 Paris Agreement. Hence, a substantial portfolio of EU funds for local mobility and public transport must become a priority if the EU wants to deliver the long-run sustainability ambitions foreseen by the European Green Deal. The ongoing EU budget 2021-2027, together with a temporary recovery instrument NextGenerationEU, can become a real game-changer for local passenger transport in Europe. Investments that improve everyday life and mobility options of millions of local commuters are the best possible way to rebuild local communities and help reach EU’s environmental, digital and road safety objectives all at once. Congestion already costs the European economy 1% of its GDP, €100 billion per year. Public transport is essential to reduce congestion and benefits those not using mass transit services, as their roads are emptier. The climate benefits are profound – investments in public transport and getting more users onboard can cut transport sector emissions by over 50% in the next decade.

## Ensure increased modal shift and liveable habitats

We can only address the European mobility challenges by prioritising a shift of travelling behaviour towards collective (local) mobility in everyday life. Modal shift to public transport is critical to phase out individual motorised traffic from cities and replace it with sustainable modes of collective local transportation. Modal shift requires an alternative, demand-side approach – the Avoid/Reduce, Shift/Maintain, and Improve (ASI) principle – that represents a holistic and efficient way in the fight against congestion and air pollution. Modal shift has been for years recognised as the most effective mean towards decarbonisation and achieving liveable and green cities. Also, it ensures territorial cohesion and connectivity for regions and cross-border localities as well as for rural and low-density areas. Modal shift is linked with redefining public transport as a multimodal mobility ecosystem with collective passenger modes at its core. Modal shift measures increase the network capacity and attractiveness of local public transport and deny further increase of individual motorized traffic by means of low emission zones, congestion charging, sustainable mobility planning or integrated payment and ticketing solutions.

## Invest in local economies and empower communities

According to European Commission estimates, the additional private and public sustainable mobility investment needs are estimated at nearly €230 billion per year for the current decade. Hence, it is worth reminding that every €1 of value created from local public transport is linked to a further value creation between €4 to €6 in the total economy. It does so by connecting people to their jobs, vocational and leisure activities, enabling the clustering of activities and business development, supporting tourism, stabilising property values, and helping to regenerate cities and deprived areas through transport connections, accessibility and denying mobility poverty. Also, investments in public transport create 25% more jobs in the wider economy than the same level of investments in roads or highways would produce. Investing in public transport-oriented cities ensures a sustainable and resilient economic development path, making decarbonising the transport sector cheaper and easier.
EU FUNDING AND FINANCING ARCHITECTURE

The EU financing architecture for local mobility and urban transport for 2021-2027 (Recovery Plan for Europe) rests upon two central pillars. Firstly, the Multiannual Financial Framework 2021-2027 (€1.2 trillion) is a “traditional” EU budget with financing based on EU own resources. The Multiannual Financial Framework (MFF) is the financial planning tool of the EU. It gives an overview of the EU’s budget priorities from a budgetary perspective, with a primary objective being to ensure the orderly development of expenditures in line with EU priorities, and within the limits of the EU resource base. Secondly, the Next Generation EU 2021-2023 (€807 billion) is a temporary recovery instrument with financing based on periodical borrowings on capital markets.

Regarding the EU financing typology, there are three main strands of support for local mobility and urban transport: EU grants (non-repayable forms of funding), EU financing instruments, as well as a support offered by the European Investment Bank (EIB), with the latter disburse roughly €16.5 billion for urban mobility between 2014 and 2020. The two latter strands represent reimbursable (repayable) forms of financing, often in the form of debt instruments such as loans.

Traditionally, the main source of EU grants for sustainable local transport has been the European Structural and Investment Funds, good for €16.3 billion in 2014-2020. Moreover, some financing priorities under the Connecting Europe Facility – Transport ensured around €200 million in the same period to an array of bigger cities on TEN-T urban nodes. Yet, for the period 2021-2027, the Recovery and Resilience Facility may provide the bulk of grants and loans for local mobility and public transport investments.

Figure 1. Recovery Plan for Europe’s financing architecture and programmes
(source: EPRS and European Commission)
The Recovery and Resilience Facility (RRF) is the key instrument at the heart of Next Generation EU. RRF is a performance-based temporary recovery instrument designed to mitigate the economic and social impact of COVID-19. It is also designed to make European economies and societies more sustainable, resilient and better prepared for the challenges and opportunities of green and digital transitions, with sustainable mobility being one of the priorities. RRF supports Member States through loans (€385.8 billion) and grants (€338 billion) in implementing reforms and investments that align with the EU priorities and that address the challenges identified in country-specific recommendations under the European Semester framework of economic and social policy coordination. To benefit from the support of RRF, Member States submit their national recovery and resilience plans to the European Commission. Each plan sets out the reforms and investments to be implemented by the end of 2026, with Member States receiving funding up to a previously agreed allocation. Fulfilling agreed milestones and targets towards achieving the reforms and investments in the national plans will unlock regular payments.

RRF will provide around €72.2 billion for sustainable and green mobility investments (predominantly in grants), with “Clean, smart and fair urban mobility” identified as one of the flagship reform and investment components. Transport measures most eligible for RRF funding are related to transport-specific challenges such as green transition, digital transformation or territorial cohesion and those on Country Specific Recommendations, including accelerating the use of low and zero-emission technologies in transport. RRF will complement with other EU funding programmes, notably the European Structural and Investment Funds and InvestEU. This will contribute to leveraging the use of EU funds and avoiding duplications.

Figure 2. RRF allocations for sustainable mobility projects as of November 2021 (source: RECOVER, European Commission)
Over half of EU funding is channelled through five European Structural and Investment Funds (ESIFs), including the European Regional Development Fund (ERDF) and the Cohesion Fund (CF). These Cohesion Policy funds are jointly managed by the European Commission and Member States. The Commission and Member States develop Partnership Agreements at the national level, and Operational Programmes at the regional level. The funds are then managed by responsible authorities in each Member State. In addition, cities have some funding at their disposal to implement integrated strategies for urban development. Across the 2014-2020 financing period, ESIFs dedicated around 20% of their overall allocations to clean urban transport, including €12.5 billion for urban public transport and €1.5 billion for walking and cycling.

As the first major fund, ERDF (€226 billion) aims to strengthen economic, social and territorial cohesion in the EU by correcting imbalances between its regions. ERDF grants are expected to contribute 30% of the overall financial envelope to climate objectives. Moreover, for the 2021-2027 period, at least 8% of ERDF will be allocated to sustainable urban development projects based on cities’ development strategies and their trajectories towards a climate-neutral economy. Within MFF 2021-2027, Specific Objectives related to ‘sustainable urban mobility’ and ‘sustainable transport’ are part of two extensive Policy Objective clusters, namely PO2 Greener Europe and PO3 Connected Europe. As the second major fund, CF (€48 billion) provides grants to Member States with a gross national income per capita below 90% EU-27 average to strengthen the economic, social and territorial cohesion. CF supports investments in urban and regional climate adaptation/mitigation and transport infrastructure, but also extends grants to TEN-T-based infrastructure projects under the Connecting Europe Facility. Flagship support areas include developing rail transport, supporting intermodality and strengthening urban and regional public transport. 37% of the overall CF financial allocations are expected to contribute to climate objectives. Both ERDF and CF are grants-based and provide up to 85% of co-financing of the eligible costs.

**Figure 3. ERDF and CF budget allocations by transport mode 2007-2020 in EUR billion**
(source: European Court of Auditors)

<table>
<thead>
<tr>
<th>Sector</th>
<th>2007-2013</th>
<th>% of total</th>
<th>2014-2020</th>
<th>% of total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Road</td>
<td>42.6</td>
<td>52%</td>
<td>30.0</td>
<td>44%</td>
</tr>
<tr>
<td>Rail</td>
<td>23.1</td>
<td>28%</td>
<td>18.6</td>
<td>27%</td>
</tr>
<tr>
<td>Urban transport</td>
<td>8.2</td>
<td>10%</td>
<td>12.5</td>
<td>18%</td>
</tr>
<tr>
<td>Ports</td>
<td>3.1</td>
<td>4%</td>
<td>2.0</td>
<td>3%</td>
</tr>
<tr>
<td>Multimodal transport</td>
<td>1.8</td>
<td>2%</td>
<td>2.2</td>
<td>3%</td>
</tr>
<tr>
<td>Intelligent transport systems (IT)</td>
<td>1.0</td>
<td>1%</td>
<td>2.1</td>
<td>3%</td>
</tr>
<tr>
<td>Inland waterways</td>
<td>0.4</td>
<td>1%</td>
<td>0.7</td>
<td>1%</td>
</tr>
<tr>
<td>Air</td>
<td>1.6</td>
<td>2%</td>
<td>0.4</td>
<td>1%</td>
</tr>
<tr>
<td><strong>Total transport</strong></td>
<td><strong>81.8</strong></td>
<td><strong>100%</strong></td>
<td><strong>68.5</strong></td>
<td><strong>100%</strong></td>
</tr>
</tbody>
</table>
The Connecting Europe Facility – Transport (CEF-T) is the funding instrument to realise the trans-European transport networks (TEN-T) policy. It aims at supporting investments in building new transport infrastructure and rehabilitating or upgrading the existing one. CEF-T also focuses on cross-border projects and projects aiming to remove bottlenecks or bridge missing links in various sections of the Core and Comprehensive Networks, and on horizontal priorities such as traffic management systems. Likewise, CEF-T supports innovation in the transport system to improve the use of infrastructure, reduce environmental impacts, enhance energy efficiency and increase safety. CEF Transport will dedicate at least 60% of its budget to EU climate objectives.

70% of the CEF budget will be allocated in 2021-2023 through 3 calls for proposals of 5.5 billion each, in 2021, 2022 and 2023. Under the most recent Call for Proposals 2021, CEF has featured a €1.57bn worth of co-financing under a new thematic envelope – the Alternative Fuels Infrastructure Facility (AFIF). The key objective of AFIF is to support a further roll-out of electricity fast-charging and hydrogen refuelling infrastructure across the TEN-T network, including on the urban nodes. Moreover, CEF-T will contribute to seamless connections between transport modes in TEN-T urban nodes by supporting the improvement of multimodal passenger hubs. As of March 2021, the co-financing for asset (clean vehicles) procurement is excluded from the CEF Blending Facility, which now zeros in on deploying of alternative fuel infrastructures as well as on multimodal mobility hubs across the urban nodes network. Given CEF’s complementary character for urban mobility financing, the asset procurement component will mainly be addressed through RRF and ESIFs.

Horizon Europe is the EU’s key funding programme for research and innovation. Cluster 5 on ‘Climate, Energy and Mobility’ addresses the acceleration of green and digital transitions. The implementation works via several partnerships related to transport: co-programmed partnerships (Towards Zero-Emission Road Transport; Batteries; Zero-Emission Waterborne Transport; Connected, Cooperative and Automated Mobility), co-funded partnership (Driving Urban Transitions to a sustainable future) and institutional partnerships (Clean Hydrogen and Europe’s Rail). The EU Missions are a novelty among EU research and innovation programmes. One of the Mission is ‘Climate-Neutral and Smart Cities’, involving local authorities, citizens, businesses and investors to deliver 100 climate-neutral and smart cities by 2030. The Mission Platform will provide the necessary technical, regulatory and financial assistance to cities, investing in research and innovation actions, including in mobility, energy, and urban planning.
The Just Transition Mechanism will support the EU regions most affected by the socio-economic transition to climate neutrality in line with the Territorial Just Transition Plans. Areas for support include cleaner energy and decarbonisation projects such as sustainable mobility.

Firstly, the Just Transition Fund (JTF) is a funding tool for regions highly dependent on fossil fuels and high emission industries and can be used for transport topics falling under the Cohesion policy objectives. JTF may be transferred from other cohesion funds (ERDF) voluntarily. The co-financing rates are set at a maximum of 85% for less developed regions, 70% for transition regions and 50% for more developed regions.

Secondly, the InvestEU “Just Transition” scheme will provide a budgetary guarantee under the InvestEU programme across the four policy windows and an InvestEU Advisory Hub that will act as a central entry point for advisory support requests. It is expected to mobilise €10-15 billion, mostly in private sector investments.

Finally, the Public Sector Loan Facility will blend €1.5 billion of grants financed from the EU budget with €10 billion of loans from the European Investment Bank to mobilise €18.5 billion of public investment, including in energy and transport infrastructures.

**Table: Just Transition Mechanism**

<table>
<thead>
<tr>
<th>Just Transition Fund</th>
<th>InvestEU scheme</th>
<th>Public Sector Loan Facility</th>
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<tbody>
<tr>
<td>€7.5 billion, MFF</td>
<td>€1.8bn, Next Generation EU</td>
<td>€11.5bn, Next Generation EU</td>
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<tr>
<td>€10 billion, Next Generation EU</td>
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*Figure 4. The architecture of the Just Transition Mechanism (source: European Commission)*

![Figure 4. The architecture of the Just Transition Mechanism](source: European Commission)
**INTERREG Programme**

€8.1 billion (2021-2027, MFF)

As part of the European Regional Development Fund, the 6th generation of the Interreg instrument allocates resources to European cross-border projects and territorial cooperation between regions and countries. Interreg supports various actions (the so-called ‘strands’), including cross-border mobility between adjacent regions, to promote integrated and harmonious regional development between neighbouring lands or maritime border regions (part of Interreg A; 72.2% of total resources available). The co-financing rate at each Interreg programme level is set at a maximum of 80%, with up to 85% for outermost regions.

**REACT-EU**

€50.6 billion (2021-2023, Next Generation EU)

REACT-EU (Recovery Assistance for Cohesion and the Territories of Europe) provides top-up financing to the 2014-2020 Cohesion policy programmes and additional to the cohesion allocations between 2021-2027. REACT-EU can finance expenditure retroactively from 1 February 2020 until 31 December 2023. The Assistance supports projects that foster crisis repair capacities in the context of COVID19, and investments in operations contributing to preparing a green, digital and resilient recovery of the economy, including investments in sustainable mobility infrastructure or support for electric mobility in public transport.

**LIFE Programme**

€5.4 billion (2021-2027, MFF)

LIFE Programme for Climate Change Mitigation and Adaptation is the EU’s funding instrument for the environment and climate action. LIFE covers many thematic areas and may co-finance projects targeting sustainable mobility, including local public transport measures. Depending on specific environmental issues that mobility projects address, they may be submitted under calls on ‘Air quality – Sustainable road transport mobility’, or ‘Actions in support to the shift to zero-emission mobility reducing CO2’. Costs related to equipment and infrastructure, as well as for the operation of a specific transport service, are eligible. LIFE is not expected to finance projects exclusively focussed on building transport infrastructure.
**MAJOR EU FINANCING INSTRUMENTS**

### InvestEU Fund

**€9.9 billion for Sustainable Infrastructure policy window (2021-2027, MFF)**

The InvestEU Programme builds on the model of the Investment Plan for Europe. It will bring together, under one roof, the European Fund for Strategic Investments and 13 other EU financial instruments, including CEF Debt Instrument and CEF Equity Instrument. InvestEU aims to mobilise more than €372 billion of public and private investment through an EU budgetary guarantee of €26.2 billion that backs the investment of implementing partners such as the European Investment Bank Group (implementing 75% of InvestEU) and other financial institutions. InvestEU support may be provided through loans, guarantees, counter-guarantees, capital market instruments, credit-enhancement instruments, direct and indirect equity and quasi-equity. The Fund is a market-based and demand-driven instrument, with strong emphasis on EU policy priorities. It supports four main Policy Windows with investments in sustainable, safer and smart mobility projects eligible under the Sustainable Infrastructure policy window (38% of the total guarantee). Funds for the InvestEU programme can be used to finance riskier transport-related measures. InvestEU includes the possibility to blend its support with EU grants and financial instruments from sectorial programmes and is correlated with the RRF. Hence, Member States may voluntarily implement parts of their national recovery and resilience plans through InvestEU. At least 30% of InvestEU goes towards climate-relevant objectives, with the Sustainable Infrastructure policy window reaching 60%. Moreover, InvestEU will serve as part of the European Green Deal Investment Plan and provide the second pillar of the Just Transition Mechanism through a “Just Transition” scheme. Here, investment guidelines for each of the policy windows adopted as delegated acts include the arrangements for detailed implementation of the scheme.

### Innovation Fund

**€25 billion (2020-2030; ETS-driven)**

The Innovation Fund is the EU’s funding programme for the commercial demonstration of innovative low-carbon technologies, aiming to bring to the market solutions to decarbonise Europe and support its transition to climate neutrality. This is done through calls for large and small-scale projects. As the successor of the NER300 programme and other debt instruments under CEF, the Innovation Fund improves project risk-sharing by giving more funding more flexibly through a more straightforward selection process. The Innovation Fund focuses on highly innovative technologies and big flagship projects that can significantly reduce emissions. It is about sharing the risk with project promoters to help demonstrate first-of-a-kind innovative projects. The Innovation Fund will support up to 60% of the additional capital and operational costs of large-scale projects and up to 60% of the capital costs of small-scale projects. The European Commission, assisted by the implementing bodies CINEA and EIB, is tasked with the overall management of the Fund.
The EIB has been providing long-term finance, mainly in loans and guarantees, to support the development of urban and regional transport networks across and beyond Europe under its Transport Lending Policy. The Policy puts forward the guiding principles and selection criteria that drive EIB’s financing and lending strategy towards the mobility sector, including support for urban public transport. The EIB also supports projects through a wide variety of financial instruments and financial and technical advisory via different initiatives and organisations. The transport sector constitutes a significant part of EIB investments, accounting for more than 25% of the EIB’s entire portfolio and more than €10 billion of new investments annually. At the end of 2019, 30% of EIB loans was located in the transport sector. From 2016 to 2020, the EIB invested close to €20 billion in transport modes – €4 billion a year on average. EIB loans can cover up to 50% (75% in the case of TEN-T projects) of the total investment cost. Furthermore, indirect loans, innovative financial instruments and private equity funds are used to stimulate and catalyse private capital through investments in equity funds devoted to transport infrastructure. EIB can also support priority projects (up to €300 million) with a high-risk profile under its Structured Finance Facility.

The Cleaner Transport Facility (CTF) is an initiative by the EIB and European Commission to assist investments, by both public and private entities, in cleaner transport projects. The objective of CTF is to deploy the EIB’s technical and financial capacity to support the accelerated deployment of cleaner transport vehicles and help meet their associated infrastructure needs. Eligible projects can get loans covering up to 50% of the project costs. For certain innovative projects, the smallest loans are €7.5 million, but direct loans are generally bigger than €25 million.

Together with the European Commission, EIB is also responsible for implementing the ELENA (European Local Energy Assistance) Facility. ELENA provides grants (up to 90% of the eligible costs) and technical assistance for energy efficiency and renewable energy investments, including innovative urban and regional transport. Typically, ELENA supports mobility investment programmes above €30 million. Furthermore, EIB offers support options under its ‘Future Mobility’ thematic Impact Finance Facility which provides investments in high-risk projects in the transport sector. Until today, roughly €141 million of financing has been signed to support Future Mobility projects. Finally, the European Growth Finance Facility is a programme developed by the EIB and supported by the European Commission to bridge a persistent market gap in growth financing. The programme provides equity-type risk finance to highly innovative, high growth European SMEs and midcaps, including smart and innovative local mobility solution providers.
The new EU Sustainable Finance Strategy sets out several initiatives to tackle environmental challenges in the financial market. The Fit for 55 Package and the Smart and Sustainable Mobility Strategy regard this as the key means for increasing private investment for the EU’s financial transition towards a sustainable economy. The new Strategy aims to boost sustainable finance and green investing by better aligning it with the EU Taxonomy Regulation and implementing a common standard for reporting. The proposals also strive to make it easier for public authorities to raise sustainable capital and increase the financial market’s resilience by integrating sustainability risks into credit ratings and insurances risk management schemes. Moreover, the Strategy sets out a proposal for a European Green Bond Standard. It is meant to set a gold standard for how companies and public authorities – including the public transport sector – can use green bonds to raise funds on capital markets to finance ambitious large-scale investments while meeting demanding sustainability requirements and protecting investors. The standard will use the detailed definitions of green economic activities in the EU Taxonomy to define a green investment.

The technical screening criteria of the Taxonomy Regulation for urban passenger transport states that the activity complies when direct CO2 emissions of the vehicles (or supporting infrastructure) are zero. It could be argued that as public transport is fundamentally a low carbon and sustainable transport mode, all types of projects should be eligible for consideration. Encouraging private sector investments in urban and suburban passenger transport will ensure a swifter modal shift across EU cities. Also, this will enable public-private investing more easily in complex and innovative projects, often featured by relative higher economic risk.

![Figure 5. An overview of key EU funding and financing measures with transport investment eligibilities](source: European Commission)
Prioritise local public transport investments across all relevant EU funds and financing
This will speed up the transition towards low- and zero-emission transport while delivering on the triple mobility challenge of decarbonisation, decongestion and economic growth.

Emphasise the role of local mobility throughout the European Green Deal
This will ensure a sound fulfilment of strategic environmental and digital objectives as the Green Deal still has an untapped potential to include sustainable local transport priorities.

Set up a new EU grant scheme for greening local public transport fleets
This will enable reaching clean vehicle targets in a transparent and accessible way, including joint procurement of buses, rolling stock or vessels, with supporting infrastructures.

Dedicate substantial resources for maintenance and operations of assets and infrastructures
This will help to optimise the value and resilience of existing and ageing networks with a focus on maintenance, modernisation and asset replacement as well as on adaptation to future mobility needs (given that most of the EU funds still focus on capital expenditures).

Involves local and regional authorities in co-deciding on EU funded investments
This will maximise the EU added value of relevant mobility investments as local governments are best placed to guarantee the most efficient planning and decision-making approaches.

Transport-oriented funds and financing need better coordination and synergies
This will bring more effective coordination among EU funds while ensuring their interoperabilities as the funding fragmentation and overlapping of different programmes and instruments grows in proportions.

Keep Member States accountable for their national recovery plans’ pledges
The European Commission and other stakeholders must closely monitor and evaluate Member States in fulfilling their local mobility reform and investment pledges until 2026.