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Latin America's electric bus (and PPP) embrace

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Due to the impacts of CO2 emissions from the transportation sector, Latin American countries are rethinking their transportation systems to incorporate a larger percentage of e-buses. Some of these countries have done so by means of public-private partnerships, which have created a market (for sponsors, manufacturers and lenders) that is only starting to be explored.

Re-modeled transportation systems

Transportation is a rapidly growing sector throughout Latin America. Considering urbanization trends of the regional population (currently 80% and expected to increase to 90% by 2050) [1] and the growth of public transportation systems, it is no surprise that transportation is also the main source of the region's greenhouse gas emissions.

These emissions account for more than one third of the region's total CO2 emissions.[2] Currently, Latin America's consumer vehicle fleets are expanding more rapidly than fleets in any other region in the world. The region's vehicle fleet sizes could triple in the next 25 years, which would cause a spike in greenhouse gas emissions (using existing bus technology) and would overburden the region's roadway infrastructure.[3] In addition to these concerns, Latin American signatories to the Paris Agreement recognize they must rethink their transportation infrastructure in order to meet their stated goals.

To that end, Latin American countries are increasingly embracing electric buses and the associated charging infrastructure and are second only to China in the number of currently operational electric buses.

E-mobility alternative

Fortunately, Latin America's share in the e-mobility sector is expected to grow in both the short and medium terms, and analysts forecast that more than 5,000 electric buses will be delivered annually to Latin American cities by 2025, a massive increase over current annual delivery numbers.[4]

According to statistics maintained by E-Bus Radar, a platform that monitors the initiatives of Latin American cities to insert electric buses into their urban public transport systems, over 3,200 electric buses are currently operational across 11 cities in Latin America, with two of the largest fleets operating in Bogotá, Colombia and Santiago, Chile.[5] Santiago has deployed the largest e-bus fleet in Latin America, which comprises more than 700 e-buses. In addition, Transmilenio (Bogotá's public transportation authority) has been implementing a program to eventually deploy more than 1,400 e-buses to the streets of Bogotá where currently 1,061 electric buses are in operation.[6]

The transportation systems in cities such as Santiago and Bogotá have integrated e-bus fleets into their systems through public-private partnerships and concession agreements, allowing the participation of private parties in the provision and operation of the fleets. In Bogotá, Transmilenio's concession agreements have been evolving, allowing the unbundling of the provision of the buses and the operation thereof, which allows for a better risk distribution and reduces the financing costs for the provisioning concessionaire.

Although adopting a robust e-mobility regime will not be a panacea for the issues caused by excessive greenhouse gas emissions in the region, given the current status of regional transportation infrastructure and its environmental impacts, the broad adoption of e-mobility measures will be a crucial step toward sustainable decarbonization in Latin America.

[1] <https://www.atlanticcouncil.org/commentary/article/urbanization-in-latin-america/>

[2] <https://www.unep.org/news-and-stories/story/latin-america-and-caribbean-hop-electric-mobility>; see also <https://www.worldbank.org/en/results/2014/04/08/fighting-climate-change-sustainable-transport-latin-america>

[3] <https://www.unep.org/news-and-stories/story/latin-america-and-caribbean-hop-electric-mobility>

[4] <https://www.interactanalysis.com/latam-electric-bus-market-strong-but-may-fail-to-reach-potential/>

[5] <https://www.ebusradar.org/>

[6] <https://www.ebusradar.org/en/>

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