

OBA in Urban Transport



World Bank,
Nov. 3rd, 2015

- ✓ Ongoing study funded by GPOBA
- ✓ Objective: analyze the possibility of using OBA subsidies for urban public transport (cannot work like water / electricity)
- ✓ Initial focus on Sub-Saharan Africa and South Asia, i.e. where urban public transport tends to be
 - Dominated by informal / small-business operators
 - Expensive in relation to income (i.e. unaffordable)
 - In low supply (not entirely explained by supply/demand/price equilibrium)
- ✓ Scoping report recommends developing project concepts in Dakar (Senegal), Addis Ababa (Ethiopia) and Thimphu (Bhutan)
- ✓ Ongoing discussion about adding Latin American cities: Bogota (Colombia) and Leon (Mexico)
- ✓ Final methodological & lessons learnt report



Case study: Dakar

The Dakar region

- ✓ 547 square kilometers
- ✓ 3.14 million inhabitants (21.9% of Senegal's total population)
- ✓ 96.4% urbanization rate, but moderate density with less than 5,700 inhabitants per square kilometer,
- ✓ Relatively high level of poverty: 26.1% of the population considered under the poverty threshold,
- ✓ Fast growth :+2M inhabitants between 1980 and 2010, 2M more expected until 2030.



Dakar public transport modes today

Dakar Dem Dik buses



Petit Train de Banlieue

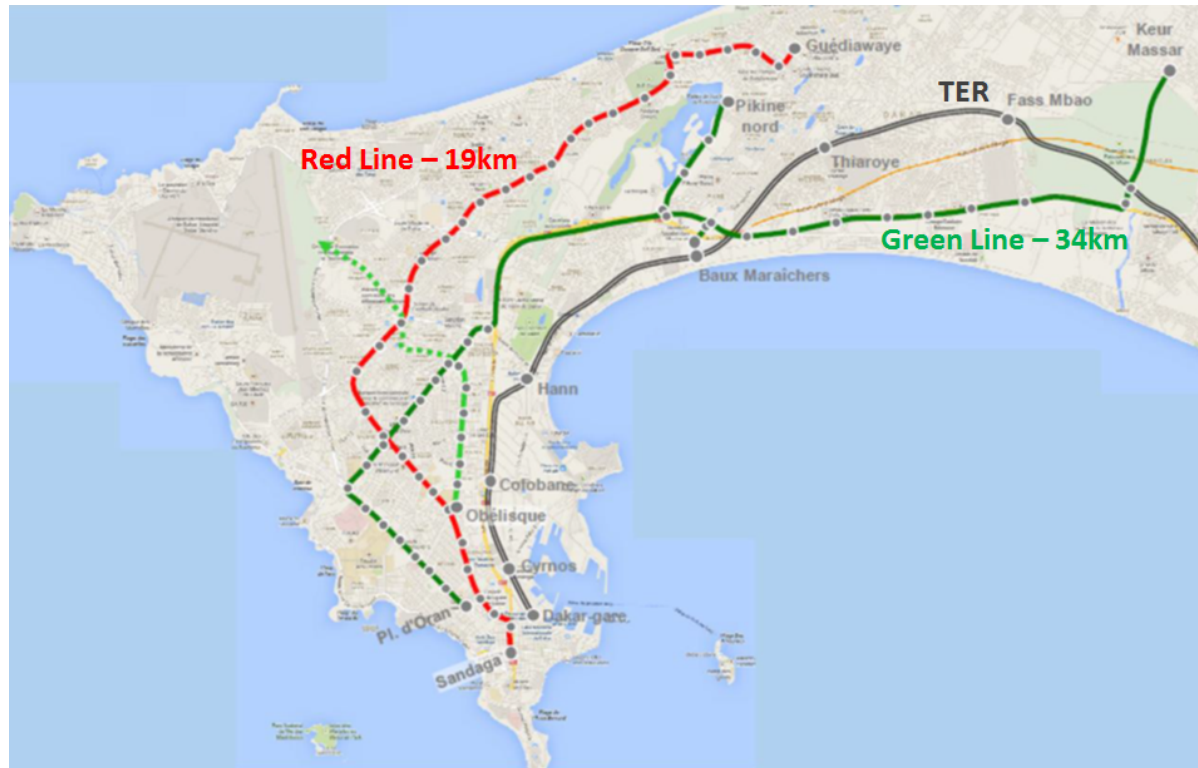


Ndiaga Ndiaye



AFTU bus

Transport infrastructure projects in Dakar

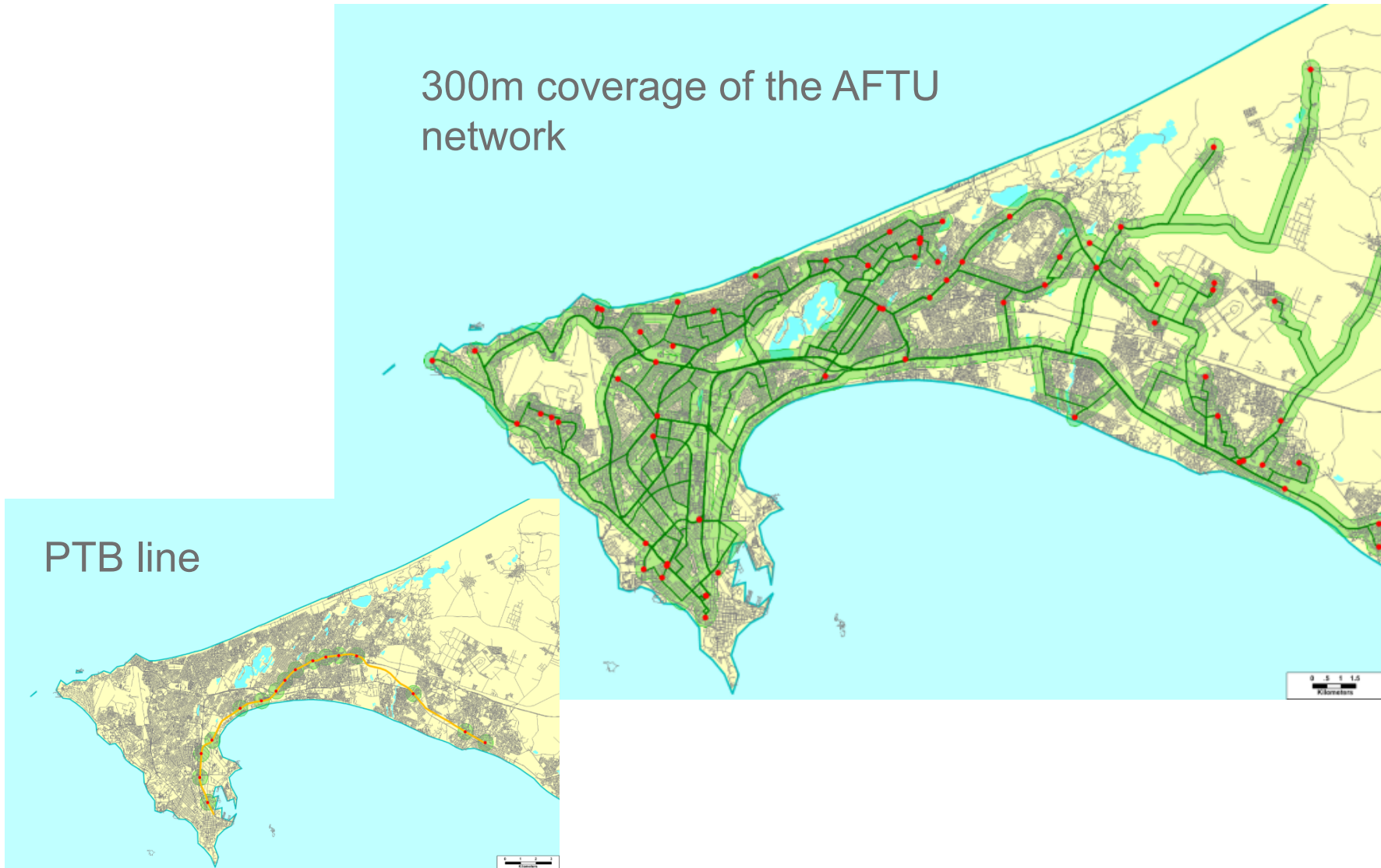


- BRT red line: north-south link, opening for the end of 2016
- BRT green line: connection with Plateau, Pikine and Keur Massar
- TER line: to replace the PTB line and extend the services

Public transport coverage issue

300m coverage of the AFTU network

PTB line



Four main concepts coming from the Government's agenda

- ✓ Creation of new lines for AFTU buses as part of the existing contractualization scheme, coupled with improvements of the scheme (quality, sustainability)
- ✓ Promotion of intermodality in support of the implementation of main transport corridors (BRT and TER)
- ✓ Deployment of a contractualization scheme for suburban collective taxis (“taxis clandos”), based on an ongoing pilot project
- ✓ Support to families who are recipient of the “Bourse familiale” (social safety net program)

Challenges of designing OBA for urban transport

Formal urban public transport is already subsidized everywhere. Subsidies, if ill-designed or more frequently if allowed to « drift », often create incentives that achieve exactly the opposite of desirable policy objectives, including severe budget sustainability issues.



Rely on OBA's six fundamental core concepts:

- ✓ Pro-poor targeting
- ✓ Operator's accountability
- ✓ Innovation
- ✓ Cost efficiency
- ✓ Budget sustainability
- ✓ Output verification and monitoring

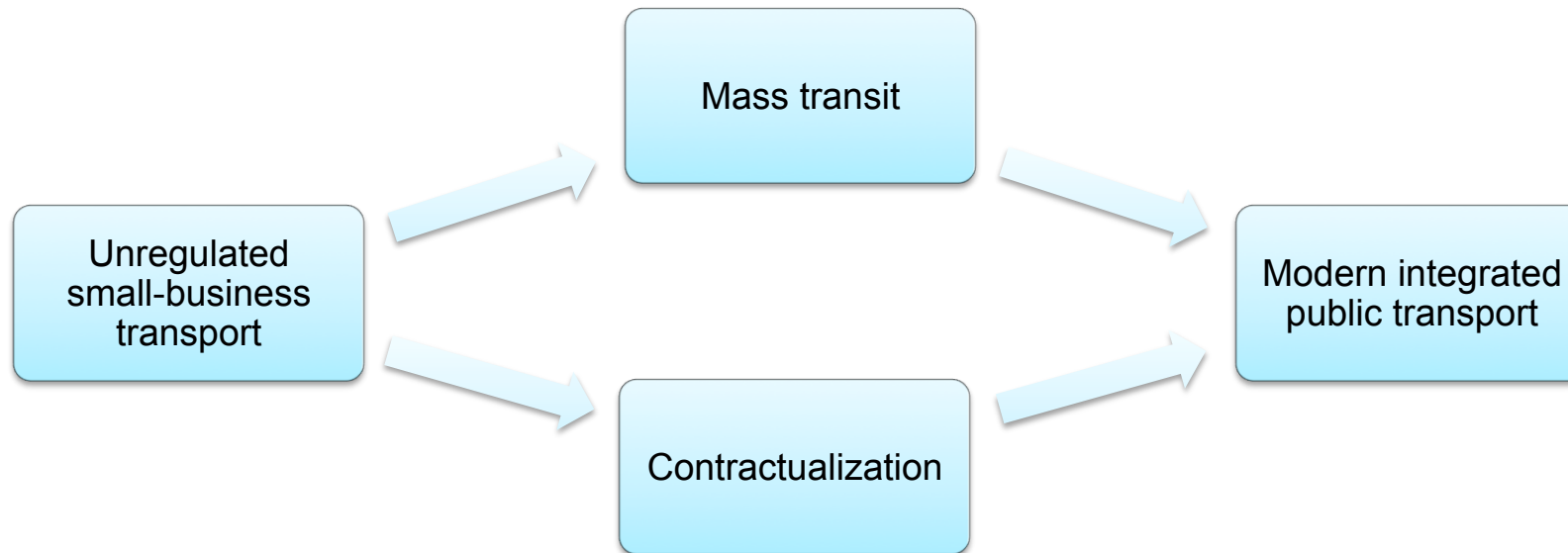
Targeting poor users in urban public transport is difficult: one « connection » serves thousands of users, so one-off investment support to a poor household is not an option.

Three types of solutions:

- ✓ Individual targeting
 - ✓ Poverty-measuring proxy
 - ✓ Other proxies (but strong over- and under-inclusion risks)
 - ✓ Gender
- ✓ Geographical
- ✓ By mode

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- ✓ Creation of new lines for AFTU buses as part of the existing contractualization scheme, coupled with improvements of the scheme (quality, sustainability) **geographical targeting**
- ✓ Promotion of intermodality in support of the implementation of main transport corridors (BRT and TER) **geographical targeting**
- ✓ Deployment of a contractualization scheme for suburban collective taxis (“taxis clandestos”), based on an ongoing pilot project **geographical targeting**
- ✓ Support to families who are recipient of the “Bourse familiale” (social safety net program) **individual targeting**



Contractualization means:

- ✓ Operator accountability
- ✓ Cost efficiency
- ✓ Output verification and monitoring

Contractualization is a pre-requisite for network integration and for reaping positive network externalities

Specific challenges: innovation

The costs of effective systems for ticketing, route monitoring, etc. have dropped considerably. Operators need not manage them directly: providers offer subscription services.

- Assistance to define network-wide standards is needed



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- ✓ Deployment of a contractualization scheme for suburban collective taxis (“taxis clandos”), based on an ongoing pilot project **geographical targeting**
- ✓ Support to families who are recipient of the “Bourse familiale” (social safety net program) **individual targeting**

Sustainability vs. targeting

- ✓ Individual targeting requires subsidizing usage, which is not compatible with a one-off subsidy such as a GPOBA grant: future funding needs to be identified
- ✓ Proxy targeting can apply to initial investment (infrastructure, vehicles, systems)
- ✓ Services targeted for OBA by area or mode will in most cases only be financially sustainable if there is a significant over-inclusion error

Particularly interesting options

- ✓ Revolving funds in vehicle renewal + contractualization schemes (Dakar)
- ✓ In a case where the system is already subsidized, using OBA funds to incentivize contractualization can help: 1) improve productivity, 2) create dedicated or at least « stabilized » funding
- ✓ Example of Thimphu where OBA is structured as a P4R

Sustainability of the four main concepts:

- ✓ Creation of new lines for AFTU buses as part of the existing contractualization scheme
 - OBA funding would go to increasing the revolving fund and therefore can easily be made structurally sustainable
- ✓ Promotion of intermodality in support of the implementation of main transport corridors (BRT and TER)
 - Depends on the actual use of OBA (investment or fares)
- ✓ Deployment of a contractualization scheme for suburban collective taxis (“taxis clandos”), based on an ongoing pilot project
 - To be done through a structurally sustainable revolving fund
- ✓ Support to families who are recipient of the “Bourse familiale” (social safety net program)
 - Sustainability is an issue



Thank you for your attention!

Any questions?

François BOULANGER
Partner

f.boulangier@nodalis-conseil.com

+33 6 01 77 40 47

Please visit www.nodalis-conseil.com