Navigating the Road of Informal Public Transport in African cities
Fourth Development Plan (DP4): 2022-2026
Digitalizing and Decarbonizing the Transport Sector in Africa
Objective

Further the development of sustainable urban transport policies to create more equitable and liveable cities

1. Support to national and local urban mobility policies development;
   Support Reforming/Improving the informal public transport sector and leveraging digitalization to improve the efficiency of PT (fare collection systems);

2. Support to institutional strengthening, leadership awareness and new skills development in urban mobility.
MODES OF INFORMAL PUBLIC TRANSPORT IN AFRICA

Photo of small minibus

Photo of large minibus

Photo of shared taxi

Photo of mototaxi
## Informal Public Transport is the Backbone of Mobility in African Cities

<table>
<thead>
<tr>
<th>City</th>
<th>Commuter Rail</th>
<th>BRT</th>
<th>Formal Bus</th>
<th>Minibus</th>
<th>Shared sedan Taxi</th>
<th>Moto-taxi</th>
</tr>
</thead>
<tbody>
<tr>
<td>Accra</td>
<td>No</td>
<td>No</td>
<td>Yes</td>
<td>Yes, primary</td>
<td>Yes</td>
<td>Yes, but not permitted</td>
</tr>
<tr>
<td>Antananarivo</td>
<td>No</td>
<td>No</td>
<td>No</td>
<td>Yes, primary</td>
<td>Yes</td>
<td>Yes, not permitted</td>
</tr>
<tr>
<td>Bamako</td>
<td>No</td>
<td>No</td>
<td>No</td>
<td>Yes, primary</td>
<td>Yes</td>
<td>Yes, not permitted</td>
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<tr>
<td>Cape Town</td>
<td>Yes (intercity)</td>
<td>No</td>
<td>Yes</td>
<td>Yes, primary</td>
<td>Yes</td>
<td>Yes</td>
</tr>
<tr>
<td>Dakar</td>
<td>Yes</td>
<td>In construction</td>
<td>Yes</td>
<td>Yes, primary</td>
<td>Yes</td>
<td>Yes</td>
</tr>
<tr>
<td>Freetown</td>
<td>No</td>
<td>No</td>
<td>Yes</td>
<td>Yes, primary</td>
<td>Yes</td>
<td>Yes</td>
</tr>
<tr>
<td>Gaborone</td>
<td>No</td>
<td>No</td>
<td>Yes</td>
<td>Yes, primary</td>
<td>Yes</td>
<td>No</td>
</tr>
<tr>
<td>Kampala</td>
<td>No</td>
<td>No</td>
<td>Yes</td>
<td>Yes, primary</td>
<td>Yes</td>
<td>Yes</td>
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<tr>
<td>Kigali</td>
<td>No</td>
<td>No</td>
<td>Yes, primary</td>
<td>Not permitted in the city</td>
<td>No</td>
<td>Yes</td>
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<tr>
<td>Lusaka</td>
<td>No</td>
<td>No</td>
<td>Yes</td>
<td>Yes, primary</td>
<td>Yes</td>
<td>Yes</td>
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<tr>
<td>Maputo</td>
<td>Yes</td>
<td>In development</td>
<td>Yes</td>
<td>Yes, primary</td>
<td>No</td>
<td>Yes, not permitted</td>
</tr>
<tr>
<td>Maseru</td>
<td>No</td>
<td>No</td>
<td>Yes</td>
<td>Yes, primary</td>
<td>Yes</td>
<td>No</td>
</tr>
<tr>
<td>Nairobi</td>
<td>Yes</td>
<td>In construction</td>
<td>Yes</td>
<td>Yes, primary</td>
<td>No</td>
<td>Yes</td>
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<tr>
<td>Nouakchott</td>
<td>No</td>
<td>No</td>
<td>Yes</td>
<td>Yes</td>
<td>Yes</td>
<td>Yes, primary</td>
</tr>
</tbody>
</table>

**Legend**
- Yes, primary mode
- Yes
- Under development/construction
- No
There is not a binary distinction between informal and formal.

Even within ‘informal’ systems there are ‘formal’ arrangements, and vice versa.

Informality of service, authority and organization.

Whole spectrum of industry organization.
BUSINESS MODEL

- Business models:
  - Daily rental (dominant)
  - Owner-driver
  - Work-to-own

- What are the implications?
EFFORTS TO ENHANCE INFORMAL TRANSPORT IN AFRICA

Dakar  Nairobi  Freetown  Maputo  Cape Town
Reform levers

- Regulation
- Supporting infra and systems
- Operations & maintenance
- Organization of IPT
- Vehicle financing
EFFORTS TO ENHANCE INFORMAL TRANSPORT IN AFRICA

Reform levers

Regulation
Route-level service contracts.
Critical role of CETUD.

Supporting infra and systems
Standard fare payment system.

Organization
Economic Interest Groups (EIG).

Operations & maintenance
Capacity building.
CAPTRANS.
5-year maintenance contracts.

Vehicle financing
Fleet renewal program.
Revolving fund.

Dakar
EFFORTS TO ENHANCE INFORMAL TRANSPORT IN AFRICA

Dakar

MECTRANS

Revolving fund

Personal deposit for each vehicle provided

Financing of personal deposits through microloans

Recovery of repayments from beneficiaries

Remuneration

Retroceded financing

The Senegalese state

Vehicles’ provider (SENBUS)

AFTU

5-year leasing agreement
(8% interest rate in phases 1 and 2, and 5% later)

Concession agreement (requirements on the level of service, evaluation and monitoring)

EIG

Support to operation through on-the-job trainings, and provision of drivers and conductors

CETUD (implementing agency)

DODP (Monitoring committee)

CAPTRANS

Contractual/operational relationship

Financial flow
## EFFORTS TO ENHANCE INFORMAL TRANSPORT IN AFRICA

<table>
<thead>
<tr>
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<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Number of vehicles</td>
<td>505</td>
<td>406</td>
<td>700</td>
<td>710 (538 already delivered)</td>
</tr>
<tr>
<td>Beneficiaries</td>
<td>9 EIGs, 245 operators</td>
<td>14 EIGs, 342 operators</td>
<td>14 EIGs, 597 operators</td>
<td>14 EIGs</td>
</tr>
<tr>
<td>Funding source</td>
<td>World Bank (IDA)</td>
<td>Exim Bank</td>
<td>Local commercial bank</td>
<td>Local commercial bank</td>
</tr>
<tr>
<td>Type of guarantee</td>
<td>Mutual guarantee fund (AFTU) + escrow account</td>
<td>Mutual guarantee fund (AFTU) + escrow account</td>
<td>Revolving fund (7.6 million EUR)</td>
<td>Revolving fund (7.6 million EUR)</td>
</tr>
<tr>
<td>Unit cost (EUR)</td>
<td>32,366</td>
<td>33,893</td>
<td>35,573</td>
<td>37,405</td>
</tr>
<tr>
<td>Funding amount (million EUR)</td>
<td>16,3</td>
<td>13,5</td>
<td>24,8</td>
<td>26,5</td>
</tr>
<tr>
<td>Beneficiary</td>
<td>Senegal National Govt.</td>
<td>Senegal National Government</td>
<td>AFTU</td>
<td>AFTU</td>
</tr>
<tr>
<td>Mode of transfer to the operators</td>
<td>5-year leasing by AFTU</td>
<td>5-year leasing by AFTU</td>
<td>5-year leasing by AFTU</td>
<td>5-year leasing by AFTU</td>
</tr>
<tr>
<td>Financing Condition</td>
<td>Interest rate: 8% Duration: 5 years after 3 months deferment</td>
<td>Interest rate: 8% Duration: 5 years after 3 months deferment</td>
<td>Interest rate: 9.5% Duration: 5 years after 3 months of deferment</td>
<td>Interest rate: 9.5% Duration: 5 years after 3 months of deferment</td>
</tr>
<tr>
<td>Loan repayment rate</td>
<td>99%</td>
<td>91%</td>
<td>95%</td>
<td></td>
</tr>
</tbody>
</table>
EFFORTS TO ENHANCE INFORMAL TRANSPORT IN AFRICA

Achievements:
• Successful vehicle financing and repayment process increased the trust in the business model
• Innovations in the use of a revolving fund, leveraging commercial banks financing
• Professionalization of operators and capacity building
• AFTU program replication in 13 secondary cities in Senegal and private initiative in Touba

Challenges:
• Increasing non-compliance of operators with operation conditions
• Strong competition from informal operators
• Diminishing EIG control over their members
• Application of labor regulation
• Maintenance and supporting infrastructure
EFFORTS TO ENHANCE INFORMAL TRANSPORT IN AFRICA

Regulation
Route-level service contracts. Creation of AMT.

Organization
Creation of 10 cooperatives.

Supporting infra and systems
Smart-card based electronic ticketing.

Operations & maintenance
Partner provides periodic maintenance service.

Vehicle financing
Transport Fund organized and underwrote buses bank financing. Operating lease basis.
LESSONS LEARNED

1. Informal transport helps broaden the service offering
2. Reform programs need to be adapted to the levels of formalization
3. The impact of reforms on the business models, viability and margins of the various stakeholders need to be adequately considered
4. Need to learn and adapt
5. Government actors must give direction and enable or drive implementation. Opportunities of bottom-up approaches
6. Importance and need for capacity building
Thank you!

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co-Pillar Lead Urban Mobility – SSATP

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Thank you!