Paratransit in 2020

Is COVID-19 accelerating the evolution?
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Transport for Cairo

Transit Service provision dominated by (informal) paratransit is rapidly evolving across Africa

Source: TfC Analysis 2020
The (informal) Paratransit Transport sector comprises a spectrum of different services.

*Figure 1.2* Paratransit attributes compared to formal, scheduled services: competition regulation; business formality; and service planning.

The (informal) Paratransit Transport sector comprises a spectrum of different services.

*Figure 1.2* Paratransit attributes compared to formal, scheduled services: competition regulation; business formality; and service planning.
Background – A definition

The primary driver is employment generation, followed by service provision

Supply
- Small Fleet Owners
  - Organised in route associations / cooperatives
  - Sometimes Driver-Owners
- Target System
- On-Street Competition

Service
- Fill-and-go at terminals
- Direct Service Networks (minimal transfers)
- Cash fare collection

Source: TFC (2018/19), Bruun and Behrens, (2015)
The industry is rapidly changing … but how?

Background – A definition

New Business Models
Cashless Fare Collection
Loyalty Programs
Advertising

New Entrants
School & Up-market Tourist Trips

Hybrid Services

A rising population that is choosing to travel more ...

**Background – (1) Market Forces**

**Population Data**
Updated July 2, 2020

**Rising Middle Class**
NYT - Increase in Trips Taken
Transport for Cairo, 6th of October SUMP. (2020)

**Coronavirus Is Battering Africa’s Growing Middle Class**

From Kenya to Nigeria, South Africa to Rwanda, the pandemic is decimating the livelihoods of the once-stable workers who were helping to drive Africa’s economic expansion.

By Abdi Latif Dahir
Published June 29, 2020

**Total Daily Trips Taken**

<table>
<thead>
<tr>
<th>Active Travel</th>
<th>Private Motorisation</th>
<th>Informal PT</th>
<th>Formal PT</th>
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<td>1,512,060</td>
<td>4,859,36</td>
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<td>2,972,62</td>
<td>1,073,31</td>
<td>240,065</td>
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<td>640,130</td>
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**Population in Million**

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**Total Population**

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**Background – (1) Market Forces**

A rising population that is choosing to travel more …
Background – (2) Economic and Urban Environment

... within and between massively growing cities.

Clusters of Urban Agglomeration

- North African Cluster
- Nile River Cluster (1084 connections)
- Gulf of Guinea Cluster (3908 connections)
- Ethiopian Highland Cluster
- Great Lakes Cluster
- South African Cluster

Cities in Africa are crowded, disconnected, and continuing to grow horizontally

FIGURE 2.6
African cities are becoming more fragmented

Share of new leapfrog fragments in total new fragments (percent)

Source: Banuh 2015. Note: Share of new leapfrog fragments of new development with the alternatives being infill and extension.


Transport for Cairo

Traditional service provision paradigms are evolving

Paratransit is hard work ... and potentially lucrative.

Attracts unskilled labor market entrants

Shift from the traditional Tenant-Model towards loans.

Drivers assume financial risk

... in addition to commercial and operational risks

Formal actors driving the shift ... but not fully.

A cottage industry of providers across the value chain, such as Uber middlemen

Background – (2) Economic and Urban Environment

Access to capital remains low … and organising the industry is a daunting task

**Highly Fragmented**

Ownership is highly dispersed

*Leading to excessive on-street competition.*

**Undercapitalised**

Paratransit in Egypt was about effectively employing live-savings … yet signs hint at the sector being able to absorb more capital

- Chinese Vehicles cost ~1/3 of Japanese Vehicles … yet drivers overwhelmingly choose Japanese Vehicles
- Vehicle rent 36% of total daily income

**Chinese Vehicles**

- Scenario M: 56 pre-existing trips
- Scenario H: 63 pre-existing trips

**Regulatory Evolution**
Was Paratransit affected by COVID-19 as heavily as the formal sector?

Stay-at-home Guidance

Public policy led to a massive reduction in travel at its peak … but paratransit seemed less affected than formal modes of transport.

Public Measures

Environmental hygiene measures
- Cleaning and disinfecting stations, vehicles
- Mandatory mask-wearing

Social Distancing measures
- Increased Service Frequency on formal services
- Limit on seats sold per vehicle

Economic Support
- 500 EGP for 3 month for irregular workers
- CTA increased route-concession fees and demanded early payment in March 2020, cannibalising its licencees (!)

Source: TFC ‘The Second Lind’ commentary with APS (2020)
Banning paratransit might work in the short-term, but fails in the longer run

Source: Transitec and TIC, Greater Kampala Paratransit and Street Usage Study. (2020)

Paratransit Measures

Short-term Ban on PT

Long-term Boda-Boda free Zone

35% (up to 44%) of Boda-Boda trips outlawed!

Ban lasted one month
Conclusion – How is COVID-19 affecting the evolution of Transit Service Provision?

The pandemic is likely to be accelerating the change … but risks undermining recent gains.

Key Trends:
- New Business Models
- Regulatory Evolution
- Chinese Vehicles
- Increasing Population
- Rising Middle Class
- Increase in Trips Taken
- Urban Sprawl
- Financialisation
- Urbanisation
- Undercapitalised
- New Entrants
- Highly Fragmented

Industry Forces
- Market Forces

Economic & Urban Environment

Source: TfC Analysis 2020
Conclusion – What next?

TfC’s Vision for evolving the sector

Professionalising Paratransit

No meaningful reform without working with the sector

How can we achieve sustainable development goals through them?

Smart Capitalisation to achieve Deep Decarbonisation

Some numbers to take home

- By 2030, paratransit will cover
  - 61% of trips (Business as usual Scenario)
  - 54% of trips (Sustainable Development Scenario)
  For 6th of October City, Cairo.

- In Egypt, Transport contributes 48.3 Mt CO$_2$e annually,
  - Current Actions mitigate ~1.12 Mt CO$_2$e annually,
    or less than the annual growth in emissions

- Replacing all Microbuses in the GCR costs less than 17 km of line
  in the Cairo Metro
Thank you for Listening

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Have a break’ and let others wrestle with traffic
Passengers sitting in crowded bus stop in Downtown, Cairo