FROM INFORMAL TO FORMAL: A CHANGE IN MENTALITY
México City Bus Sector
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FROM FORMAL TO INFORMAL AND BACK TO FORMAL

FORMAL

- Formal private bus services
- City owned buses R100
- Metrobús: Public-private "partnership"

INFORMAL

- First informal stage “jitneys, colectivos, combis”
- Second informal stage “minibus”

...Finding the way to an Integrated Transportation System
A SLOW RETURN TO FORMALITY
(2005 ONWARDS)

“Regulated” Minibus service

“Real Regulation” BRT + Trunk corridors

Individual permits

Company concession

Change in mentality + image

• Several bus companies
• Organizational structure
• Regulating body
• Technology and infrastructure
## STEPS TO A FORMAL WORLD

<table>
<thead>
<tr>
<th>Previous scheme</th>
<th>Present scheme</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>INDIVIDUAL PERMITS</strong></td>
<td><strong>CONCESSION PER ROUTE</strong></td>
</tr>
<tr>
<td>Vans and minibuses</td>
<td>Buses, articulated, biarticulated and double-decker</td>
</tr>
<tr>
<td>One man – one bus</td>
<td>Partners</td>
</tr>
<tr>
<td>Daily payment from the driver to the owner of the permit</td>
<td>Biweekly payment</td>
</tr>
<tr>
<td>Business in the hands of the driver</td>
<td>Centralized administration and business control</td>
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<tr>
<td>No maintenance, high costs</td>
<td>Economies of scale in fleet maintenance</td>
</tr>
<tr>
<td>Oversupply, no service programming</td>
<td>Programmed service based on hourly demand</td>
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</tbody>
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STAKEHOLDERS ROLES

City contribution
City invests in infrastructure

Contactless card (passenger)

Fare collection entity (private)
Deposits income
Pays for service

Trust
MAIN FUND

Public entity in charge of regulation

Operating companies
Settlers
Pays per kilometer of offered service

Operating bus companies
Pays:
- Partners; monthly fixed amount
- Fixed cost
- Variable cost
- Profit

Bus financial entity
Pays buses

System (Metrobús) contribution
Cleaning and maintenance of stations
Contingencies (out of bus companies pockets)

System safety

City invests in infrastructure

Pays:
Pays buses
Deposits income
Pays for service
KEY ELEMENTS TO ACHIEVE SUCCESS:

LESSONS LEARNED 1

- Government ➔ invests in infrastructure + prepayment

- Transportation ➔ buys buses + operates

Leadership

Partners of the change

Technology and image

Empower the people

- Government ➔ invests in infrastructure + prepayment
KEY ELEMENTS TO ACHIEVE SUCCESS: LESSONS LEARNED 2

- Change the chip
- Informal drivers need to understand
- Training
- Integrate workers
- Convince stakeholders

Change in a slow mood
KEY POLICIES

- Corridors
- Fare collection
- Financial structure
- Institutional structure
- Organizational structure
FORMALITY: A FEW OF THE QUESTIONS ASKED IN MEXICO.

• Do we have a transportation leader that can deliver the message to the one man – one bus structure?
• Can we align the different stakeholders in the same road for going formal?
• Can the fare cope with the formal structure that will be more expensive than informality as it will imply taxes, social benefits, organization, better buses, technology and so on?
• Can technology and new innovations help in the process of formalizing the transportation sector? To what extent?
• Can we break the fear for change?
• What carrots we need to make it feasible and keep up the change on the long run?
• Better efficiency versus loosing employments, the right equation?
• Finally, are we now promoting informality through formal schemes such as shared transit, network transportation companies and the like?
THANK YOU!
¡GRACIAS!