

## TC ABSTRACT

### I. Basic Project Data

▪ Country/Region:	MEXICO/CID - Isthmus & DR
▪ TC Name:	Program to support the expansion of mass transit in Mexico City
▪ TC Number:	ME-T1405
▪ Team Leader/Members:	CROTTE ALVARADO, AMADO (INE/TSP) Team Leader; LEFEVRE, BENOIT JEAN MARIE (CSD/CCS) Alternate Team Leader; PEREZ-SEGNINI, JUAN CARLOS (LEG/SGO); ZAPPANI, GERMAN (VPC/FMP); GARZA CORTINA, MIRIAM (VPC/FMP); RODRIGUEZ PEREZ, ARIEL ENRIQUE (VPC/FMP); BARRIOS NUNEZ, URIEL (CID/CME); MARTINEZ CERVANTES, EMILIO (CID/CME); MIRANDA MONROY, EDNA (CID/CME); DE GYVES SANDOVAL, ALEJANDRO (CID/CME); LAGARDA CUEVAS, GUILLERMO (CID/CME); RODRIGUEZ CABEZAS, PAOLA KATHERINE (INE/TSP); CERON, NELLY (CID/CME); TORRES GONZALEZ, LAURA G (CID/CME); CHAVEZ PENA, RAFAEL (VPC/FMP)
▪ Taxonomy:	Client Support
▪ Number and name of operation supported by the TC:	N/A
▪ Date of TC Abstract:	02 May 2019
▪ Beneficiary:	Secretaría de Movilidad, y de Medio Ambiente, Órgano Regulador del Transporte, Metrobús y Cablebús
▪ Executing Agency:	INTER-AMERICAN DEVELOPMENT BANK
▪ IDB funding requested:	\$ 500,000.00
▪ Local counterpart funding:	\$ 0.00
▪ Disbursement period:	36 months
▪ Types of consultants:	Firms
▪ Prepared by Unit:	Transport
▪ Unit of Disbursement Responsibility:	Country Office Mexico
▪ TC included in Country Strategy (y/n):	Yes
▪ TC included in CPD (y/n):	No
▪ Alignment to the Update to the Institutional Strategy 2010-2020:	Social inclusion and equality ; Productivity and innovation

### II. Objective and Justification

- 2.1 The general objective is to generate inputs for the transformation of public transport in Mexico City (CDMX). The new transport system proposes the construction of 4 cable car lines, the implementation of more Metrobús lines with PPP scheme, renewing the fleet of buses concessioned by the Transport Regulatory Body, and renewing the city's taxi fleet.
- 2.2 In recent years, the Government of CDMX has expanded the public transport network and improved the quality of service, as well as encouraging the use of sustainable transport modes such as cycling and walking. Currently the CDMX has seven BRT lines (Metrobús), 12 Metro lines, a public shared bike system (ECOBICI), a cycle path network, some pedestrian streets mainly in the historic center, a vehicular restriction program "Hoy No Circula", and parking areas on public roads, among others. Despite these actions, according to the INRIX 2017 Global Traffic Scorecard Infographic traffic congestion study, the CDMX is positioned as the third busiest city in the Americas, just below Sao Paulo and Bogotá.

- 2.3 Based on this context, the Government of CDMX is looking for more actions to improve the transport and mobility of its citizens. On the one hand, it is proposed the construction of a public transport network by cable to connect the periphery of the city with the metro stations, in order to reduce traffic congestion, improve travel times, and reduce polluting emissions, among others. The network is planned with four routes in the municipalities of Álvaro Obregón, Gustavo A. Madero, Iztapalapa and Tlalpan (with the greatest economic backwardness and isolated from the center of the city).
- 2.4 In addition to the improvements in transportation in Mexico City, the Metrobús system will expand Line 5 with 35 new stations and 20 kilometers of coverage. Despite its innovative method of public-private partnership consisting of carriers, private trusts and centralized payment collection, part of the fleet has not received sufficient maintenance and some need to be replaced. It has been planned to create a new public-private partnership scheme similar to what is being implemented in Santiago de Chile in Chile, and Bogotá in Colombia, with two independent companies, one for the purchase and replacement of buses, and another for the operation of the service.
- 2.5 In addition, the fleet of buses licensed by the Transport Regulatory Body exceeds the age defined by the Law, it is in poor condition, producing high pollutant emissions, and generating road safety risks. Similarly, the fleet size of taxis that are granted, currently exceeds 100 thousand units according to data from the Mobility Secretariat of CDMX, these are the polluting units, with poor maintenance conditions that cause excesses in the limits established in the current regulations. For example, the vehicle that predominates to offer the taxi service is the Nissan Tsuru model, which according to Latin NCAP does not meet safety standards to prevent deaths and injuries in its occupants. For this reason, the CDMX government wishes to establish attractive financing mechanisms for dealers to replace buses and taxis with high quality, safety and emissions standards.
- 2.6 In this context, the Technical Cooperation will support the preparation of technical studies for the preparation of a financing operation for the transport infrastructure of cable, Metrobús, or for the replacement of the vehicle fleet.

### **III. Description of Activities and Outputs**

- 3.1 Component 1. Studies for the implementation of public transport by cable. In order to know the potential and success factors of this mode of transport in Mexico City, the following studies will be carried out in this activity: (i) a comparative study of the characteristics of public transport systems by cable in at least 5 cities internationally, with emphasis on their integration with other modes of transport and urban planning and regeneration; ii) study of passenger demand for at least one cable car line, iii) cost-benefit analysis for at least one cable car line iv) analysis of the organizational structure of the parastatal company Cablebús.
- 3.2 Component 2. Support for the structuring of APPs in Metrobús corridors. This component has the objective of carrying out a feasibility study for a new model of the PPP structure for bids of the Metrobús Public Transport System. To this end, the current model of bidding rules will be reviewed, the regulatory frameworks in force, and a new model will be proposed in which the purchase and maintenance of buses will be separated from the operation of the service.
- 3.3 Component 3. Renewal of the bus and taxi fleet in the CDMX. This component has the objective of preparing a study to determine the financing mechanisms and structure for the replacement of buses concessioned by the Transport Regulatory Body, and for the substitution of CDMX taxis. The incorporation of hybrid and / or electric units will be sought to reduce polluting emissions, as well as units with technological systems for fleet management and fuel savings, among others. The works will complement the studies carried out on the adoption of electric buses in Bogotá,

Medellín, Santiago, Asunción and Buenos Aires, with support from the Regional Technical Cooperation RG-T3078.

- 3.4 Component 4. Support for the execution of the Technical Cooperation. To achieve a successful execution of this technical cooperation, an individual consultant will be hired to prepare terms of reference for the studies, review the deliverables of the consulting firms, and coordinate events, among others.
- 3.5 **Component I: Component 1. Studies for the implementation of public transport by cable..** In order to know the potential and success factors of this mode of transport in Mexico City, the following studies will be carried out: (i) a comparative study of the characteristics of public transport systems by cable in at least 5 cities internationally; ii) study of passenger demand for at least one cable car line, iii) cost-benefit analysis for at least one cable car line iv) analysis of the organizational structure of the parastatal company Cablebús.
- 3.6 **Component II: Component 2. Support for the structuring of APPs in Metrobús corridors..** This component has the objective of carrying out a feasibility study for a new model of the PPP structure for bids of the Metrobús Public Transport System. To this end, the current model of bidding rules will be reviewed, the regulatory frameworks in force, and a new model will be proposed in which the purchase and maintenance of buses will be separated from the operation of the service.
- 3.7 **Component III: Component 3. Renewal of the bus and taxi fleet in the CDMX..** Prepare a study to determine the financing mechanisms and structure for the replacement of buses concessioned by the Transport Regulatory Body, and for the substitution of CDMX taxis. The incorporation of hybrid and / or electric units will be sought to reduce polluting emissions, as well as units with technological systems for fleet management and fuel savings, among others. The works will complement the studies carried out on the adoption of electric buses in other cities.
- 3.8 **Component IV: Component 4. Support for the execution of the Technical Cooperation..** To achieve a successful execution of this technical cooperation, an individual consultant will be hired to prepare terms of reference for the studies, review the deliverables of the consulting firms, and coordinate events, among others.

#### IV. Budget

Indicative Budget

Activity/Component	IDB/Fund Funding	Counterpart Funding	Total Funding
Component 1. Studies for the implementation of public transport by cable.	\$ 150,000.00	\$ 0.00	\$ 150,000.00
Component 2. Support for the structuring of APPs in Metrobús corridors.	\$ 150,000.00	\$ 0.00	\$ 150,000.00
Component 3. Renewal of the bus and taxi fleet in the CDMX.	\$ 150,000.00	\$ 0.00	\$ 150,000.00
Component 4. Support for the execution of the Technical Cooperation.	\$ 50,000.00	\$ 0.00	\$ 50,000.00

#### V. Executing Agency and Execution Structure

- 5.1 The executing agency for this TC will be the Inter-American Development Bank through its Transportation Division (INE / TSP).

- 5.2 The Ministry of Finance and Public Credit has requested this Technical Cooperation to be executed by the Bank. For this reason, no audits would be conducted or evaluation reports submitted.

## **VI. Project Risks and Issues**

- 6.1 No significant risks are perceived for the execution of this TC, since it consists of a series of studies. The only potential minor risk would be the delay in the preparation of such studies and the lack of coordination between different agencies. As a mitigation strategy, the Bank would continue its dialogue with the authorities to promote its collaboration, and through the individual consultant, timely follow-up will be provided for the execution of the studies in a timely manner.

## **VII. Environmental and Social Classification**

- 7.1 The ESG classification for this operation is "undefined".