

"Gregory Briffa" <G-Briffa@dfid.gov.uk>

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To <cifadminunit@worldbank.org>

cc "Simon Ratcliffe" <S-Ratcliffe@dfid.gov.uk>, <Rkhanna2@worldbank.org>

Subj RE: Approval of CTF Financing for Mexico: Urban Transport
ect Transformation Project

Dear Patricia,

We would like to thank your team for their rapid and helpful responses to our earlier comments and confirm our no objection.

As a follow up to these earlier comments, we would like to suggest the following be taken account of as the project is developed further. These comments are focused on strengthening the transformational dimension of the project.

- Does the financial modelling confirm that the next level of expansion can be funded through the revenues generated by the various systems? In other words, will the project become self-sustaining as it grows so that it won't require another round of external financing? We suggest that this could be best confirmed through an external audit of the financial model. This would include looking at the breakeven ridership based on the relationship between ticket cost, ridership levels and overall performance including maintenance cycles; and confirmation that the BRT option had been considered in comparison with other possible options (eg. light rail).
- The project could seek ways of recycling old buses or their components and materials rather than scrapping them, if scrapping is going to be a wasteful process. This could provide income generating opportunities if considered creatively.
- The project could engage with new bus manufacturers on ways of designing-in ways of recycling these vehicles once they have reached the end of their lives.
- The project should also seek a range of opportunities to integrate existing bus operators into the new system in order to ensure that their livelihoods can be maintained. In addition to the schemes to include present operators as shareholders, consideration should also be given to other incentives for independent operators such as meeting specified emissions standards. Could feeder routes to the BRT incentivise small operators to use hybrid vehicles or other low emission modes? These sorts of actions support the overall thrust of the project. Attention should be given to both financial and regulatory incentives to induce modal shifts.
- Real time displays at bus stops and information strategies enabling passengers to anticipate and plan their journeys should be used.

I hope these are helpful.

Best regards

Greg

Greg Briffa | Team Leader - Low Carbon Development | Climate & Environment Group | tel: +44 (0)20 7023 0804