THE PANDEMIC, LOCAL PUBLIC TRANSPORT FUNDING AND UNION RESPONSES

PART II: The Global South
This report was written for the ITF by Wol-san Liem, Vice-Chair (Road) of ITF Urban Transport, to inform proposals on public financing, and as a contribution to the People’s Public Transport Policy (www.OPTpolicy.org). It should be read together with Part I focusing on the Global North.

The ITF’s Our Public Transport (OPT) programme promotes a social model of public transport. A social model includes organisational and employment rights for workers and requires that any expansion of public transport guarantees decent jobs.

OPT:

• works in target cities to strengthen the voices of workers in the development of new urban transport modes, including bus rapid transit (BRT), and in negotiating the transition from informal to formal work

• campaigns to improve working conditions for all public transport workers – informal transport workers in particular – through increasing their industrial power. This includes building union networks in public transport multinational corporations, developing alliances with passengers, communities and other organisations and promoting women’s employment in public transport

• works to develop an alternative public transport policy – one that is built on public ownership, public financing, decent jobs and union rights for workers

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I. EXECUTIVE SUMMARY

INTRODUCTION
This report, Part II in a series of two reports investigating the financial impact of Covid-19 on local public transport (LPT) and emergency funding, focuses on countries and cities in the Global South and the constraints faced by their governments. The report seeks to contextualise the crisis faced by LPT systems and workers within these structural challenges and propose solutions using a social justice approach, which stresses that combating economic and social inequality as central to a sustainable recovery from the pandemic.

IMPACT OF COVID-19 ON LPT SERVICES IN THE GLOBAL SOUTH
LPT ridership has plummeted since the pandemic has had a major impact on LPT services around the world. In the Global South, the impact has been particularly severe because authorities have had to impose heavy restrictions while often being unable or unwilling to provide adequate compensation. Layoffs and/or cuts in working hours, wages and conditions have been extensive in many countries, particularly for private and/or informal services operated without government subsidies. In many cities and countries, authorities have allowed fares to rise to make up for lost revenue. Increasing fares, however, are likely to exacerbate social exclusion and inequality because they prevent low-income groups from accessing employment and services.

MACROECONOMIC CONSTRAINTS ON SUPPORTING LPT SERVICES THROUGH THE PANDEMIC
Governments in the Global South face many more obstacles in supporting their LPT systems than governments in the Global North, due to the much more stringent macroeconomic constraints they face. These constraints include the prospects of a slower economic recovery, narrow tax bases, high dependence on external finance, high levels of external debt (denominated in hard currencies) and a related structural inability of central banks to act as lenders of last resort. The way in which monetary and financial policies in the Global North exacerbate these constraints is explained in detail in this section.

This section also looks at and assesses the efficacy of efforts made by international financial institutions (IFIs), particularly the IMF, to address the pandemic, including through concessionary loans and debt relief. While needed, these programmes are problematic: they are not ambitious enough and they assume recipient countries will move towards fiscal tightening to be able to pay off foreign debts well before they have overcome the health, economic and social crisis.

The section ends with a brief overview of solutions to the macroeconomic inequalities discussed by global unions and other intergovernmental and civil society actors.

EMERGENCY SUPPORT FOR LPT
In the Global North, governments have provided relatively extensive emergency funding to cover the Covid-19-related losses and extra costs incurred by LPT systems. In the Global South, however, emergency funding has been much more limited. National governments in some low-income countries, such as Uganda, have provided no or very minimal support. Where funding has been provided, it has often been a one-off, covered only some modes and/or operators, made up only a portion of losses and/or come in the form of loans and waivers, rather than direct grants.

In the Philippines, campaigning by unions and civil society organisations has resulted in significant support for displaced jeepney drivers, although it is unclear if this funding will be expanded in 2021. In Rwanda, the government built on experience with formalisation to provide a subsidy for paratransit in February 2021. In Chile, a high-income country, support for Bus Rapid Transit...
(BRT) operators has been relatively extensive while support for smaller operators and owner drivers has been much more minimal, a situation mirrored in other countries with BRT systems.

The section looks closely at the experience of Argentina, which has an ‘unsustainable’ level of sovereign debt according to the IMF, and which has been cut off from IFI funding. Argentina has used cash advances from its central bank and a wealth tax to mobilise resources for fiscal stimulus, including support for LPT. Its public development bank has also provided low-interest loans for small businesses, including to cover the cost of vehicle replacement. While important for LPT services and others, the central bank’s policies are likely to raise inflation, while Argentina faces continued pressure from the IMF to cut spending. Argentina’s situation exemplifies the importance of debt cancellation as well as progressive taxation in the Global South.

**SUPPORTING INFORMAL TRANSPORT SERVICES AND WORKERS**

In many countries and cities in the Global South, the majority of LPT services are informally organised and privately owned. These services generally operate without subsidies and are not covered by the same service regulations as formal services. Like all workers who make their living in the informal economy, informal transport workers are often excluded from social security and labour protections. The fragmented nature of LPT services and the lack of political and regulatory infrastructure to support them further complicate the provision of emergency support. Some countries and cities have provided fuel subsidies or cash transfers for informal LPT workers but these programmes are minimal and often hard to access. The same can be true for general support programmes targeting informal workers in general.

Since the start of the pandemic, IFIs and some governments have promoted the pandemic as an opportunity to pursue formalisation of informal LPT services. Financial support for such programmes has often not been provided, however. In South Africa, the government has proposed the provision of subsidies to the informal minibus taxi industry tied to formalisation, yet the policy has so far not been implemented. In the Philippines, the government has used the pandemic as an opportunity to implement its plan for phasing out old jeepneys and has moved slowly towards service contracting with jeepney operators as part of its fleet modernisation programme. While all unions have criticised this policy, the National Confederation of Transport Workers’ Unions is attempting to use service contracting as a means for professionalisation and capacity-building for its membership. In Uganda, the Amalgamated Transport and General Workers’ Union is leading the way on formalisation, with the development of its own smartphone app and the organisation of boda boda drivers into mutual aid groups.

The cases in this section underline the need for government and IFI support for formalisation processes for informal LPT services that put workers at the centre. They also demonstrate that workers can find ways to take an active part in the process of formalisation, using it as means for collective empowerment.

**IFI FUNDING FOR LPT DURING THE PANDEMIC – FOCUS ON THE WORLD BANK**

This section looks at IFI funding for LPT during the pandemic, focusing on the World Bank. The World Bank Group (WBG) has taken an approach to pandemic response that promotes public-private partnerships and other forms of private finance, following the Maximising Finance for Development (MFD) model it has adopted in recent years. Accordingly, the WBG has called on governments to develop legal frameworks to protect PPPs and other private investments against losses during the pandemic and ensure predictable returns in the future, support greater competition in markets
dominated by state-owned enterprises, and mobilise revenue through privatisation. The World Bank is using Development Policy Financing to achieve these goals.

The section discusses two of the most significant LPT-related loans the World Bank has made since the start of the pandemic, in Morocco and Colombia. While the organisation of LPT is different in the two countries, both World Bank projects take a similar approach by enabling national governments to fully cover losses for private LPT companies, many of whose operations were established with previous WB involvement. In both countries, protections for LPT workers have been highly inadequate and many workers have lost their jobs. It is important to note that as policy financing, neither of the loans has social safeguards attached. In Colombia, moreover, the World Bank is supporting a vehicle modernisation programme which will lead to the displacement of some 6,000 workers who provide traditional bus services. While the project documents for both loans state the goals of reducing emissions and sustaining and strengthening LPT as part of the Covid-19 pandemic, it is clear they put the interests of corporate LPT operators ahead of users and workers.

RECOMMENDATIONS

This final section provides recommendations for sustainable LPT funding. The recommendations from both ITF reports are brought together in a separate document, Recommendations for Sustainable & Socially Just Local Public Transport Funding, to create a global perspective.

The recommendations from this report are:

1. Address macroeconomic constraints through debt cancellation and increased ODA and public climate finance, progressive taxation and a strengthened role for public banks
2. Reform of IFI development finance
3. Equal emergency funding for all modes of LPT with worker protections
4. Transparent use of funds and union participation in developing cost models
5. Funding for climate action and just transition, not private profits
6. Funding for worker-centred formalisation
II. INTRODUCTION

This report is the second part in a series of two reports which investigate the financial impact of the Covid-19 pandemic on local public transport (LPT), the ways in which governments have provided emergency support and what this has meant for workers and users. The first report (Part I) focuses on the experience of countries in the Global North, in particular Europe and North America. This report (Part II) focuses on LPT systems in the Global South.

As can be seen in more detail in Part I, in countries in the Global North, trade unions, public transport authorities and public transport operators have been calling on national governments to provide emergency funding to cover losses faced by LPT systems since the start of the pandemic. While not without problems, this support has been relatively forthcoming, provided in multiple rounds. In many countries there is also a growing recognition of the importance of developing sustainable funding models and increasing investment in LPT infrastructure and operations as part of a green recovery.

The situation facing LPT systems in the Global South is more complex for several reasons. Macroeconomic constraints, including a slower pace of recovery, high levels of sovereign debt and debt serving requirements and the need to maintain hard currency reserves constrict the ‘fiscal space’ governments have to invest in relief and recovery efforts. In addition, the fragmented and informal nature of LPT services make supporting and strengthening these systems difficult. These issues are treated in more detail in the body of the report.

This report seeks to contextualise the financial impact of the pandemic on LPT, government support and the experience of LPT workers in the Global South within these structural challenges. It also provides recommendations as to what needs to be achieved at both the macroeconomic and local levels in order to make LPT funding and LPT systems sustainable. Like the Part I, it takes a social justice approach, which stresses that the goal of strengthening LPT services should be to combat economic and social inequality.

The report is divided into seven sections. Following this introduction, Section II reviews the financial impact of the pandemic on LPT services in the Global South. Section III looks in detail at the macroeconomic constraints faced by governments in the Global South and the role of international financial institutions (IFIs) in both addressing and contributing to these constraints. Section IV looks at several examples of national government support measures for LPT systems and how these have been largely insufficient and unequal modes and forms of service. Section V is devoted to a discussion of the experience of informal LPT services and workers during the pandemic, while Section VI looks at how the World Bank has sought to support select LPT systems during the pandemic, focusing on the two important examples of Morocco and Colombia. The final section makes recommendations based on the findings of this research.

A separate document, Principles for sustainable and socially just LPT funding during the pandemic and beyond, brings together the recommendations from both Parts I and II. The two reports and the principles document can be read together for a global perspective.
III. IMPACT OF COVID-19 ON LPT SERVICES IN THE GLOBAL SOUTH

1. IMPACT ON RIDERSHIP

The pandemic has had a major impact on local public transport (LPT) services across the world. The International Association of Public Transport (UITP) estimates that ridership dropped on average by 95 percent in rail modes and 75-80 percent in bus modes during early lockdowns. In informal LPT services, ridership dropped on average 90 percent. In many countries in the Global South, authorities made up for a lack of capacity for aggressive contact tracing and other prevention measures by introducing stricter lockdowns, which included completely shutting down formal LPT services for several months. In several countries, such as the Philippines, complete bans applied to informal services as well.

Restrictions were particularly striking in Asia. As of 10 June 2020, 19 percent of Asia Development Bank members had instituted legal requirements for the closing of LPT systems, and 26 percent had recommended closing. The Delhi metro was not reopened until September 2020 and the Mumbai metro the following month. Capacity restrictions of up to 50 percent of normal ridership are still commonplace in cities throughout the Global South.

2. FINANCIAL IMPACT

Restrictions and drops in ridership have had a devastating financial impact on formal and informal LPT systems. For example, in August 2020 the World Bank Group’s Africa Transport Policy Program (SSATP) reported that informal and formal LPT operators across Africa were facing bankruptcy, and that in many cities operators which had stayed in service were experiencing revenue losses varying from 50-70 percent. In September that year, the government of Côte d’Ivoire reported losses of FCFA38.5 billion (USD70 million) in formal urban transport throughout the country. EMA, the publicly-owned public transport operator in charge of the Algiers metro and several metro, tram, cable cars and gondolas systems in cities across Algeria, reported losses of DZD11 billion (USD82 million) at the end of 2020. The World Bank estimated approximately USD50 million in losses across the seven main formal mass transit systems in Colombia for the period between 16 March and 6 May 2020, with cumulative operating deficits expected to reach USD450-500 million by the end of 2020. Experts in the Philippines estimate that workers in the informal public utility vehicle sector faced a loss of at least PHP5 billion (USD103 million) during the 106 days of lockdown.

In some places, public sector operators are reported to be under more financial stress due to higher labour costs and less freedom to lay off workers. This has been true for the Indian bus sector. In addition, public operators in some countries have been

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1 UITP, Covid-19: The Economic and Financial Impact to the Public Transport Sector, 2021
2 UITP, Transforming the Informal Transport Sector, 2020
3 Asia Development Bank, COVID-19 and Transport in Asia and the Pacific – Guidance Note, December 2020
5 Ministry of Transport, Côte d’Ivoire, l’impact s’élève à 111 milliards de FCFA dans le transport, September 2020
8 Explanatory Note to House Bill No. 7528, Republic of the Philippines House of Representatives
left with no financial support, while private operators operating under public service contracts are protected by provisions that require governments to ensure demand or subsidise losses.\(^\text{10}\) However, public operators can generally withstand higher debt levels than private operators. Private services with no government contracts or subsidies have been most severely affected, with many facing bankruptcy.

### 3. IMPACT ON WORKERS

The impact on LPT workers’ jobs and conditions in countries in the Global South has been much more severe than in countries in the Global North, which generally have more robust wage support schemes, and where the majority of LPT services have benefited from emergency funding from national governments. The Associação Nacional das Empresas de Transportes Urbanos (National Association of Urban Transport Companies, NTU) of Brazil recorded 1,413 bus workers – the majority drivers and fare collectors – laid off between 16 March and 15 April 2020.\(^\text{11}\) In June, the Bus & Car Operators Confederation of India (BOCI), which claims to represent 20,000 bus and taxi operators, reported two million job losses across the two sectors.\(^\text{12}\) While some workers have been able to return to work after the end of lockdowns, ITF affiliates and regional offices report that many are still out of work.

Reports of layoffs in the public sector are rarer, although ITF affiliates in the Middle East and North Africa (MENA), African and Asian regions report public bus and metro workers having lost working hours and/or taken salary cuts.\(^\text{13}\) Where workers have received some income support from the government for lost work time, it is often only a fraction of their normal pay. The impact on jobs in informal LPT services is impossible to quantify but reports of workers finding alternative ways to make a living, including begging in the streets, abound.\(^\text{14}\)

### 4. IMPACT ON USERS

While necessary for public health reasons, LPT capacity restrictions have had significant adverse effects, especially where extra vehicles and services have not been introduced. Although many people continue to avoid using LPT, for those who have no other transport option, the restrictions have made it difficult to reach workplaces.\(^\text{15}\) They have also led to dangerous overcrowding at bus stops as people wait for more infrequent services.\(^\text{16}\) The UITP estimates that informal service levels have decreased by 30-40 percent worldwide. Waiting times have increased as capacity has been kept below demand.\(^\text{17}\)

Fare increases, while introduced in some cities in the Global North (such as London), have been significantly more prevalent in the Global South. This is because private services, and particularly informal services, often operated without any government subsidy and because authorities have limited fiscal capacity to implement emergency funding. In cities across Africa, authorities allowed fares to rise to as much as twice their normal rates.\(^\text{18}\)

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\(^{10}\) South Korea is one example where public operators have received no support while private bus operators on public contracts are covered by subsidy provisions; See, KPTU Statement for ITF-C40 Cities campaign of “The future is public transport,” March 2021.

\(^{11}\) NTU, COVID-19 e o Transporte Público Por Ônibus. Impactos No Setor e Ações Realizadas. April 2020, 6. The organisation calculated losses of BRL 2.5 billion (USD 450 million) during the same period.


\(^{13}\) Author’s Interview with Bilal Malkawi and Areej Hatamleh, International Transport Workers’ Federation (ITF), 8 March 2021. Author’s interview with Sangam Tripathy and Arvind Koshal, ITF, 17 March 2021. Author’s Interview with Gora Kouma, URS, Mbaye Diaw, SDTR, Malick Diop and Bayla Sow, ITF, 29 January 2021.


\(^{15}\) https://www.theigc.org/blog/impact-of-covid-19-on-public-transport/

\(^{16}\) Move as One, “Proposed Minimum Public Health Standards for Public Transportation,” August 2020.

\(^{17}\) UITP, Transforming the Informal Transport Sector, 2020.

Even before the pandemic, many people living in Sub-Saharan Africa struggled to pay for transportation costs.\textsuperscript{19} These fare increases therefore create a significant additional burden on household finances. According to World Bank research, the cost of public transport becomes prohibitive if it takes up more than 15 percent of household income.\textsuperscript{20} Higher fares end up contributing to social exclusion and inequality because they prevent low-income groups from easily accessing employment and essential services. If they induce a decrease in ridership, this can in turn lead operators and/or authorities to implement service cuts, beginning a vicious cycle.

### IV.

**MACROECONOMIC CONSTRAINTS ON SUPPORTING LPT SERVICES THROUGH THE PANDEMIC**

Around the world, governments are struggling with how best to allocate limited resources to contain the pandemic, provide relief to affected companies and workers and stimulate their economies out of recession. The questions of whether and how to provide emergency relief and/or increased long-term funding for LPT are part of a complex web of policy priorities, the most urgent still being to contain the spread of the virus and save lives. Governments in the Global South face many more obstacles in supporting their LPT systems than governments in the Global North due to more stringent macroeconomic constraints. While these constraints do not excuse governments and capital in the Global South for not providing adequate protections to workers, it is important for unions and other stakeholders to recognise their severity if we are serious about long-term sustainability.

\textsuperscript{19} For example, two daily LPT trips represent 60 percent of the daily household income for the bottom 20 percent of the population in Accra, Ghana and 47 percent in Monrovia, Liberia, World Bank Group-SSATP, Urban Mobility and COVID-19 in Africa, 4.


### 1.

**DEBT, MONETARY POLICY AND FINANCE, NORTH AND SOUTH**

Countries in the Global South also face the prospects of a slower economic recovery, as well as structural issues that existed before the pandemic. These include a narrow tax base, high dependence on external finance, high levels of external debt (denominated in hard currencies) and a related structural inability of central banks to act as lenders of last resort in the way central banks do in countries in the Global North. For countries in the Global South, using large-scale debt financing to fund relief and stimulus policies is likely to result in the devaluation of their domestic currencies against hard currencies, and therefore an increase in the value of their foreign-currency denominated external debt and run-away inflation.\textsuperscript{21}

Reliance on external finance increased substantially in many developing countries during the decade before the pandemic. Following the 2008-9 global economic crisis, countries in the Global North employed quantitative easing (QE) to inject money into their economies, push interest rates down and attempt to stimulate economic activity. To implement QE, central banks use reserves to purchase long-term securities (government and corporate bonds) on the open market, driving the price of these assets up and their interest rates down, with a ripple effect on asset prices and interest rates generally. The goal is to facilitate borrowing and investment, thus stimulating economic activity.

However, QE’s main effect prior to the pandemic was to push up stock, real estate and other asset prices around the world rather than to reboot productive investment, jobs and wage growth. The resulting surplus in capital, and historically low interest rates in developed economies, pushed speculative investors to economies in the Global South.

where they could take advantage of higher interest rates. During the same period, governments in the Global South turned to global financial markets to offset diminishing development assistance.

As soon as the pandemic hit, however, countries in the Global South experienced massive portfolio (equity and debt) outflows, equalling USD103 billion between mid-January and mid-May 2020, as foreign investors sought more stable assets in advanced economies. While these flows have since stabilised, they have left governments in the Global South under even tighter financial constraints and made it harder for them to meet debt obligations.

Meanwhile, governments in the Global North seeking to stabilise their economies and support counter-cyclical deficit spending, have again turned to QE on an unprecedented scale. While these measures have facilitated domestic relief and recovery programmes for the countries who can implement them, without reform of the international financial system, they will continue to result in asset price inflation (as can be seen in the continued increase in stock prices), threatening to exacerbate systemic risks in the global economy.

2. THE PROBLEMS OF DEVELOPMENT FINANCE DURING THE PANDEMIC

In addition to the financial constraints described above, governments in the Global South also faced drops in foreign direct investment by 30-40 percent and remittances by roughly 20 percent during 2020. The latter will have the greatest impact on least developed countries (LDCs) and small economies, where remittances make up a significant part of GDP and are an important means of earning foreign exchange.

Countries in the Global South also face the likelihood of decreased bilateral official development assistance (ODA) in the future. While it is too early to know to what extent countries in the Global North will cut their ODA budgets, it is important to note that ODA disbursements had already been declining relative to the GDP of recipient countries since the early 2000s. This was accompanied by an increase in the use of loan instruments rather than grants, and the use of blended finance and other private sector instruments. Experience from previous financial crises suggests that donor countries often cut aid budgets as they attempt to cope with their own domestic downturns. International organisations such as the UN Conference on Trade and Development (UNCTAD) and the OECD have expressed concerns that, even though many governments have committed to protect their ODA budgets in 2021, it is uncertain whether ODA volumes can even hold steady over the coming years, let alone rise to meet the additional needs created by the pandemic.

International financial institutions (IFIs) have stepped up to a certain extent. Since last month, the World Bank Group (WBG) has made USD160 billion available in financing tailored to the health, economic and social shocks of the pandemic, about USD50 billion of it in the form of grants or loans with highly concessional terms, aimed at low-income countries. The International Monetary Fund (IMF) has made over USD100 billion in low interest


UNCTAD, The Impact of the COVID-19 Pandemic, 57. The UN categories countries as ‘least developed economies’, ‘developing economies’ and ‘economies in transition’ (former socialist bloc), as well as recognizing a list of ‘last developed countries’, which are deemed highly disadvantaged in their development process for structural, historical and geographical reasons. The list of least developed countries can be found here: https://unctad.org/topic/least-developed-countries/list


loans to help countries’ efforts to mitigate the macroeconomic effects of the pandemic through its rapid credit facilities. While this IMF support (received by 86 countries) is significant, it is less than the amount the fund lent in the year to September 2009 during the global financial crisis. Some countries have been reluctant to turn to the IMF, given the political stigma entailed, while others are ineligible because their debts are deemed unsustainable.²⁹

Both the IMF and G20 have also provided some debt relief. The IMF’s Catastrophe Containment and Relief Trust Fund (CCRT) has made grants to cover debt service payments for 29 of the world’s poorest countries worth USD726.75 million.³⁰ The G20 has also provided temporary debt relief covering bilateral loans to 46 countries through its Debt Service Suspension Initiative (DSSI). While important, many experts have criticised these programmes for not going far enough and for failing to deal with long-term issues of debt sustainability. They cover only a fraction of the debt of a fraction of the countries in need, leaving out middle-income countries, many of which are at the epicentre of the pandemic. The programmes, in fact, are not debt cancellation. The CCRT covered debt service payments until April 2020. The DSSI only defers debt payments to the end of 2021, rather than actually reducing debt burdens. Furthermore, neither programme includes a mechanism to force private creditors to participate in debt relief.

The rhetoric of the IMF, World Bank and other IFIs has changed in recent years and particularly during the pandemic. Calls for across the board fiscal austerity have been replaced by recognition of the need for more fiscal stimulus and tolerance of rising debt levels in the short term. But as the ITUC and many other commentators have pointed out, the IMF is applying a double standard.³¹ Countries in the Global North with fiscal space are being encouraged to spend, while the rest of the world is expected to engage in fiscal tightening in the coming months and years. Rather than a change of principles, debt relief programmes have come out of the necessity of avoiding a global debt crisis. The underlying assumptions that governments in the Global South should deregulate their public sector, infrastructure and labour markets to foster private investment, are also firmly intact.

What does this mean for countries in the Global South and their LPT systems? Analysis of IMF staff reports for 80 countries receiving rapid financing conducted by the European Network on Debt and Development (EURODAD) finds that the plans for cuts to public spending and other austerity measures for the years 2021-23 included in these plans average 3.8 percent of GDP, well above what many of the countries surveyed have spent on their Covid-19 response. Austerity measures are designed to free up resources to stabilise debt levels and meet debt servicing obligations. The study found, however, that 55 countries will have to pay additional annual debt servicing costs equivalent to their 2020 Covid-19 response packages in the future, leaving very little room for public investment in the post-pandemic recovery.³² The World Bank’s continued promotion of PPPs and private involvement in infrastructure, including LPT, is discussed in Section VI.

3. THE VIEW FROM SUB-SAHARAN AFRICA

Africa will be the continent most negatively affected by the underlying inequalities and additional challenges created by the pandemic. Despite Sub-Saharan Africa having only three percent of the world’s confirmed Covid-19 cases and deaths (while accounting for 14 percent of the world’s population), the

IMF has predicted that it will be the slowest-growing region in 2021. It will take several years for per capita GDP to return to pre-pandemic levels. While the United States and Europe will have achieved widespread vaccination by later this year, most countries in Africa cannot expect to achieve this goal until at least mid-2023, according to the Economist Intelligence Unit. Repeated Covid-19 outbreaks will likely cause more deaths and further tax already struggling economies.

Since the beginning of the pandemic, debt servicing payments in the region have risen to more than 30 percent of revenues on average, up from about 20 percent before the pandemic. Public debt as a share of GDP rose by eight percentage points to 70 percent in 2020. The IMF estimates that the region faces a shortfall of USD130-410 billion (8-25 percent of regional GDP) for the period from 2020-23, assuming governments plan to meet external debt obligations, fund their current-account deficits and carry out a modest response to the pandemic. Over half of low-income Sub-Saharan countries are in debt distress or close to it. Moreover, 43 percent of government debt is held by commercial creditors (rather than governments or multilateral institutions) and 16 percent by the Chinese government, complicating debt relief. Without mechanisms to compel private creditors to participate, some countries are already using IFI support to meet debt payments, rather than funding the Covid-19 response, and more are almost certain to follow.

4. FISCAL STIMULUS GAP AND GROWING INEQUALITY

What do these inequalities in the international financial system and pandemic’s economic impact mean for LPT funding? Simply put, they amount to severe limitations on the fiscal space countries in the Global South have to prop up, not only their public transport systems, but their entire economies. This can be seen in the difference in the scale of the relief and stimulus packages implemented in 2020.

Source:
The Economist, 6 February 2021

Figure 1

Waiting game
Covid-19, when will widespread vaccination coverage be achieved?
Forecast*

Number of countries By year

<table>
<thead>
<tr>
<th>Year</th>
<th>Late 2021</th>
<th>Mid 2022</th>
<th>Late 2022</th>
<th>From 2023</th>
</tr>
</thead>
<tbody>
<tr>
<td>37</td>
<td>30</td>
<td>37</td>
<td>84</td>
<td></td>
</tr>
</tbody>
</table>

*At Jan 22nd 2021
Source: Economist Intelligence Unit

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According to UNCTAD calculations, while the median for fiscal response measures (additional spending or forgone revenue) as a proportion of GDP was 4.5 percent for developed and transition economies, it was only 1.9 percent for least developed countries and 2.1 percent for other developing countries.35

The difference in fiscal spending regionally can be seen in the map below. While countries in North America, Oceania and much of Europe enacted fiscal measures equal to more than 10 percent of their GDPs, countries throughout most of Africa spent less than 2.5 percent.36

Figure 2:
Fiscal measures in response to the pandemic by country group
(a) Share of GDP (percentage)
(b) Amount per person (dollars)

Source: UNCTAD, 2020

Figure 3:
Additional Spending and Forgone Revenue in Response to the COVID-19 Pandemic
(Percent of 2020 GDP)

Budgetary fiscal support to people and firms has varied widely across countries.
5. POTENTIAL SOLUTIONS

Domestic conditions, including political orientation and social pressures, play an important role in determining how governments chose to enact relief and stimulus measures, and whether these measures include support for public transport. The macroeconomic constraints explained on p. 12, however, set the limits of possibility. Until they are addressed, proposals that governments include ambitious investments in LPT in their recovery packages will have much more resonance in the Global North and selected emerging economies than in much of the Global South.

Intergovernmental organisations, trade unions and civil society groups have put forth several proposals for how international solidarity can be strengthened to address the fiscal stimulus gap and support recovery and development in the Global South. The ITUC, ITF and other global unions have called for the expansion of the IMF’s Catastrophe Containment and Relief Trust (CCRT), the creation of a similar mechanism for cancellation of World Bank loan payments and the establishment of a permanent multilateral process for negotiating debt restructuring.37 Other social movement actors have gone further to call for debt cancellation and proposed ways to force private creditors to participate.38

The global unions have also called on IFIs to help finance universal social protection and quality public services, including by supporting domestic revenue mobilisation and international tax reform and creating a Global Fund for Social Protection. More broadly, they have demanded that development finance be reoriented to support public investment in infrastructure and essential public services and jobs, and that loan conditionality and policy advice be reformed to end austerity and promote fair labour practices. They are also pushing the IMF to approve a new issuance of Special Drawing Rights (SRDs) – commensurate with the amount required by developing countries to support their immediate liquidity needs. Countries can swap SRDs for foreign currencies held by another IMF member to help stabilise their own currencies and meet their need for foreign exchange. At its most recent Spring Meeting, the IMF endorsed a new allocation of SRDs worth USD650 billion. However, many experts believe that the allocation must be closer to USD3 trillion if it is to adequately support relief and recovery efforts in the Global South.39

UNCTAD has called for a commitment from official donors to enact a new Marshall Plan that mobilises ODA to fund Covid-19 health expenditures and mitigate rising debt burdens.40 The UN Secretary-General, supported by an independent group of experts, has called on countries in the Global North to meet and go beyond the target set through the 2015 Paris Climate Agreement of providing USD100 billion in climate finance annually to support green recovery in the Global South.41 This goal was not achieved in 2020.

Other proposals for resource mobilisation include: the implementation of global and national wealth taxes, taxes on corporate offshore and super-profits42, the establishment of a financial transaction tax, elimination of public subsidies to the fossil fuel industry, reclaiming 10 percent of global military spending, and democratising and strengthening the role of regional and

37 Global Unions, The road to sustainable recovery: IFI policies to create quality jobs, boost public services, and reduce inequality, April 2021.
39 https://www.eurodad.org/imf_s_new_sdr_allocation
40 UNCTAD, The Impact of the COVID-19 Pandemic, 66.
41 UN Press Release, Experts support UN Secretary-General’s call for major effort in 2021 to achieve the $100 billion climate finance goal, 11 December 2020.
42 The Biden administration’s proposal for a global corporate tax rate has been praised by many experts as an important step in this direction. https://www.theguardian.com/politics/2021/apr/11/bidens-plans-for-a-global-corporate-tax-rate-could-make-the-world-a-fairer-place
It is not possible to assess the viability of all these proposals here. The point, however, is that ambitious global solutions are needed to address debt burdens and limited fiscal space in the Global South as a precondition for sustainable LPT funding.

V.

EMERGENCY SUPPORT FOR LPT

While circumstances differ considerably from country to country, the result of these macroeconomic constraints is the same: that support for LPT systems and workers as a part of the pandemic response in countries in the Global South has been limited. In the Global North, most governments have provided emergency funding to cover most or all budget shortfalls experienced by public transport authorities (PTAs) and public and private operators (PTOs). This emergency funding has usually covered all modes. The funds have often been provided in multiple rounds, based on losses accruing as the pandemic progressed. Governments have committed to reassess the situation to determine what further support is needed in the coming months and years. In addition, many countries are discussing increased investments in LPT infrastructure as part of their recovery efforts.

1. EXAMPLES OF EMERGENCY FUNDING FOR LPT

By contrast, where emergency funding has been provided in the Global South, it has often been a one-off, covered only some modes and/or operators, made up only a portion of losses and/or come in the form of loans and waivers, rather than direct grants. For example, in Jordan, the government provided transport companies with discounts on annual payments and loan deferments, as well as partial salary protections for employees. In Turkey, the government reduced income and VAT, and facilitated loan payment deferrals for six months.

Early in the pandemic, the government of Egypt provided the Cairo Transport Authority with EGP40 million (USD2.5 million) and granted a postponement in tax payments and loan facilities to LPT operators. However, as of June 2020, operators were complaining that they had not received the needed support from the PTA, including help to cover workers’ salaries, while they were still facing severe restrictions and being asked to pay fees and fines.

In Algeria, where road transport was shut down until the end of 2020, owner-operator bus and taxi drivers were granted three instalments of DZD30,000 (USD226) on condition that they were registered and had paid into the National Social Insurance Fund for the Self-Employed (Casnos). In Senegal, the government provided funding of USD15 million at the start of the pandemic for formal public sector operators and the sanitation of bus stations and taxi stands. This money had run out by the end of 2020, however, and no more money has been granted. Discussion on support for informal workers had not led to concrete results as of the beginning of 2021.

While a lack of access to resources makes it difficult to determine the full range of government policies enacted, it is clear that


44 For a detailed discussion of pandemic-related emergency funding for LPT in the Global North see: Wol-san Liem, “The Pandemic, Local Public Transport Funding and Union Responses Part I,” in particular, Appendix, Table 3: Selected National Emergency Funding Packages for Local Public Transport.

45 UITP, Covid-19 Impacts on Public Transport in MENA, 2020; Author’s Interview with Bilal Malkawi and Areej Hatamleh, ITF, 8 March 2021.

46 UITP, Transforming the Informal Transport Sector, 2020, 14.


some low-income countries have provided minimal or no emergency funding for LPT. Research by the World Bank Group published in August 2020 identified some African cities that had made efforts to financially support their formal LPT services, but noted that “most (central) governments in Africa have yet to mobilise and rescue the sector”. In an interview with the author in January 2021, a representative from the Amalgamated Transport and General Workers’ Union (ATGWU) of Uganda indicated that there had been no substantial support for LPT services in the country since the start of the pandemic, despite increased costs related to government-imposed health and safety guidelines.

In addition to a country’s level of economic development and macroeconomic circumstances, political conditions and public pressure have also had significant influence. For example, the central government of India (classified a lower-middle-income economy by the World Bank), has insisted that funding for LPT is the responsibility of state governments, despite demands from private bus operators and publicly-owned metro operators. On the other hand, in the Philippines, also a lower-middle-income country, public campaigning by informal transport workers and civil society organisations has helped to win PHP3 billion (USD62 million) in support for displaced jeepney drivers and PHP2.58 billion (USD53.7 million) for drivers of other personal utility vehicles (PUVs), through service contract agreements as part of the Bayanihan to Recovery as One Act (Bayanihan 2) passed in September.

In the low-income country of Rwanda, the government announced in February that RWF29.3 billion (US$29.4 million) would be allocated to offset losses incurred by paratransit due to continued capacity restrictions. This subsidy enabled a reversal of planned fare increases. According to experts, the Rwandan government was able to implement this support because it had gained a sound understanding of the cost structure and fare revenue yields of public transport operations due to a process of formalisation over the last eight years.

While comparisons are difficult, some richer nations in the Global South have gone much further in supporting LPT. Chile’s support for BRT bus operators is one example. Chile, which is classified as a high-income economy by the World Bank, reached an agreement with bus operators in the Red Metropolitana de Movilidad (Metropolitan Mobility Network, formerly Transantiago) BRT system in Santiago early in the pandemic to compensate them for up to 80 percent of lost fare revenue. The grounds for this agreement were clauses in BRT service contracts, which state that the government must ensure a certain level of demand or provide compensation if it cannot.

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54 Move as One, “From near-zero to P 62 billion,” 14 September 2020.
plans to invest USD94 million in 137 public transport infrastructure projects across the country, as part of the government’s USD34 billion economic recovery programme. Projects include the expansion of the capital’s subway system, improvements to the national train network and the development of cycle and exclusive bus lanes and pedestrian areas.57

While this support is substantial, it is still true that many public transport operators face losses. There is also a striking difference between the compensation received by bus operators in the capital’s BRT system and that received by smaller operators and owner drivers in other regions. This inequality between different types of services can be found in other countries.58

The cases of Colombia and Morocco, both heavily supported by the World Bank, are discussed in Section VII of this report. By contrast, Argentina has provided significant funding to its LPT systems without external financing. The way Argentina has managed to do this, and the macroeconomic consequences, are summarised below as an example of the complex challenges faced by countries in the Global South.

2. THE CASE OF ARGENTINA

In September 2020, the government of Argentina established a Covid Fund for Compensation for Public Transportation of Passengers by Urban and Suburban Motor Vehicle in the Interior of the Country (Fondo COVID de Compensación al Transporte Público de pasajeros por Automotor Urbano y Suburbano del Interior del País, or Fondo COVID-19) totalling ARS10.5 billion (roughly USD110 million). This money is to be transferred to provincial and municipal governments for distribution to operators in accordance with criteria established by the Ministry of Transport.59 Argentina has also made available a line of credit specifically to support fleet renewal for small and medium-size public transport operators, through its publicly owned commercial Banco de la Nación Argentina (BNA). Operators can take out a loan covering 100 percent of the cost of new vehicles, at a 24 percent annual interest rate – negative in real terms, given Argentina’s high inflation.60

Argentina is classified as an upper-middle-income economy by the World Bank. Notably, it has carried out support for public transport as part of a sizeable fiscal response61, despite having been cut off from assistance from IFIs and other international creditors. Argentina came close to defaulting on its foreign-currency debt obligations in May 2020, but reached an agreement on restructuring with its bondholders, which cut a significant proportion and pushed payments back to the start of 2024. This has freed up fiscal space, but its debt is still considered unsustainable by the IMF, which means the country is cut off from future loans.

Instead of external finance, the government has relied on the Central Bank of Argentina (BCRA) for cash advances to enable deficit spending and make it possible for the BNA and private commercial banks to provide low-interest liquidity support to businesses and individuals. In December, the Senate also passed a one-time wealth tax, with the aim of raising ARS300 billion (USD32 billion) to fund the Covid-19 response. The tax targets individuals with USD2.5 million or more in assets.62

On a macroeconomic level, the consequences of the BCRA’s increase in

58 For example, see the discussions of LPT funding in Colombia in Section VI, p.17
59 https://www.boletinoficial.gob.ar/detalleAviso/primera/234665/20200908
61 Argentina’ additional spending and forgone revenue in response to the pandemic in 2020 equalled 3.8% of its GDP. Liquidity support including equity injections, loans, asset purchase of debt assumptions equalled 1.9%. IMF Fiscal Monitor, Database of Country Fiscal Measures in Response to the COVID-19 Pandemic, 2020.
the money supply are potentially severe. Inflation is expected to accelerate from 36 percent in 2020 to 50 percent in 2021, potentially impeding Argentina’s attempts to address unemployment and inequality. Negotiations are ongoing about the USD50 billion still owed to the IMF, and Argentina is under significant pressure from the IMF and other IFIs to cut public spending and loosen business regulations and labour protections.

Argentina’s situation exemplifies the need for unions to pay attention to the problem of sovereign debt and build momentum for debt cancellation at the same time as they call for progressive taxation and national fiscal measures that support LPT.

VI.

SUPPORTING INFORMAL TRANSPORT SERVICES AND WORKERS

As suggested by the case of Rwanda discussed on p.15, in addition to fiscal constraints, the structure and organisation of LPT has played a role in determining if and how governments have provided support. In many countries and cities in the Global South, the majority of LPT services are informally organised and privately owned. These services generally operate without subsidies and are not covered by the same labour protections or service regulations as formal services. Like the rest of the two billion workers who make their living in the informal economy, informal transport workers are often excluded from social security and labour protections. The fragmented nature of LPT services, and the lack of political and regulatory infrastructure, further complicates emergency support.

In a few instances local or national governments have provided temporary or partial relief for informal operators. For example, Mexico City began providing fuel subsidies and worked with private creditors to defer payments on loans for fleet improvements. This support, however, is not enough to cover the massive losses operators are experiencing due to continued restrictions. Moreover, it often goes to fleet owners rather than the workers who effectively lease vehicles from the owners. Workers who do maintenance, cleaning and ticket collection have also been excluded from these schemes.

A few governments have earmarked funds for temporary income support specifically for informal transport drivers. As mentioned on p.15, the government of the Philippines included over PHP5 billion in support for displaced PUV drivers in its second major stimulus package. This followed an earlier round of one-time cash payments passed as part of an earlier relief bill. Yet many workers have had difficulty receiving support through either of these programmes, according to union representatives. At the end of last year, the government of Nigeria established a survival fund to support informal and small-scale operators in a number of sectors, including public transport. Through this fund, drivers, mechanics, conductors and vulcanisers could receive support equalling the monthly minimum wage of NGN30,000 (USD75) for three months.

1. EXAMPLES OF GOVERNMENT SUPPORT FOR INFORMAL LPT SERVICES

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64 UITP, Transforming the Informal Transport Sector, 2020, 14.
66 Author’s interview with Jaime Aguilar, NCTU, 22 March 2021; https://thediplomat.com/2020/12/philippine-jeepneys-wont-go-down-without-a-fight/
2. THE LIMITS OF RELIEF FOR INFORMAL WORKERS

In most other cases, informal transport workers have been covered by general relief programmes established to support workers who are normally excluded from social security systems.68 Governments throughout the Global South have implemented income and meal support and other relief measures aimed at informal workers.

However, research by Women in Informal Employment: Globalizing and Organizing (WIEGO) carried out in 12 cities in the Global South in March-April 2020 found that less than half of workers interviewed had actually received cash or food transfers, either because they were not eligible or due to a lack of awareness of the relief programmes.69 Other research confirms that the most vulnerable informal workers often have not received aid for a variety of reasons: they do not meet eligibility criteria, government and aid agencies cannot identify them, systems to deliver aid are inadequate, the credit institutions they use are not covered by government debt relief programmes, and policy makers do not adequately advertise the programmes.70

Clearly, income support programmes, whether transport-specific or general, have not been sufficient to avert the massive loss of employment and livelihoods experienced by informal transport workers. What is more, they do not provide a long-term solution to supporting a sector that provides essential services to billions of passengers in the Global South, many of whom are themselves informal workers.

The disruptions to informal LPT services caused by the pandemic have sparked renewed awareness among governments, trade unions and civil society of the need to formalise the sector. International financial institutions have also advised governments to use the pandemic as an opportunity to consolidate, corporatise, professionalise and structure informal LPT services, and in some cases facilitate the exit of informal operators from the sector71, although there is no evidence that IFIs are financially supporting this process. In some cases, for example the World Bank-funded project to develop a BRT system in Dakar, Senegal, it appears the pandemic has in fact delayed discussions between the authorities and informal transport workers’ unions on the potential integration of informal services into formal systems.72

3. MOVES TOWARDS FORMALISATION

Emergency support for informal LPT has, however, been considered or carried out in conjunction with formalisation efforts in some countries.

In South Africa, the pandemic has sparked significant turmoil within the informal minibus taxi sector, upon which much of the population relies for transport to meet daily mobility needs. The sector is dominated by associations of operators, which hold significant power over local routes and transport policy and are known for corruption and violence. In June 2020, operators carried out a strike against the continued imposition of restrictions on ridership to 70 percent of normal capacity and the government’s promise of a one-time ZAR1.3 billion (USD76 million) support package (equalling ZAR5,000 per driver). They argued that the industry would not survive unless restrictions were lifted, and more support provided.

Under pressure, the government agreed to ease restrictions and allow 100 percent

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72 Author’s interview with Gora Khouma, URS, Mbaye Diaw, SDTR/3D, Malick Diop, ITF, Bayla Sow, ITF, 29 January 2021.
capacity on short distance trips. It also initiated a social dialogue process on formalisation of the industry, called the National Taxi Lekgotla. The government’s main proposal was a plan to provide an annual subsidy of ZAR40 billion (USD2.7 billion) to operators, on the condition that they comply with tax and labour regulations and other industry standards.

The Lekgotla was planned as a process of dialogue at local and national level, bringing together industry stakeholders to agree collectively on a way forward. Civil society organisations participating in the Community Constituency of South Africa’s standing social dialogue body, the National Economic Development and Labour Council (NEDLAC), were formally included in the process, along with the South African National Taxi Council (SANTACO), the main national umbrella organisation for local operators’ associations. Taxi drivers, who are not legally recognised as employees and whose organisations are not recognised as trade unions, were excluded. A smaller industry association, the National Taxi Alliance (NTA), boycotted the process on the basis that it gave too much authority to SANTACO.

While Community Constituency representatives commended the government’s effort to create a social dialogue process and expressed approval for some of its proposals, they criticised the Lekgotla’s exclusion of workers’ voices and the generally disorganised manner in which it was carried out. They also expressed strong disapproval for the final declaration of the Lekgotla, which recognised SANTACO as the sole governing body for the entire taxi industry and called for the association to be granted regulatory powers. The lack of the consensus on the outcomes of the Lekgotla has created an obstacle to the government’s formalisation plan, and subsidies for taxi operators have yet to be implemented.

In the case of the Philippines, support for jeepney and other PUV drivers has occurred under the shadow for the Duterte government’s PUV modernisation programme, which aims to replace older vehicles with newer ones that are compliant with Euro-4 emissions standards. This programme has been criticised by workers and public transport advocates for unfairly putting the burden of transition on small jeepney operators and workers. Government subsidies cover only a fraction of the cost of new vehicles, and operators are expected to own 15 vehicles or more under the new system.

Using the pandemic as an opportunity, the government prohibited older vehicles from returning to service, even after restrictions were eased in June last year. Operators employing older vehicles say their franchises were cancelled and new franchises rewarded to large private corporations. In this context, unions and civil society organisations have formed alliances such as the Coalition of Transport for the People (Koalisyon ng Transportasyon para sa Mamamayan, or KTM) and the Move as One Coalition to advocate for social dialogue, adequate support and a just transition for workers.

Move as One demands that modernisation and formalisation be carried out by replacing the current franchising system with one based on net service contracts, under which operators would be compensated based on kilometres travelled on specific routes rather than being dependent on fares. In October, the Filipino Land Transportation Franchising

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73 **Lekgotla** is a South African English word used to refer to a meeting called by the government to discuss strategy planning. It draws from the Setswana word *kgotla*, which means court.


75 **National Taxi Lekgotla 2020 Declaration and discussion documents; Community Constituency critique Taxi Lekgotla Declaration** (provided by Pat Horn, Community Constituency representative by email 25 January 2021).

and Regulatory Board began service contracting along these lines, using funds allocated through the Bayanihan 2. Some 60,000 jeepney operators were eligible to participate in this programme. 77

Trade unions differ in their responses to this programme. Piston (Pagkakaisa ng mga Samahan ng Tsupper at Operator Nationwide), a union representing jeepney drivers which led several strikes against the government’s modernisation programme, has called for a social dialogue process to develop a new, fairer plan for transition that puts workers’ needs at the centre. The National Confederation of Transport Workers’ Unions (NCTU), which also represents jeepney drivers and other informal transport workers, on the other hand, has adopted a strategy of actively participating in this process of formalisation. The union has helped in the development of a cost model for the service contracts. The plan is to form workers’ cooperatives which can sign route contracts, and which would be better able to finance newer vehicles that meet emissions requirements. NCTU’s goal is for workers’ cooperatives to serve also to educate and professionalise their membership. 78 However, the path ahead is uncertain. Move as One has estimated that PHP62 billion (USD1.3 billion) would be needed in 2021 to fund service contracting for all bus and jeepney services, install dedicated PUV lanes and infrastructures, deliver fare cards to passengers and make improvements to support active transport. This money has not been allocated. 79

There are also instances of formalisation processes taking place at regional or local level. For example, the Western Cape provincial government in South Africa initiated the Red Dot Service early in the pandemic. Under this system, the government concluded service contracts with taxi operators to provide reliable and safe LPT services for healthcare workers. Contracted minibuses were fitted with screens between the driver and passengers and a tracker to monitor performance. This programme was possible because of years of formalisation and professionalisation efforts in the region. The government has now expanded the programme into a Blue Dot Service, under which incentives are provided to operators and drivers who meet safety and service standards. The programme is being funded by a grant from the National Ministry of Transport and Public Works, and concerns have been raised that the amount of money being used to pay incentives is not sustainable on a national level. In addition, the programme requires substantial monitoring of workers’ actions while on the job. 80

In Uganda, where local government has less access to support from the national government, the City of Kampala began in May to require boda boda (motorcycle taxi) drivers who wished to begin operating again after the lockdown to register with ride-hailing platforms as a means of making them easier to track and regulate. The Kampala City Council Authority (KCCA), which was in charge of this programme, saw outsourcing registration and training to platform operators as an efficient means of formalisation. However, the ATGWU, the union representing boda boda and other informal transport workers, opposed this programme, which was pursued without union involvement. It was eventually discarded. Instead, ATGWU has used the pandemic as an opportunity to accelerate its own development of a union-run smartphone application through which workers can both pay dues and solicit passenger and food delivery customers. ATGWU’s strategy is one of worker-led formalisation, in which boda boda drivers are organised in union-backed mutual aid groups or cooperatives that can develop as business entities, run the app themselves and eventually access financing and service

78 Author’s interview with Jaime Aguilar, NCTU, 22 March 2021
79 Move as One, “From near-zero to P 62 billion.”
contracts. The union sees this plan as the most practical means for survival and empowerment of informal transport workers, especially given the lack of financial support from the government.81

The discussion above demonstrates the need for governments and international organisations to find means of supporting informal LPT services and workers during the pandemic. It suggests that it may be possible to tie support to efforts to formalise these services, but that it is essential that informal transport workers and their representatives have a voice in determining the formalisation processes. Workers can also look for ways to take the process of formalisation into their own hands, and use it as means for collective empowerment.

VII.

IFI FUNDING FOR LPT DURING THE PANDEMIC - FOCUS ON THE WORLD BANK

As discussed in Section IV (p.8), IFIs like the IMF and World Bank Group (WBG) have made available hundreds of billions of dollars of emergency loans during the pandemic. While governments in the Global South need access to finance to support their Covid-19 responses, IFI loans are complicated by the conditions attached. The IMF’s pressure on recipient countries to implement austerity measures is discussed briefly in Section IV.

This section will focus on the World Bank Group’s financing of LPT over the last several months. Regional IFIs and bilateral donors are also involved in financing LPT development and should be investigated in future research.

The WBG’s Covid-19-related rapid finance has targeted support for the health and containment effort and strengthening of social safety nets. None of the emergency loans have been earmarked for LPT or for any part of the transport sector. Nonetheless, general support by IFIs can be understood as freeing up fiscal space and thus indirectly enabling LPT emergency funding and stimulus measures. In addition, the International Development Association (IDA) and International Bank for Reconstruction and Development (IBRD), which make up the public sector side of the WBG and are collectively referred to as the World Bank (WB), have continued regular project and policy financing in the LPT sector during the pandemic. Some of these loans have specifically aimed at responding to the Covid-19 crisis.

1. MAXIMISING FINANCE FOR DEVELOPMENT AND THE WORLD BANK GROUP’S PANDEMIC RESPONSE

In recent years, the World Bank Group has adopted an approach it terms Maximising Finance for Development (MFD) as the main means for achieving its two main goals of ending extreme poverty and boosting shared prosperity. MFD replaced the structural adjustment programmes (SAPs) of the 1980s, which conditioned loan disbursements on the implementation of designated market reforms. The goals and implications of the new approach are similar, however: MFD is predicated on the belief that public money and institutions should be used to leverage private finance. The WBG asserts that the trillions of dollars needed to invest in infrastructure and catalyse development should be mobilised through public-private partnerships and by increasing protections for private investors against contingent liabilities, providing low-cost loans and loan guarantees to the private sector, taking first-loss equity positions, and other forms of ‘blended finance’ (combining public and private finance).82


Although the WBG has shied away from using the term officially, MFD has continued to guide its approach during the pandemic. The WGB’s Crisis Response Approach Paper clearly posits the ‘crowding-in’ of private participation in the delivery of public services and infrastructure as the best means to enable a ‘resilient recovery’ in the face of higher public debt and debt vulnerabilities in developing countries. According to this framework, the WBG will follow earlier stages of emergency support aimed at ‘saving lives’ and ‘protecting the poor and vulnerable’, with efforts to ‘ensure sustainable business growth and job creation’ through public-private joint interventions and partnerships. The paper warns governments against policies that ‘treat private business poorly’ during the pandemic. It calls on them to develop legal frameworks, guidelines, operating procedures and tools to protect PPPs and other private investments against losses, and to ensure predictable future returns in order to keep their infrastructure sectors attractive. It also stresses the importance of supporting greater competition in markets dominated by state-owned enterprises and mobilising revenue through privatisation.

The World Bank (WB) is deploying Development Policy Financing (DPF) loans to achieve these goals. DPF loans (a rebranded version of the Structural Adjustment Loans of the 1980s) support governments to implement the market policies the WBG lays out for them. According to the Response Approach Paper, in the post-crisis era DPFs will focus on ‘helping stem policy mistakes that can be costly in the long run’, such as ‘a deterioration in the investment climate or subsidies for declining sectors’. Of equal concern, policy loans are not subject to the environmental and social safeguards (including labour protections) which apply to project loans.

A table of World Bank urban transport projects approved during the pandemic can be found in the Annex. In addition to summarising the amount and main content of these loans, the table includes information on how they support the WBG’s policy goals. Below, the two most significant projects, in Morocco and Colombia, are explained in more detail.

2. WORLD BANK ADDITIONAL FINANCING FOR THE LPT SECTOR IN MOROCCO

The Kingdom of Morocco, classified a lower-income economy by the World Bank, has put significant effort into strengthening its LPT services in recent years through private development and operations. These efforts are supported by a group of international donors, which includes the World Bank, the WBG’s private sector arm the International Finance Corporation (IFC) and the French Development Agency, among others. Prior to the pandemic the government developed a National Strategy for Urban Mobility (SNMU), with World Bank assistance. The SNMU calls for improving LPT service quality and integration through improving existing infrastructure and services, reforming paratransit and developing new BRT systems and technological improvement, strengthening the coordination and implementation capacity of the central and local governments, and strengthening financing through a proactive role by the government, the mobilisation of additional financial and fiscal resources at the local level and ‘the maximization of private sector financing for suitable investment’.

The SNMU’s emphasis on maximising private finance for development is closely aligned with World Bank priorities. The IBRD has supported the implementation of the SNMU through a Program-for-Results (PforR) loan amounting to USD200 million, which was approved in December 2015 with a closing
date of 30 June 2021. Among other things, this loan supported the deployment of new bus concession in several regions, including Rabat and Casablanca. According to the IBRD, these private concessions have led to substantial private capital mobilisation in the form of the purchase of new fleets by private concessionaires. The loan also enabled the operation of the central government’s Urban Transport Fund (Fonds d’accompagnement des réformes du transport routier urbain et interurbain), which is used to finance initial infrastructure development and fleet investments, and also helps cover operating deficits during the first three years of a new service’s operations. The Bank sees the Urban Transport Fund as particularly important because it acts as a mechanism for transferring funds from the central government to private developers and operators and protecting them against risks.

The fund has indeed operated in this way during the pandemic. For example, it was used to cover the losses resulting from a 90 percent drop in ridership on Casablanca’s recently built second tramline, which is operated by RATP Dev Casablanca. The city government also fully compensated losses on tramline one, in accordance with its contract with the operator, which requires the government to cover operating deficits as well as pay a service fee and incentive based on kilometres-driven, accident rates and passenger fraud records.

In November 2020, the IBRD determined that additional financing (AF) of USD150 million was needed to enable expansion of the PforR, in order to strengthen LPT as ‘a key enabler of socio-economic recovery post-Covid-19’. In particular, it aimed to accelerate reforms and investments in public transport to address the financial deficit and liquidity issues faced by private operators, and to avoid a situation where “Covid-19 exacerbate(s) social exclusion…, productivity loss due to congestion, emissions, and traffic accidents, among others.”

The additional financing is being used to strengthen central and local government capacity to coordinate, support, implement and monitor urban transport and to cover expenditures to improve services along priority corridors, focusing on BRT infrastructure in Casablanca and Agadir and conventional bus lanes in several other municipalities. The loan is also being used to provide temporary operational subsidies to BRT operators. For its part, the government of Morocco is also contributing to these projects by mobilising domestic revenue through tax reform and ‘the privatisation of certain government assets and State-Owned Enterprises’ and through the Urban Transport Fund.

While the World Bank and the Moroccan government have been funnelling money to private LPT operators, however, few protections have been provided to bus and tram workers, many of whom have suffered a loss of income or even their jobs. Early in the pandemic, the government provided some income support to furloughed workers through the National Social Security Fund. However, this amounted to only MAD2000 (USD200) a month for three months, a fraction of the workers’ salaries. No additional support has been forthcoming.

3. DEVELOPMENT POLICY FINANCE FOR BRT AND ELECTRIC BUSES IN COLOMBIA

As in Morocco, the World Bank has played a large role in the development of privately-operated LPT services in Colombia, which is classified as an upper-middle-income economy. Along with the InterAmerican
Development Bank and the European Investment Bank, the WBG has financed the development of BRT, metro and cable car systems in the capital city of Bogotá and other metropolitan areas. Colombia is lauded by the Bank for having had the second highest number of infrastructure projects under construction in Latin America before the pandemic and ranking as ‘among the most competitive countries in the world in terms of regulatory framework for infrastructure finance through PPPs’. 

This framework includes ‘a sound contingent liability management framework, clear fiscal rules for public support to PPPs and concessions, and a track record for attracting private investment’ and was developed with advisory and financial assistance from the WBG.92

Bogotá’s BRT system has been criticised by unions for being dangerously overcrowded and inefficient, plagued by operator corruption and a lack of transparency in use of government subsidies. Nonetheless, it is often praised by IFIs as an example for other developing countries to follow.93 This is despite the fact that the WB admits that the LPT systems it has helped develop in Colombia have only achieved on average 43 percent of the ridership forecasts used to plan these projects.94

In September 2020, the World Bank approved a new DPF loan aimed at sustaining ‘resilient and sustainable infrastructure for recovery’ in Colombia. The goal of the loan is to provide targeted and temporary support to utilities and PPPs facing financial strain from declining demand and payment deferrals, including Colombia’s seven privately-operated BRT systems. Before the loan agreement was concluded, the Colombian government acted on World Bank advice and made legal revisions to allow municipalities to amend concession contracts with BRT operators to enable full compensation for losses incurred during the pandemic. A separate decree authorised the government to temporarily support operating costs. Prior to this measure, the legal framework only allowed the central government to cover capital costs.

Based on this legal revision, the IBRD loan aims to support the national government’s compensation to private BRT operators to enable them to “maintain a full and reliable supply of public transit services under enhanced biosecurity protocols despite the higher operating costs.” The loan is also meant to support the development of alternative local funding and financing mechanisms, including road pricing, congestion and pollution charges, and on-street parking management schemes. According to the WB, these measures will enable critical mobility services for essential workers and low-income and vulnerable groups, particularly women.95

Despite these important goals, unions in Colombia are critical of the support that has been provided to BRT systems. The Sindicato Nacional de Trabajadores de Rama, Servicios de la Industria del Transporte y Logística (National Union of Branch, Transport and Logistics Workers, SNTT) reports that no conditions to protect workers have been attached to the support, so that operators may use funds as they like without guaranteeing workers’ pay or employment.96 SNTT notes that even before the pandemic, a lack of financial transparency allowed BRT operators to inflate costs and fill their pockets with subsidy money. In Bogotá, experts note that the city government has used money earmarked for other services (such as health, education and culture) to cover additional


94 IBRD, “Program Document for Colombia,” 42.


96 Author’s interview with Francisco Mora Guerra, SNTT and Bruno Dobrusin, ITF, 11 March 2021; Follow up email exchange with Bruno Dobrusin, ITF, 13 March 2021.
costs incurred by BRT operators in the TransMilenio system during the pandemic. As of March 2021, it was still unclear if the national government would indeed step in to help municipalities cover BRT operating losses.97

The IBRD loan also aims to promote electric and low-emissions modes of transport as “an important catalyst to a greener recovery from COVID-19.” Specifically, it supports the implementation of Colombia’s newly enacted Electromobility Law, which promotes the use of electric vehicles for both public transport and private use. The law sets targets for 10 percent of new public buses to be electric or zero emission by 2025 and 100 percent by 2035. According to the loan document, 600 zero-emission buses are expected to be introduced to the TransMilenio system in the next few years, and the national electric bus fleet should have increased by 60 percent by the end of 2022.98 Recently, Transdev signed a 15-year contract with TransMilenio to operate and maintain 406 electric buses in the capital from November 2021.99

In comparison to the support provided by the WB and the government to the BRT systems during the pandemic, traditional bus services have been neglected. These buses are run by small private operators and owner drivers, and provide services to provincial areas surrounding the city, which are not covered by the BRT systems. They are popular with users because they are less expensive, run more frequently and are safer than BRT services.100

While BRT services were kept running, albeit with capacity restrictions, and subsidised, traditional buses were kept off the streets from March to November 2020, with no income support for workers. During the same period, 600 workers from the seven BRT systems lost their jobs during this period, according to union leaders. The problems for workers in the traditional bus services have not ended. With the introduction of new electric and low-emission vehicles in Bogotá, the government is planning to phase out over 6,000 traditional buses by the end of 2021. There is no plan to cover the services they provide or to ensure a just transition for workers.101

4. EVALUATION OF WORLD BANK INVOLVEMENT IN LPT DURING THE PANDEMIC

While the organisation of LPT is very different in Morocco and Colombia, there are several striking similarities in the loans the World Bank has granted to the governments of the two countries.

First, both have stated goals of sustaining and strengthening LPT as part of the recovery from Covid-19 – a goal shared by trade unions globally. However, many features of the loans make it questionable that this goal will be fulfilled.

Second, both loans are being made in countries and cities where the WBG already has substantial commitments, both through the IBRD and IFC. Specifically, loans are enabling national governments to fully cover losses for private companies that operate LPT services originally developed with financing from the WBG and other international donors. In addition, the WB has advised the governments in both cases on legal and regulatory revisions that will keep their LPT sectors open to future private involvement.

Third, while the governments in both countries are supporting operators, protections for workers are highly inadequate, and many people have lost their jobs or income. It is important to note that, as policy financing, neither of the loans described have environmental or social safeguards attached.

97 https://m.lasillavacia.com/crisis-financiera-transmilenio-lopez-prioriza-ciudadanos-pesar-del-costo-80484?amp=1
99 Transdev signs €874 million electric bus deal in Colombia, expands in Latin America, Transdev Press Release, 26 January 2021.
100 https://snttdecolombia.org/noticias/sistemas-brt/muere-por-so-brecarga-electrica-el-transporte-tradicional-en-Bogota/
Finally, while both loans have a goal of reducing transport sector emissions, neither includes support for workers who might be affected by climate-related measures. In the case of Colombia in particular, a transition to electric and low-emission vehicles is taking place in conjunction with a phase-out of traditional bus services in a way that will hurt both the passengers who use them and the workers who provide them. While the Bank is correct in its assessment that both countries, and indeed countries throughout the Global South, need assistance to make their LPT sectors resilient and sustainable as part of a green recovery, its policy financing is likely to support systems that serve the interest of corporate LPT operators much more than the interests of workers and users.

VIII.

RECOMMENDATIONS FOR SUSTAINABLE LPT FUNDING

Part I in this series makes several recommendations for sustainable and socially just LPT funding from the perspective of unions in the Global North. Many of these recommendations – timely, fair, and sufficient emergency funding, distributed fairly among different operators, modes and groups of workers; and the development of sustainable funding models and fare systems – are important for unions in the Global South as well. The recommendations below draw from the cases from the Global South covered in this report. A separate document, *Principles for sustainable and socially just LPT funding during the pandemic and beyond*, brings together the recommendations from both Parts I and II to create a global perspective.

1. ADDRESS MACROECONOMIC CONSTRAINTS THROUGH DEBT CANCELLATION AND INCREASED ODA AND PUBLIC CLIMATE FINANCE, PROGRESSIVE TAXATION AND A STRENGTHENED ROLE FOR PUBLIC BANKS

In order to truly tackle the crisis faced by their LPT systems and their public services in general, most countries in the Global South need whole-economy solutions. Responsible actions by international organisations (the G20, IMF, World Bank and other IFIs) and governments in the Global North to address inequalities in the global financial system are an important part. Such actions must include systemic and ambitious debt reduction (cancellation) and restructuring; measures to support the currencies of countries in the Global South (e.g., an adequate allocation of Special Drawing Rights); and a strong commitment to increase official development assistance and public climate finance to aid green recovery driven by public investment. Structures must be put in place to ensure local decision-making over and socially responsible use of ODA and climate finance. Resources should also be mobilised internationally and domestically through wealth and corporate taxes and reform of the mission, role, operational strategies and governance structures of public banks, so that they can directly support the pandemic relief and recovery effort.

2. REFORM OF IFI DEVELOPMENT FINANCE

International financial institutions have clear mandates to support relief and recovery efforts in the Global South, to help address poverty and to aid development. They have responded rapidly to the pandemic, but they are also pushing countries towards fiscal austerity to ensure that they can meet external debt payments. IFIs employ a model based on PPPs and private finance, which approaches infrastructure and public
services, including LPT, as means for profit-making instead of as public goods that guarantee basic rights, including the right to mobility.

The World Bank’s financing of LPT during the pandemic has been carried out with the goal of supporting its existing projects, covering losses for corporate operators and keeping LPT open to future private investment. Insufficient attention has been given to workers and traditional and informal LPT services. The policy financing instruments being used have no labour safeguards attached. Despite discourse on using the pandemic as an opportunity for formalisation, informal services and workers are being left out.

A new direction for IFI funding is needed: one which prioritises public investment, the provision of LPT as a public service, good jobs and formalisation processes that put workers at the centre.

3. **EQUAL EMERGENCY FUNDING FOR ALL MODES OF LPT WITH WORKER PROTECTIONS**

Like IFIs, governments in the Global South have often prioritised corporate LPT operators for emergency support over small-scale, informal and in some cases public sector operators. In many cases, emergency funding has not prevented companies from laying off workers or cutting pay and conditions. Informal LPT workers, who are generally not covered by normal labour protections or social insurance, have been hit particularly severely. Even where governments have implemented new relief and income support programmes targeting informal workers, many have been unable to receive aid due to a lack of political will and infrastructure for distribution.

Emergency support should cover all modes and forms of LPT and be sufficient to maintain necessary services and support workers’ livelihoods. Funding should be provided to cover pandemic losses and guarantee jobs, livelihoods and health and safety, not profits. Special attention must be paid to ensure that informal LPT services are adequately accounted for and informal workers can access the support they need.

4. **TRANSPARENT USE OF FUNDS AND UNION PARTICIPATION IN DEVELOPING COST MODELS**

LPT systems in the Global South often suffer from a lack of transparency about the costs of operations and the use of public money. This has allowed corruption and waste by private operators. At the same time, public conceptions that LPT systems cost too much money deter local authorities and taxpayers from exploring public ownership and operations as a viable alternative to privately-run services. Emergency funding and subsidies should be based on rational cost models and require full transparency in the use of funds. Workers have on-the-ground knowledge of what it takes to run services efficiently and safely, and their unions should be included in the process of determining safe and sustainable transport costs, models, rates of pay and conditions. This is true for formal public and private services, and informal services newly covered by service contractors and/or subsidies.

5. **FUNDING FOR CLIMATE ACTION AND JUST TRANSITION, NOT PRIVATE PROFITS**

IFIs, government and unions alike are all calling for a green recovery from the pandemic, and increased investment in LPT is often promoted and understood in this light. However, the goals of environmental sustainability and green jobs are often used to justify the introduction of financing and operating models that guarantee private profits. In the Global South in particular, new mass transit systems and clean fleet initiatives are initiated without adequate support for workers, who either must shoulder the burden
of the cost of new vehicles or face losing their jobs when less energy efficient services and vehicles are phased out.

Public funding models should support the development of clean integrated LPT systems. Workers and their trade unions must be included in decisions about the transition to low-emission services and vehicles. Adequate support and compensation must be provided to workers if their livelihoods are affected. Just transition programmes should include the formalisation and integration of informal services and guarantee good jobs for affected workers in new sustainable systems.

6. **FUNDING FOR WORKER-CENTRED FORMALISATION**

IFIs and governments have claimed that the pandemic provides an opportunity to formalise informal LPT services, yet in many places this process is not occurring, or it is taking place without the involvement of informal workers and their unions. On the other hand, some informal workers’ unions are seizing the opportunity to demand funding for formalisation and to develop their capacity as agents in this process.

Governments and IFIs should fund the formalisation of informal LPT services and their integration with mass transit systems, as an essential part of making LPT more sustainable, providing quality LPT services and creating good jobs. They should include informal workers’ unions in the planning and implementation of formalisation processes and provide adequate support so that workers can continue to provide services in newly integrated systems.
### IX. APPENDIX

**World Bank LPT-related Loans since March 2020**

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<tr>
<th>COUNTRY</th>
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<th>APPROVAL DATE</th>
<th>SECTOR</th>
<th>INSTRUMENT</th>
<th>FINANCING AGENCY</th>
<th>AMOUNT COMMITTED BY WB (TOTAL PROJECT COST) (USD)</th>
<th>PROJECT GOALS AND CONTENT</th>
<th>PRIVATE SECTOR GOALS</th>
<th>NOTES ON PANDEMIC IMPACT AND RESPONSE</th>
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<tbody>
<tr>
<td>Morocco</td>
<td>Urban Transport Program for Results – Additional Funding (AF)</td>
<td>Nov. 3 2020</td>
<td>PT development</td>
<td>Pfr</td>
<td>IBRD</td>
<td>150 million (185 million)</td>
<td>Provides additional funding for original project (USD200 million) scheduled to end in June 2021. Project funds strengthening of integration and governance, development of bus and BRT corridors and operationalisation of the Urban Transport Fund.</td>
<td>Ensure sustainable business growth and job creation; Strengthen policies, institutions and investments for rebuilding better by contributing to maximization of private capital mobilisation (PCM) based on the MFD approach.</td>
<td>Infrastructure and service delivery planned under the original project was delayed by the pandemic. AF provided additional funding until 2024, restructures and scales up the project to support urban public transport as a key ‘enabler of socio-economic recovery’ post-Covid-19 and avoid a dramatic shift to private car use.</td>
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### World Bank
### LPT-related Loans since March 2020 (continued)

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<tr>
<th>COUNTRY</th>
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<th>APPROVAL DATE</th>
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<tr>
<td>India</td>
<td>Meghalaya Integrated Transport Project</td>
<td>Oct. 23 2020</td>
<td>Road construction</td>
<td>IPF</td>
<td>IBRD</td>
<td>120 million (150 million)</td>
<td>Seeks to improve transport connectivity, efficiency and management in Meghalaya through improvement, rehabilitation and maintenance of urban roads and bridges and to improve assets management, planning and road safety management.</td>
<td>MFD through incentivising the private sector to (a) offer transport services and wayside facilities for tourists and road users, (b) participate in EPC/PPP contracts for roadways and civil works, and (c) implement innovative maintenance contracts.</td>
<td>In the context of adverse impact on central government grants to the state, the project supports recovery through support for transport infrastructure, creating employment for the local population, introducing safe working practices, encouraging the use of IT by transport agencies. Improved connectivity will help people access government support.</td>
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<td>INSTRUMENT</td>
<td>FINANCING AGENCY</td>
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<tr>
<td>Egypt</td>
<td>Greater Cairo Air Pollution Management and Climate Change Project</td>
<td>Sept. 30 2020</td>
<td>PT (e-buses)</td>
<td>IPF</td>
<td>IBRD</td>
<td>200 million (200 million) Includes non-transport components (e-bus component, 40 million)</td>
<td>Seeks to reduce air and climate emissions and increase resilience to air pollution in Greater Cairo through financing of low/no emission bus transport fleet and related infrastructure, improved planning and training for deployment of e-buses</td>
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<td>Promote private sector led job creation</td>
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### World Bank

#### LPT-related Loans since March 2020 (continued)

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<th>COUNTRY</th>
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<tr>
<td>Colombia</td>
<td>Resilient and Sustainable Infrastructure for Recovery</td>
<td>Sept. 30 2020</td>
<td>Road construction / PT development</td>
<td>DPF</td>
<td>IBRD</td>
<td>500 million (500 million)</td>
<td>Seeks to sustain critical infrastructure services following Covid-19, while establishing policy foundations for recovery through sustainable and resilient infrastructure. Supports the development of green urban mobility systems through increasing the proportion of clean vehicles in mass transit systems and providing alternatives to individual motorised transport. Provides temporary support to utilities and PPPs facing financial strain from declining demand and payment deferrals, including Colombia’s seven privately operated BRT systems. Supports the revision of contracts for toll road projects. Supports development of a more sustainable financial model based on co-financing by the national government, road pricing, congestion and pollution charges and on-street parking management schemes.</td>
<td>WB has maintained an advisory engagement on mobilising long-term private financing, contingent liability management and strengthening the PPP framework; Ensure sustainable business growth and job creation; Strengthening policies, institutions and investments for rebuild better’ through policy measures to ensure sound financial management of infrastructure investment and the leveraging of long-term private and institutional investment for resilient and sustainable infrastructure; Support National Fund for Infrastructure (FONES) to use blended finance solutions and attract long-term domestic and international investors.</td>
<td>Posits maintaining access to and developing sound fiscal management of critical infrastructure as part of the Covid-19 response and recovery. WB expects that support for BRT operators will enable mass transit systems to maintain a full and reliable supply of public transit services under enhanced biosecurity protocols despite the higher operating costs. Measures aim to ensure critical mobility services for essential medical, public service and administrative personnel required in the context of the Covid-19 emergency and low-income, vulnerable groups, and particularly women.</td>
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## World Bank LPT-related Loans since March 2020 (continued)

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<th>FINANCING AGENCY</th>
<th>AMOUNT COMMITTED BY WB (TOTAL PROJECT COST) (USD)</th>
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<tbody>
<tr>
<td>Vietnam</td>
<td>Vinh Long City Urban Development and Enhanced Climate Resilience Project</td>
<td>June 30 2020</td>
<td>Road construction</td>
<td>IPF</td>
<td>IDA</td>
<td>126.9 million (to 202.2 million)</td>
<td>Seeks to improve access to infrastructure and connectivity and reduce flood risk in the urban core area of Vinh Long City. Strategic corridors development component will finance prioritised investments in roads, specifically three urban roads. Promotes nonmotorized transport options and will consider future creation of urban public transport networks in the design of main roads.</td>
<td>Enable inclusive growth with private sector participation</td>
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## World Bank
### LPT-related Loans since March 2020 (continued)

<table>
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<tr>
<th>Country</th>
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<th>Instrument</th>
<th>Financing Agency</th>
<th>Amount Committed by WB (Total Project Cost) (USD)</th>
<th>Project Goals and Content</th>
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<th>Notes on Pandemic Impact and Response</th>
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<tr>
<td>Bangladesh</td>
<td>Western Economic Corridor and Regional Enhancement Program</td>
<td>June 23 2020</td>
<td>PT development / Road construction</td>
<td>MPA</td>
<td>IDA</td>
<td>500 million (758.2 million)</td>
<td>Seeks to provide safe and resilient connectivity along a regional transport corridor in western Bangladesh and promote local economic development through upgrading national highway and secondary and tertiary and village roads and related infrastructure and services. Enable Bangladesh to trade in transport services and earn port and road transport charges as well as transit fees.</td>
<td></td>
<td>Seeks to create 1.3 million days of rural employment in the first 24 months of the project and create jobs through civil works. The loan also supports the country’s two key transport agencies to enhance emergency preparedness for any future pandemic or crisis.</td>
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World Bank
LPT-related Loans since March 2020 (continued)

<p>| COUNTRY  | TITLE                                                                 | APPROVAL DATE | SECTOR                      | INSTRUMENT | AMOUNT COMMITTED BY WB (TOTAL PROJECT COST) (USD) | PROJECT GOALS AND CONTENT                                                                 | PRIVATE SECTOR GOALS                                                                 | NOTES ON PANDEMIC IMPACT AND RESPONSE                                                                 |
|----------|-----------------------------------------------------------------------|---------------|-----------------------------|------------|-------------------------------------------------|------------------------------------------------------------------------------------------|------------------------------------------------------------------------------------------|
| Sri Lanka| Kandy Multimodal Transport Terminal Development Project              | May 18 2020   | Road construction / PT development | IPF        | 69.33 million (69.33 million)                   | Seeks to enhance accessibility, efficiency, and safety for public transport users of the Kandy Multimodal Transport Terminal through development of the terminal, improvement of urban integration and road safety around the KMTT and institutional strengthening and capacity building. | Improve competitiveness of the economy; Enable opportunities for MDF by developing a comprehensive business development plan for the KMTT that will explore how the private sector can be engaged, including opportunities for PPPs for the operations and maintenance of the KMTT. | Implementation is critical for post-pandemic recovery. The new terminal will help reinvigorate the tourist appeal of the Kandy city areas after the pandemic, helping to expedite the post-pandemic recovery of the region. |</p>
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<tr>
<td>Brazil</td>
<td>São Paulo Aricanduva Bus Rapid Transit Corridor Project</td>
<td>April 22 2020</td>
<td>PT</td>
<td>IPF</td>
<td>IBRD</td>
<td>97 million (121.25 million)</td>
<td>Seeks to improve mobility and accessibility to jobs for socially vulnerable public transport users and enhance operational efficiency of the city bus system through development of a BRT system, upgrading the bus operational control center and capacity building.</td>
<td>Support private sector investment and productivity growth and the mobilisation of greater investment in infrastructure, including through PPPs; Loan will promote an enabling environment for the private bus and terminal operators and contribute to mobilisation of private financing for operation and maintenance of BRT stops; Support MFD by financing BRT infrastructure to ensure an enabling environment for private bus operators.</td>
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<tr>
<td>Brazil</td>
<td>Transition to Electromobility in Brazilian Cities</td>
<td>April 10 2020</td>
<td>PT development</td>
<td>IPF</td>
<td>IBRD</td>
<td>0.00 (total project 0.94 million)</td>
<td>Seeks to enhance the technical, financial and institutional readiness of federal government agencies and support the preparation of electric bus pilot projects in selected Brazilian cities.</td>
<td>Support private sector investment and growth. The public investment in the corridor is expected to generate additional opportunities for private sector involvement and MFD through PPPs for one of the planned integration stations.</td>
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<tr>
<td>Brazil</td>
<td>Improving Mobility and Urban Inclusion in the Amazonas Corridor in Belo Horizonte</td>
<td>March 24 2020</td>
<td>PT development / Road construction</td>
<td>IPF</td>
<td>IBRD</td>
<td>80 million (total project 100 million)</td>
<td>Seeks to improve the quality of service and accessibility for PT users in the area and urban living conditions through restoring and building urban roads, sidewalks and bus stations, implementing cycle paths and related engineering studies and designs.</td>
<td>Support private sector investment and growth. The public investment in the corridor is expected to generate additional opportunities for private sector involvement and MFD through PPPs for one of the planned integration stations.</td>
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<td>Haiti</td>
<td>Cap-Haitien Urban Development Project</td>
<td>March 6 2020</td>
<td>Road construction</td>
<td>IPF</td>
<td>IDA</td>
<td>56 million (56 million) Includes non-transport components</td>
<td>Seeks to improve selected urban infrastructure and public spaces to support a more livable and resilient Cap-Haitien city-region through supporting urban infrastructure investments including roads, sidewalks, pedestrian walkways, bike paths, etc.</td>
<td></td>
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