1. What is UITP?

UITP is the international organisation for public transport authorities and operators, policy decision-makers, scientific institutes and the public transport supply and service industry. We act as a platform for worldwide co-operation, business development and the sharing of know-how between our 3,400 members from 92 countries. UITP is the global advocate for public transport and sustainable mobility, and the promoter of innovations in the sector.

In the European Union, the UITP EU Committee gathers the public transport undertakings and the national associations, members of UITP. The public transport sector in EU 27 includes regional and suburban rail, metro/tram, local/regional bus and local waterborne passenger transport services.

For more information about UITP, please visit www.uitp.org

2. Introduction: financing public transport

Urban public transport is facing a paradox: although there has been significant growth in demand in most countries in the last years, this usually means higher reliance on public support and funding for investment, and in most cases for operation as well. In a context of harsh budget restrictions, this represents a challenge not only in the short but also in the medium term. There is no silver bullet for public transport funding and it is required to mix revenue strategy, private funding and public support, in a mutually reinforcing manner. The support of the EIB to public transport should be situated exactly at that junction, that is, acting not only as a lender but also as a catalyst to private lending, and being an integral part of public transport funding schemes.
Against this background, UITP welcomes EIB’s intention to reinforce the current lending policy in sustainable urban transport, which will contribute towards achieving the ambitious climate and transport policy targets of the European Commission.

UITP therefore fully supports the following areas of modification under consideration in the Revised Lending Policy:

- **Reinforce the current EIB lending policy** in sustainable urban transport, giving priority to integrated urban transport packages that are performing best in terms of Greenhouse Gas emissions and energy efficiency;
- The existence of **strategic transport plans**, based on integrated planning, to be considered a pre-requisite for EIB’s financing;
- Expand the scope of EIB’s intervention beyond traditional infrastructure, e.g. ITS, road user charging and PT rolling stock that meets energy efficiency objectives;
- Greater use of **non-financial tools** (TA, Jaspers, Elena)

### 3. Questions raised by the EIB

**Smarter growth**

*Where and how do you see R&D and innovation (new technologies) contributing to modernizing and decarbonising the transport sector? How can new technology be used to encourage modal shift where this carries social benefits, and in which ways should the Bank support such trends?*

Decarbonisation can be best achieved through a mix of modal shift towards sustainable transport modes and technology innovation. The need for both approaches is reinforced by the fact that the main part of the GHG savings promised as a result of technology innovation will occur after 2030 while modal shift to public transport will provide quicker wins (PTx2 = -20% GHG emissions between 2005 and 2025 – for more details, see attached leaflet on urban transport scenarios for 2025).

As far as public transport is concerned technology innovation for improved energy efficiency of vehicles concerns mainly traction efficiency, recuperation of energy, weight reduction, and use of renewable resources. Such improvements are however rarely sufficient to trigger behavioural changes and modal shift.

Achieving modal shift requires a combination of innovative policy measures, including - but not limited to - technology innovation. In the area of public transport, technology innovation should be mainly related to improvement of service quality and matching lifestyles expectations: seamless, reliable and readily available travel information (e.g. real time information, mobile/smartphone applications), integrated ticketing (e.g smartcard electronic ticketing), service reliability, higher comfort without affecting other aspects of performance, etc.

**Role of EIB:**
The EIB should continue to acknowledge in its lending policy priorities the role of modal shift and enhance integration of public transport in their support to urban development projects. This would entail further support to JESSICA type of projects (integrated urban development packages).

**How might the Bank better contribute to the introduction of new technology(ies) in the sector?**
*For example, how can adoption of cleaner vehicles be encouraged to overcome their higher cost, and what tools should the Bank provide to support such developments?*

The EIB could support the adoption of clean buses by **providing better borrowing conditions** to offset the additional ownership costs of any kind of alternative to diesel and overcome decision barriers and achieve market breakthrough.

**Innovative formulae of vehicle leasing** should be considered by the EIB (e.g. cross-border lease, tax lease, etc.)

**Are there particular initiatives in which the Bank should be proactive eg the “green” car initiative?**

It must be recognised that ‘green’ cars e.g. electric vehicles will provide carbon reduction benefits, but the societal and economic costs of congestion remain. Focus should thus be placed on ‘green’ propulsion technologies for public transport (e.g. zero emission bus projects).

Furthermore, given the fact that almost all public transport vehicles (both road and rail) used in the EU are produced in the EU, it seems very relevant to support initiatives in that area, to keep the EU public transport industry on the cutting edge with related benefits in terms of competitiveness and employment.

**Sustainable growth**

**How can the Bank support the improvement of mobility in a sustainable manner while contributing to a reduction of congestion and pollution?**

The EIB should support integrated urban mobility packages based on the shift to sustainable modes including public transport. This optimizes benefits for cities: decoupling growth in mobility from growth of its negative impact on environment and society, strong support to local economy, health benefits, etc. (See attached leaflet on urban transport scenarios for 2025.)

In link with the need to blend funding streams highlighted in the introduction, the key role of EIB is to act as a catalyst to private lending and to support access to capital markets, notably by strengthening the reputation and credibility of projects.
In order to actually play such a catalyst role, and allow for diversified funding sources for projects, the EIB should be more flexible in its lending conditions and encourage the involvement of, and cooperation with, other commercial lenders. This would entail, for instance, to complement senior debt by mezzanine financing or junior financing, and more generally, to accept some level of risk in its lending.

Besides, clauses and procedures should be revised to better match with practices of commercial lending institutions. The duration of approval processes is of particular concern.

Finally more openness to innovative or more complex arrangements (e.g. innovative leasing formulae mentioned above) would be welcome.

**Inclusive growth**

*Which strategic projects with high European value added addressing critical bottlenecks, cross border sections, inter modal nodes (cities, ports, logistic platforms) should be accelerated through Bank interventions?*

Urban areas account for 80% of EU GDP. Improving accessibility to urban facilities has a major impact on the local but also the overall European economy and the internal market.

With reference to the environmental, social and economic benefits of modal shift highlighted above, it would be appropriate to give priority to projects with higher contribution to the shift towards sustainable modes of transport, and notably public transport. In that respect, it would be useful to acknowledge that all aspects of a public transport project contribute *per se* to the sustainability of urban transport.

More generally, it is vital to develop economic assessment procedures which better highlight the wider benefits of urban transport projects. It is critically important to monetize and include in appraisal methods aspects such as wider economic benefits, quality of urban realm, health, and regeneration. UITP acknowledges the efforts made by the EIB to further develop its appraisal procedures and encourages the Bank to pursue in this direction. Further cooperation between EIB and UITP would be welcome, building on exchanges in 2009 in the framework of UITP work on economic appraisal (cf. Focus Paper in annex).

As far as vehicles are concerned it is essential that the assessment is based on the concept of life cycle.

*What role might the Bank’s operations in the transport sector have in fostering employment?*

Supporting the development of public transport networks means investing in a growing sector, with significant job creation potential. Jobs at public transport operators are green and not easily outsourced to low-income countries. Moreover, as indicated above, most public transport vehicles used in the EU are produced in the EU.
Linked to the above point regarding wider economic impacts, there is also evidence which shows the ability of urban and inter-urban public transport projects to generate employment opportunities through enhanced and efficient accessibility.

**How transport investment (in means and/or infrastructure) may contribute towards urban and regional development?**

In addition to remarks made above, a key challenge for public transport is to connect city centres with suburbs and hinterland. Given the progressive shift of population and economic towards the outskirts of cities, the provision of convenient public transport connections on key strategic routes/corridors between those areas is a key element to the sustainable development of cities.