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Urban Passenger Transport

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As cities grow and traffic congestion increases, it will be increasingly important for governments to ensure that their urban populations are adequately served by effective public transportation systems. This will be a key contributor to improved productivity and social welfare (by reducing commuting times and avoiding traffic congestions). Shifting urban populations from private to public transport would also form an important component of a coordinated approach to tackling climate change, since public modes of transport such as light rail, tram and metro transit systems as well as bus rapid transit (“**BRT**”) projects provide less carbon-intensive alternatives to driving private cars.

Approaches to PPPs in the urban passenger transport sector can be quite varied, as this sector encompasses a variety of infrastructure types. The appropriate allocation of revenue risk between the host government and the private developer, and the private developer’s discretion to set tariffs are key structuring considerations for PPPs in this subsector. Urban passenger transport projects also give rise to very complex interface issues, as a transportation system would often need to interact with other utilities, installations and transportations systems.

This section provides information on public-private partnership (“**PPP**”) urban transport projects including links to PPP agreements and further reading materials.

Public-private partnerships (PPPs) are also increasingly being used to expand and enhance bus shelters, stations, and terminals, improving the travel experience of commuters by providing clean and safe spaces to wait for and transfer. Explore the page Public-Private Partnerships in [Bus Shelters, Stations and Terminals](#) to learn more.

Urban Passenger Rail

Australia

- [Melbourne – Franchise Agreements for Urban Rail](#) - Second generation of agreements. Dated 2009 (amended 2012). Franchise is for an initial period of eight years, renewable for a further maximum of three years. Franchisee to operate railway passenger services on rail infrastructure and using rolling stock leased to it by the Melbourne Public Transportation Authority (PTV), and PTV and the Franchisee have agreed to the payment of Franchise Payments and other payments on the terms of the Agreement.
- [RailCorp Rolling Stock Public Private Partnership](#) - RailCorp entered into a rolling stock public-private partnership (PPP) with Reliance Rail in December 2006. The Reliance Rail consortium comprises equity partners Downer EDI, AMP Capital Investors, Royal Bank of Scotland Group and International Public Partnerships (formerly Babcock and Brown Partnerships). Reliance Rail is supported by a team of industry specialists, including engineering and service organisations such as Downer EDI Rail and Hitachi. See the [Updated summary of contracts](#) and [Schedule of Agreements](#).
- [Metro Tunnel Project](#) – Project Agreement (executed in late 2017) between a private consortium (which includes Lendlease, a major Australian infrastructure and property developer, and John Holland, a leading Australian engineering contractor) and the State of Victoria, for the design, construction and maintenance of 9km of underground railway tunnel running through the Melbourne central business district. The term of the contract is over 30 years (including design and construction), ending in September 2048. It is structured on a BOT model and provides an example where the host government retains greater demand / revenue risk under a “availability payment” model. For the key features of the Project Agreement, [read more...](#)

United Kingdom

- [London Overground Rail Concession 2016](#) - paper considering draft concession and summarizing key features of the concession agreement that was then entered into with Arriva in 2016

United States

- Denver FasTrack. Eagle Project Concession Agreement - Agreement between the Regional Transportation District (RTD) and Denver Transit Partners (DTP). Summary together with attachments and amendments. The RTD FasTracks Program is a multi-billion dollar comprehensive transit expansion plan to build 122 miles of new commuter rail and light rail, 18 miles of bus rapid transit, 21,000 new parking spaces at light rail and bus stations, and enhance bus service for easy, convenient bus/rail connections across the eight-county district. Eagle P3 is a public-private partnership comprised of RTD's East Rail Line, Gold Line, Commuter Rail Maintenance Facility and Northwest Rail Line Westminster segment. The entire Eagle P3 Project is scheduled for completion in 2016. The Eagle P3 is a \$2.2 billion capital project comprised of federal funds, RTD sales tax bonds and private equity from the concessionaire team, Denver Transit Partners. Eagle P3 received a \$1.03 billion Full Funding Grant Agreement (FFGA) from the Federal Transit Administration on Aug. 31, 2011. The Eagle P3 Project is being delivered and operated under a concession agreement that RTD has entered into with a "concessionaire" that has been selected through a competitive proposal process “Denver Transit Partners (DTP)”. The concession agreement requires DTP to design-build-finance-operate-maintain (DBFOM) the lines under a single contract. RTD will retain all assets while shifting much of the risk of designing and building the project to DTP.

Metro

Europe

- [Metro Concession Agreement](#) - Concession agreement developed for metro in European city. Drafted by international law firm. Sanitized document together with a summary of the project.

Trams

Australia

- [Melbourne Metropolitan Tram Franchise Agreement](#) - Agreement of 2009 as amended 2014. Franchisee has agreed to operate tramway passenger services on tram infrastructure and using rolling stock leased to it by Melbourne Public Transportation Authority (PTV), and PTV and the Franchisee have agreed to the payment of Franchise Payments and other payments, on the terms of this Agreement. The contract is for a duration of eight years from 2009 and may be extended for a further 3 years on mutual agreement.

Light Rail

Australia

- GoldLinQ - Gold Coast Rapid Transport Project. PPP project for the construction and operation of a 13 km light rail system. The primary contract is the [Gold Coast Rapid Transit Project Deed](#) (Project Deed), dated 5 May 2011, between the State of Queensland (the State) and the GoldLinQ Pty Ltd (GoldLinQ “Operator Franchisee”). Under the Project Deed, the Operator Franchisee has agreed to design, construct, manufacture, install and commission the light rail system for the State during a period of approximately three years. This includes the manufacture and supply of the trams and rail systems, track laying, station and structures, and the assembly of the overhead power supply. The operator is paid construction payments against the completion of construction milestones. The following operations and maintenance phase is for 15 years, which includes running tram services to the timetable, cleanliness and maintenance of the trams, and maintenance of the system infrastructure in return for monthly service payments.
- **North West Rail Link** – [principal project deed](#) (executed in late 2014) between Transport for NSW (a government agency responsible for regulating and managing Sydney’s transportation networks) and a private consortium (which includes the MTR Corporation, Leighton, Plenary Group and Marubeni) for the design, construction, operation and maintenance of a new rapid transit railway line running through Sydney’s north-western suburbs. The agreement runs for a term of 15 years from the target date for completion (in 2019) and is structured on a BOT model. The project usefully illustrates how the private sector can bring in innovative financing structures (the securitized license model) to fund the development of important public infrastructure. It is also a useful example of how larger infrastructure projects may be partitioned between severally different private participants, with the host government playing the central coordination role. For the key features of the agreement, [read more...](#)

Canada

- [Canada Line Rapid Transit Airport Link \(TransLink\)](#) - The Canada Line project is the construction and operation of a rapid transport link from Richmond City Center to Vancouver Airport in Ottawa, Canada. The Government of Canada, the Province of British Columbia, Greater Vancouver Transportation Authority (TransLink), the Vancouver Airport Authority (VAA) and the City of Vancouver are funding the Canada Line, which is supported by the City of Richmond. The project also involves a private sector partner, InTransitBC, who was selected through a competitive bidding process and there is a link to the concession agreement. The total projected cost of the project was Canadian \$1.9 billion (2003). InTransitBC commits to design, build, partially finance, maintain and operate the Canada Line. InTransitBC is to assume most construction and operations risks.

Bus Rapid Transit Systems

A cost-effective alternative to urban rail investments are bus-rapid transit (BRT) systems. A BRT system is a bus-based urban passenger transport system that enables fast, comfortable and high-quality passenger transit. Typical features are the use of dedicated bus lanes and traffic signal priority, technology of intelligent transportation systems (ITS), and rapid and convenient fare collection. In a PPP model the cities build and maintain the infrastructure including stations and a fare collection system, while private operators own and manage the buses, hire staff and provide services on a long-term contract. Existing bus and taxi operators can be integrated into the BRT system and enter into long-term contracts with the relevant municipality.

Senegal

- [Inauguration of the Senegal BRT](#) - The development objective of Dakar Bus Rapid Transit Pilot (BRT) Project for Senegal is to enhance urban mobility between Dakar and Guédiawaye through the development of a Bus Rapid Transit (BRT) corridor connecting 23 stations and 14 of the city's most densely populated communes. The project launched in December, 2023.

Colombia

- Bogotá - [TransMilenio](#) - The TransMilenio Bus Rapid Transit (BRT) system opened to the public in December 2000 and replaced a system of many small competing enterprises. It is considered as a model case for a mass urban transit system and was replicated by various cities. The TransMilenio operates like a rail-based system by providing dedicated lanes for the exclusive use of the system's buses, with boarding stations along the length of the lanes. It is a registered Clean Development Mechanism (CDM) project under the UN Framework Convention on Climate Change (UNFCCC). The sample contracts below relate to Phase I of the TransMilenio system. The concession contract related to Phase II of the project is part of the additional materials provided with the [Bus Rapid Transit Planning Guide](#) (2017).
- Contrato de Concesión (Concession Contract) document in Spanish with annotations in [Spanish](#) and [English](#).
- Contrato de Operación (Operation Contract) document in Spanish with annotations in [Spanish](#) and in [English](#)

South Africa

- Cape Town, South Africa BRT - The PPP in Bus Rapid Transit (BRT) operations involved transfers of buses from government entities to private operators for specified contractual periods, during which the operators were required to operate and maintain the BRT fleet. Fleet expansion and replacement to be undertaken depended on future demand were defined in the contract accordingly. Fare collection is not part of the operator's scope of work. Payments are made to the operator on the basis of per kilometer availability payments paid out in pre-defined time intervals, with a minimum revenue guarantee in terms of fixed annual kilometers. The contract sets out mechanisms for paying additional kms, for revising payment terms and penalties/bonuses. Click on the RFP (with the draft agreement). **NOTE:** This may have been amended during the bidding process: [IRT Vehicle Operator Contract between the City of Capetown and the Vehicle Operator Company](#).

Toolkits

Light Rail

- [Private Sector Participation in Light Rail - Light Metro Transit Initiatives](#) by Cledan Mandri-Perrott (with Iain Menzies), Public-Private Advisory Facility (PPIAF) 2010 – Toolkit on PPP arrangements

for the establishment of effective light-rail metro transit (LRMT) systems. Presents options and discusses practical issues related to preparing and implementing new LRMT PPP schemes. The toolkit is intended as a practical guide to developing LRMT PPPs in both developed and developing countries. It aims to help government and public authorities to make informed decisions, adapted to local policy and objectives.

Bus Rapid Transit

- [Urban Bus Toolkit](#), World Bank and Public-Private Infrastructure Advisory Facility (PPIAF) 2011 - This toolkit is designed to help government officials and policy makers evaluate existing and alternative urban bus systems in developing and transitional countries. It offers practical advice to enact fundamental system reforms (available in English, French and Chinese).
- [Toolkit for Public-Private Partnerships in Urban Transport - Maharashtra, India](#), Asian Development Bank (ADB) 2011 - This toolkit was prepared to assist public entities in the state of Maharashtra in India in developing public-private partnership (PPP) urban bus transport projects. It includes case studies and detailed term sheets for the different PPP options that aim to facilitate the drafting of contracts. Terms sheets are provided for (a) cost-plus contracts and net-cost contracts (typically lease contracts) where the private sector owns, operates and maintains the buses while the public authority collects the revenue, (b) licensing contracts (typically operation & maintenance contracts) where the buses are owned by the public authority and the private party operates and maintains the buses and collect the revenue, and (c) a bus depot contract (design-build-operate contract) as well as (d) a monorail operation and maintenance contract.
- [Bus Rapid Transit \(BRT\): Toolkit for Feasibility Studies](#) - This Toolkit is Module 2 of the Guidelines and Toolkits for Urban Transport Development prepared by the Asian Development Bank (ADB) and the Ministry of Urban Development of India in 2008. The documents in this toolkit are designed to help decision makers and practitioners in states and municipal governments who are concerned with urban transport development in medium-sized cities in India.

Fare Collection and Intelligent Transport Systems (ITS)

- [World Bank Toolkit for Intelligent Transport Systems \(ITS\) for Urban Passenger Transport](#) - Online tool providing guidance in the planning, design, implementation and evaluation of an ITS program. The online resource includes sections on fare collection and case studies as well as a downloadable Handbook and Companion Guide.
- [European ITS Toolkit](#) - Decision-support toolkit for Intelligent Transport Solutions (ITS) - The toolkit was developed by the European project 2DECIDE. It covers ITS solutions for road and public transport in Europe. The toolkit is available to the public for free upon registration. It is available in English, French, Spanish and other European languages.
- [A Toolkit for Self-Service, Barrier-Free Fare Collection](#), Transport Research Board (TRB) of the United States, Transit Cooperative Research Program (TRCP) Report 80, 2002. The report addresses the full range of issues and parameters - including policy and enforcement issues, operational issues, and capital and equipment issues - that an agency must consider in determining the applicability of self-service fare collection systems. In 2012, TRB released TCRP Synthesis 96: Off-Board Fare Payment Using Proof-of-Payment Verification, as an update to TCRP Report 80.

Further Reading and Resources

- [Urban Transport - Can Public-Private Partnerships Work?](#) By Eduardo Engel Alexander Galetovic, The World Bank, Sustainable Development Network, Urban and Disaster Risk Management Department, Policy Research Working Paper No. 687 May 2014.
- [Incentive Structure in Transit Concession Contracts: The Case of Santiago, Chile, and London, England](#) by Andrés Gómez-Lobo E. and Julio Briones, Clean Air Institute, January 2013. The

objective of this report is to analyze the principal clauses of bus concession contracts to allow them to be adapted to other cities, and their concrete impact on the behavior of bus operators, the quality of the service provided, and transit systems finances, based mainly on the experience of Transantiago in Santiago, Chile, and in London, England. The ultimate aim is to derive lessons learned and provide recommendations for other cities that plan to embark on a contracting exercise or are faced with contract renegotiations with bus operators.

- [Valuation of the Minimum Revenue Guarantee in the Urban Railway PPP Project](#) by Kang-Soo Kim, December 2013 (Korean with English summary).
- [Private Sector Participation in Urban Rail - Getting the structure right](#) by Iain Menzies and Cledan Mandri-Perrott, Gridlines, Note No. 54, Public-Private Infrastructure Advisory Facility (PPIAF) April 2010.
- [Guide de Bonnes Pratiques: Qui Paie Quoi en Matière de Transports Urbains -- Handbook of Good Practice: Who Pays What for Urban Transport](#) (English and French). L'Agence Française de Développement (AFD) et ministère de l'Ecologie, de l'Energie, du Développement durable et de la Mer (MEEDDM) 2009.
- [The Bus Rapid Transit Planning Guide](#) - Institute for Transportation & Development Policy, 3rd edition, June 2007 (English, Portuguese, Spanish, Chinese, Russian). This guide is a comprehensive resource for planning a BRT system, beginning with project preparation all the way through to implementation. It contains a template for a concession contract which is based upon the Phase II contract for trunk services in the Bogotá TransMilenio system and provides an outline of the original contract. The complete contract is available as an additional resource. See also [The BRT Standard and Best Practices 2013](#).
- [Land Value Capture Mechanism : The Case of the Hong Kong MTR](#) - The Case of the Hong Kong MTR.
- [Traffic Demand Risk : The case of Bangkok's Skytrain \(BTS\)](#)
- [Accelerating Infrastructure Delivery](#) - New Evidence from International Financial Institutions, 2014.

Related Content

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- [Railway PPPs](#)
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Additional Resources

- [Bus Shelters, Stations and Terminals](#)
- [Climate-Smart PPPs](#)
- [Municipal Public-Private Partnership Framework](#)
- [Selected World Bank Tools](#)

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