

# Urban Transport Financing in China

*Transforming Transportation 2013, January 17th, Washington DC  
Daniel Bongardt, GIZ China*

# The Trillion RMB Question

How can urban transport funding in China become sustainable and trigger more green transport development?



# Background: Increasing Costs of Urban Rail

- 29 subway projects in 22 cities approved
- ca. 1 trillion RMB total investment in 2012
- 1 km subway costs about 0.7-1.0 billion RMB
- 4 billion RMB of subsidies annually in Beijing

Source: *China Daily* (January 10, 2013)





# Existing National Funding

- Transit fuel **subsidy** (50 billion RMB/year)
- Pilot **Transit Metropolis** Programme of MoT (still tbd. around 0.5 billion RMB/year)
- Low Carbon Urban Transport **Pilot City Programme** of MoT with 26 pilot cities (250 million RMB in 2011, 500 million RMB in 2012, over 700 million RMB in 2013)
- Comprehensive Passenger **Transportation Hub Programme** to connect different transport modes (100 Hubs planned during the 12<sup>th</sup> FYP, subsidy to each hub is 30-50 million RMB)
- 200 **logistic centres** during the 12<sup>th</sup> FYP (30-50 Mio. RMB per centre)
- **Low carbon city** programme under NDRC (transport share unknown)



# Current Financing Issues in China

- Land concessions
- Debt accumulation in cities
- No dedicated national fund
- Tax revenues for highways
- No land value capture
- Fixed ticket fares
- High subsidies for operation

**Investments**

**Operation**



## Further challenges ...

### **Institutional Issues**

- Institutional complexity
- Lack of co-ordination (horizontal)
- Private sector involvement

### **Planning framework**

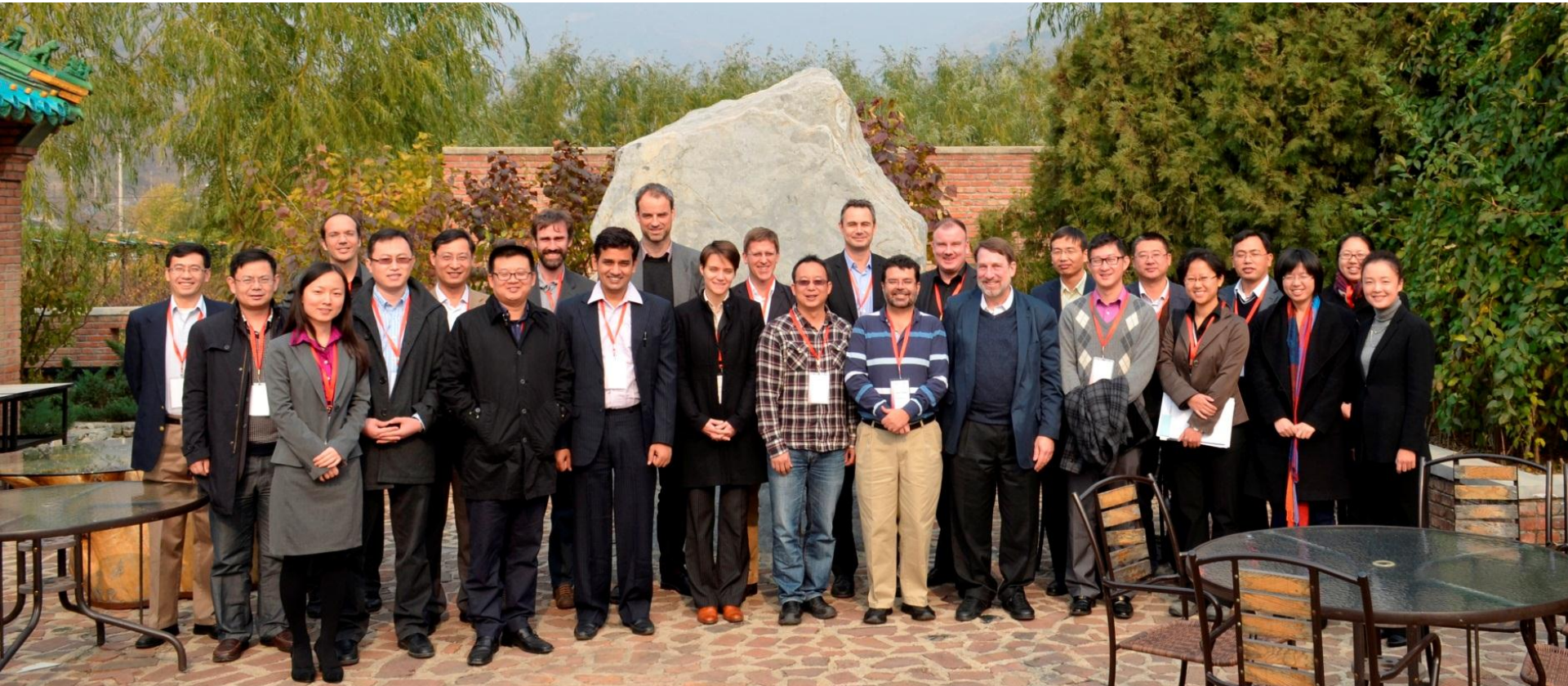
- Coordination between cities
- Link to urban development
- Focus on networks rather than user and impact

### **Capacity at local level**

- Limited knowledge
- Lack of overall manpower
- Assessment of performance
- Data access and availability



## *Urban Transport Finance Expert Workshop, November 1-3*





# International Experiences

## Funding for regions or city-clusters

Co-financing of projects

A strong single authority for SUT

Financial support for technical assistance

Support for studies **Training**

**Assessment bodies**

Coordination between cities **Linking transport & urban planning**

Mandatory mobility plans that fulfil certain criteria

## Definition of criteria for funding

Projects need to be part of master plans to be eligible

**Using local revenues**

Public-private partnerships





# Innovations for urban transport finance

*Participants were working in 4 breakout groups:*

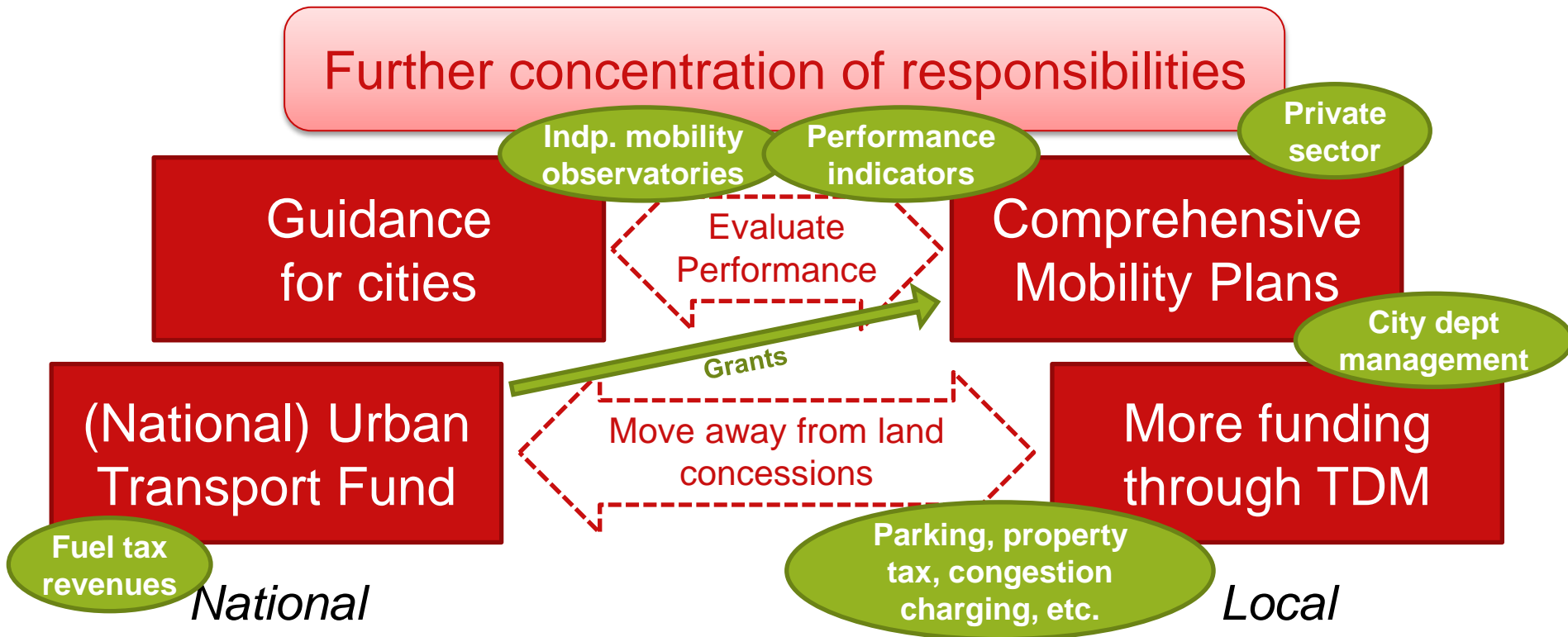
- 1. Local Empowerment**  
Increasing options for local funding of sustainable urban transport
- 2. Mainstreamers**  
Scale up innovative funding options for sustainable urban transport
- 3. New Transport Fund**  
Using national funding to catalyze sustainable urban transport
- 4. Long March to Structural Reform**





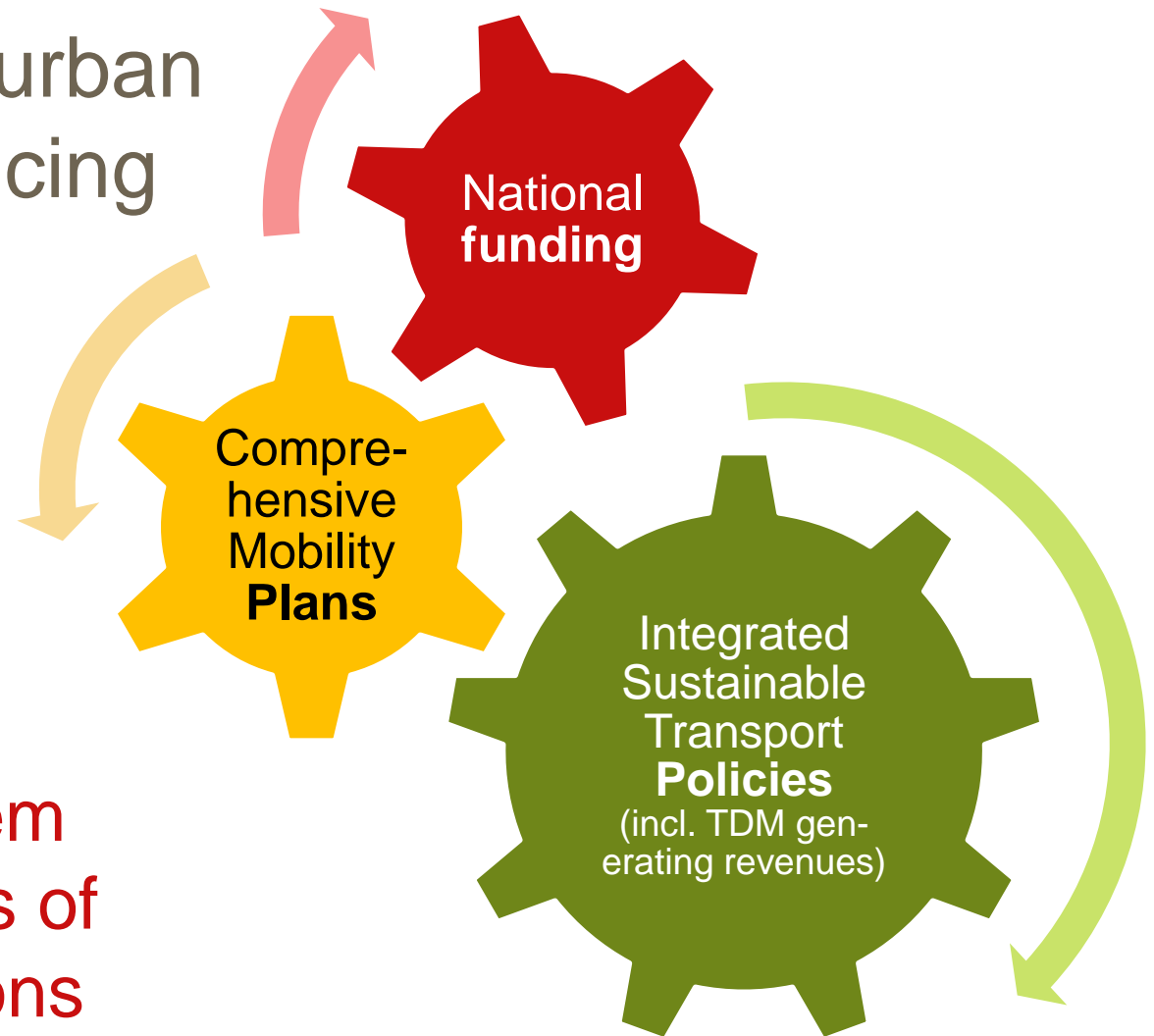
# Building blocks ...

... of sustainable urban transport financing in China





# Towards new urban transport financing in China



**Remove system  
relying on sales of  
land concessions**