Scaling up: Meeting the challenges of the United Nations 2030 Agenda for Sustainable Development through people-first PPPs

URBAN RAIL

UNECE International PPP Forum
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UNECE
Strengths of the Committee in the delivery of tangible results

**Goal**: a universally harmonized inland transport system

58 conventions, 1742 Contracting Parties

Sustainable Transport Division
Work of Transport Division towards the development of URBAN RAIL and PPPs

Railway infrastructure financing and Public-Private Partnerships
Regular agenda item of Working Party on Rail Transport (SC.2)

Sustainable Urban Mobility and Public Transport

Innovative ways for financing transport infrastructure

PPP Schemes and Railways Financing

Workshop on Urban Transport and Mobility
Workshop on Good Practices and New Tools for Financing Transport Infrastructure
Workshop on Mobility as a Service

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Sustainable Urban Mobility and Public Transport

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Workshop on Good Practices and New Tools for Financing Transport Infrastructure
Workshop on Mobility as a Service
**Case Study I: URBAN RAIL and PPPs**

*From the ECE Transport Division publication on innovative ways for financing transport infrastructure.*

Prepared by Mr. Jonathan Beckitt

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**Nottingham Express Transit**

The city of Nottingham in the UK has recently opened an extension to its existing tram network, effectively doubling the number of lines.

Both the existing network and the extension were developed using a PPP concession model, with finance provided by a combination of capital grant and bank lending. A single concessionaire is responsible for the development, operation and maintenance of the extended network and new trains have been introduced. A key feature of the project is the introduction of a multi-modal ticketing system providing connectivity between trams and buses.

The Authority's preferred procurement route which was adopted for the project was Option 1 **Design, Build, Finance, Operate and Maintain (DBFO)**.

- Full transfer of system integration risk - the concessionaire would be required to **deal with any system integration problems** (e.g. inability of the operating sub-contractor to meet timetable requirements due to design failure), for which the Authority would be entitled to reduce the unitary charge.

- **Whole life costing optimisation** - the concessionaire would be incentivised to ensure that the system would be designed to **optimise whole life cost over the life of the project** and to satisfy handback requirements.

- **Achievement of passenger focussed outputs** - the performance regime and payment mechanism would provide greater incentives than under any other procurement option to achieve passenger focussed outputs (e.g. service frequency and ride quality) because failure to achieve performance standards would result in the concessionaire suffering deductions from the unitary charge.

- **Network flexibility** - **future extensions could be included within the scope of the procurement** which would enable future extensions to be implemented without terminating the concession for NET Phase Two.

- **Revenue risk** - the concessionaire would have overall control in respect of design, construction, maintenance, life cycle replacement and operation allowing the concessionaire to have greater influence on patronage revenue and take farebox revenue risk. The NET Line One concession agreement transferred full revenue risk to the concessionaire.

* From the ECE Transport Division publication on innovative ways for financing transport infrastructure.
Case Study II: URBAN RAIL and PPPs*

Rolling Stock Procurement: The Intercity Express Programme

The Intercity Express Programme is the programme to replace the older intercity trains currently running on the domestic rail network in the UK with new trains using a PPP arrangement. The UK government has entered into a contract for the supply and maintenance of the replacement rolling stock with Agility Trains, a consortium consisting of Hitachi Rail Europe and John Laing Investments. The rolling stock is known as the Hitachi Super Express Train and will initially be built and assembled by Hitachi in Japan with subsequent trainsets being assembled at a new facility to be constructed for the project at Darlington in the UK.

Given the size of the overall programme, the procurement was split in two: an initial funding for the Great Western Mainline (GWML) fleet, and a second financing for the East Coast Mainline (ECML) fleet. The main scope of the GWML procurement is the design, manufacture, commissioning and bringing into service of the new trainsets alongside the construction and maintenance of new depot facilities at Bristol and Swansea, and refurbishment of the existing North Pole depot in West London. The ECML procurement involves the construction of a large new depot at Doncaster.

Key features of the project are:
- **Pathfinder**: This was the first time a PPP structure had been used for the procurement of rolling stock.
- **Innovative**: The train availability-based structure is the first time a "no train no pay" structure has been used in the heavy rail market.
- **Flexible "change" regime**: Trains are mobile assets providing a key public service and considerable flexibility is required in respect of their deployment ranging from amendments to the passenger timetable to redeployment of trains to different routes and use of new depots.

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Is it possible to measure Urban Rail Projects contribution to sustainable development and putting people-first

Governments should make sure that concessionaires while implementing/operating the projects would

Ensure Accessibility:
National accessibility ⇒ High mobility ⇒ Access to education, food, health and employment ⇒ Social inclusion, individual economic development and reduced inequality

Ensure Affordability:
Affordable access ⇒ Better mobility ⇒ Better opportunities for work and social service

Ensure Safety:
Prevention and Mitigation: Holistic approach across the modes of inland transport and terminal

Ensure Security:
The notion of transport security encompasses all malevolent acts which stakeholders in transport systems—including concessionaires—take action to prevent. Malevolent acts include the ordinary infliction of damage and everyday delinquency to highly orchestrated acts of terrorism on transport systems, infrastructure or passenger and freight vehicles

Ensure Protection of the Environment:
Energy-efficient behaviour ⇒ Renewable energy sources ⇒ Low-emission technologies ⇒ Environmentally sustainable transport
Thank You!