FINANCING AND FUNDING OPTIONS FOR CYCLING INFRASTRUCTURE

VELO-CITY 2018

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Introduction to C40

C40 CITIES account for

10,000 ACTIONS TO COMBAT CLIMATE CHANGE

96 AFFILIATED CITIES

1 in 12 PEOPLE WORLDWIDE

25% OF GLOBAL GDP

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C40 Networks catalyze new, better and faster climate action by helping cities learn from one another.

- **Energy and Buildings**
  - Private Building Efficiency
  - Municipal Building Efficiency
  - New Building Efficiency
  - Clean Energy

- **Transport and Urban Planning**
  - Mobility Management
  - Walking and Cycling
  - Mass Transit
  - Low Emission Vehicles
  - Land Use Planning

- **Food, Water and Waste**
  - Sustainable Waste Systems
  - Waste to Resources
  - Food Systems

- **Adaptation Implementation**
  - Cool Cities
  - Connecting Delta Cities
  - Urban Flooding

- **Air Quality**
  - Air Quality
Research highlights the need to tackle motorised transport

ONE THIRD OF C40 CITIES’ EMISSIONS COMES FROM TRANSPORT

ACTIVE MOBILITY COULD SAVE UP TO 28% OF TRANSPORT EMISSIONS
W&C Network cities are key to articulating this vision

Network cities are accelerating a shift towards walking and cycling.
That is why we are pushing for green and healthy streets

**FOSSIL FUEL FREE STREET DECLARATION**

**THE DECLARATION SPECIFIES 2 CLEAR COMMITMENTS**

- Procure only zero emission buses by 2025
- Make one large area of each city Zero Emissions by 2030
The C40 Cities Finance Facility

Project preparation  Capacity development

Knowledge sharing  Partnerships

FUNDING PARTNERS

Funded by UK Government

IMPLEMENTING PARTNERS

giz Deutsche Gesellschaft für Internationale Zusammenarbeit (GIZ) GmbH
THE QUINTO CENTENARIO CYCLE AVENUE

- 25 km cycle avenue, 34,000 trips in peak hours
- Currently undergoing feasibility studies
- Aiming to develop an innovative financing and funding model for cycling infrastructure
- Pilot project under Colombia’s NAMA TANDEM
FINANCING and FUNDING OPTIONS FOR CYCLING INFRASTRUCTURE – VELO-CITY 2018

Financing and funding infrastructure: definitions

DEFINITIONS

FINANCING
Related to how governments (or private companies) that own infrastructure find the money to meet the upfront costs of building said infrastructure.

Examples:
• Municipal revenues
• Bonds
• Intergovernmental transfers
• Private sector (e.g. cycle parking, bike-sharing)

FUNDING
Related to how taxpayers, consumers or others ultimately pay for infrastructure, including paying back the finance from whichever source the government (or private owners) choose.

Examples:
• Taxes
• Municipal revenues
• User fees and sponsorship (e.g. bike-sharing)
Financing options for cycling infrastructure

• BAD NEWS: CYCLING INFRASTRUCTURE IS SMALL SCALE AND DOES NOT DIRECTLY GENERATE REVENUE
  - Most cycling projects are well below required minimum size for investment by ‘big fund’
  - No revenues except for bike-sharing schemes (user fees and sponsorship): but so far not sufficient to recoup operating costs, let alone capital costs

• GOOD NEWS: CYCLING INFRASTRUCTURE IS CHEAP
  • Portland was able to build its bike lane network (1993-2008, 400+ km) for the cost of a single mile of urban highway
  • $150,000 - $1,000,000m per km vs $10-20m per km (BRT) vs $100m-1bn per km (Metro)

GOVERNMENT REVENUES
- US: TAP, TIGER, HSIP
- UK: CYCLE CITY AMBITION FUND
- SUPRANATIONAL, NATIONAL, REGIONAL, MUNICIPAL FUNDS

AS PART OF BIGGER PROJECTS
- TRANSMILENIO IN BOGOTÁ, INCLUDING CICLORUTAS
- TOGETHER WITH REPAVING/RESURFACING WORKS

DEVELOPMENT BANKS - LIMITED
- GRANTS: ADB + JAPAN SUPPORT TO BIKE-SHARING
- BUT: GROWING INTEREST (E.G. CAF, ADB, KFW AS PARTNERS OF TUMI; RIO+20 COMMITMENT OF $175BN)
Funding options for cycling infrastructure

- CYCLING INFRASTRUCTURE IS CHEAP! A SMALL INCREASE IN FUNDING CAN MAKE A BIG DIFFERENCE (IF EARMARKED)
- There are numerous ways of raising revenue to allow expenditure on cycling infrastructure, some easier to implement than others
- PROVING A GOVERNMENT’S ABILITY TO RAISE MONEY IS KEY
- Regardless of size/revenue generation of cycling infrastructure, cities ought to be able to demonstrate their ability to repay a loan (creditworthiness)

ENVIRONMENTAL CHARGES/FINES
- ENVIRONMENTAL IMPACT TAX TO FUND ENCICLA IN MEDELLÍN
- ATTEMPT TO USE COAL FINES IN US ON ZERO-EMISSION BUSES

CONGESTION LEVIES
- CONGESTION CHARGES: LONDON, SINGAPORE, MILAN – DIFFICULT TO IMPLEMENT IN PRACTICE
- AUCTIONING OF LICENCE PLATES: SHANGHAI

DEDICATED TAXES
- 1.5% TAX ON EACH TNC RIDE IN CDMX (UBER, CABIFY, CITY DRIVE)
- PARKING FEES, FUEL TAXES, VEHICLE EXCISE TAXES, DEVELOPMENT CHARGES
Follow-up questions for discussion

- **Transport, and cycling infrastructure in particular, is not a financing challenge. It’s a political challenge.**

  - How can we encourage more supportive and decisive political leaders?
  - How can we encourage a shift away from business-as-usual transport financing from capital providers?
  - Can the private sector help with more than cycle parking facilities and public bicycle systems?
  - Within different types of cycling infrastructure, what is the opportunity cost of investing in different types of cycling infrastructure? e.g. (a) public bike-sharing system vs (b) subsidies for purchasing bikes/e-bikes vs (c) cycle lane
THANK YOU!

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