

FACT SHEET: Description and assessment of national support mechanisms for financing projects of urban transportation

FRANCE

Item	Year				
	1992	2002	2010	2020	2030
Population (millions) ¹	57,11	59,69	62,76	64,98	67,20
Share of population living in urban areas (%) ²	74,0 (1990)	75,5 (1999)	82,6 (2008)	N/A	N/A
GDP per capita (US\$) ³	18 500	27 600	34 200	N/A	N/A
Vehicle ownership per 1,000 residents ⁴	N/A	N/A	598	N/A	N/A
Administrative structure	Semi-presidential system, Unitary state, Constitutional republic				

Note: This fact sheet present the situation in Metropolitan France and does not specifically details the region of Paris since its administrative and financing framework are different from those of the rest of France and is not representative of the whole country. The example of the city of Lyon is presented to illustrate urban transportation financing at a sub-national level.

1. NATIONAL POLICIES

Trends in transportation

Although transportation by individual vehicles remains by far the most important motorized transport mode countrywide (82,8%) in 2011, collective transport (17,2%) increases by 3%, especially driven by a dynamic railway transportation including metros (10,6%, +3,4% compared to 2010). This trend can be explained by the increase in fuel prices, as well as the economic crisis⁵. The trend for urban transportation in particular is positive as well (+3%) with a larger increase of rail use over buses.

Between 2009 and 2010, urban transport increased by 1,9 % in number of trips, and by 2,3% in number of vehicle-km. On average, cars are used for for 60% of urban trips, 25% is walking, 11% public transportation and 2%-4% by bike.

¹ INSEE, http://www.insee.fr/fr/themes/tableau.asp?reg_id=0&ref_id=NATnon02145

² INSEE, http://www.insee.fr/fr/themes/document.asp?ref_id=ip1089

³ World Bank

⁴ Ibid

⁵ http://www.statistiques.developpement-durable.gouv.fr/fileadmin/documents/Produits_editoriaux/Publications/References/2012/CCTN%20ann%C3%A9e%202011%20ed.%202012/R%C3%A9f.RapportCCTNentier.pdf

Transport by bike increases slowly, mainly in urban areas, with large disparities between cities (1% in Marseille, and approx. 10 % in Strasbourg)⁶.

National Policies

The national urban transport policy has evolved over the last 15 years, mainly due to the decentralization process that aims at giving more autonomy to the sub-national authorities in term of local policies and financing (different sets of laws in 1982, 2004 and 2010).

As a result, local transport network management is now a subnational prerogative whereas national transport networks (highways and high-speed train lines) are still managed and financed by the central state.

A National Transport Masterplan exists⁷, but is under revision given the change of governmental majority since May 2012 and the impact of the financial crisis that forces current government to revise its priorities.

Main development axes are:

- Improve the quality of transportation of passengers: more efficient and sustainable transport, promoting high level of service transportation modes.
- Foster intermodality for freight.
- Reduce the use of individual vehicles and promote non-motorized transportation.

Institutional Framework

Level of Government	Institutions	Role
First	National Ministry of Ecology, Sustainable Development and Energy (it includes Transport)	Development and funding of national policies / programs
Second	“Régions” ⁸ : Regional Transport Authorities	Transport investments within the régions Development of inter-urban railway transport policies. Execution of programs at a regional level
Third	« Départements » : Départemental Transport Authorities	Transport investments within the Département. Development of inter-urban bus transport policies (includes school buses)
Fourth	Cities and urban communities ⁹ :	Project identification and development of

⁶ www.developpement-durable.gouv.fr

⁷ <http://www.developpement-durable.gouv.fr/Commission-SNIT-vers-un-nouveau.html>

⁸ Metropolitan France is divided into 22 régions (e.g. “Région Rhone Alpes” for the region of Lyon) and régions are divided in départements (96 in whole Metropolitan France)

	Urban Transport Authorities (UTOA)	locally-based urban transportation strategies. Execution of programs, management of the public service delegation contracts
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In large cities, the Urban Transport Authority (UTOA) is a joint syndicate that usually gathers city and départemental policy-makers as well as regional policy-makers (less often). Its role is to elaborate and apply the Urban Mobility plan (decided at the city or urban community level), to regulate and partially run urban transportation, as well as to design main fare policies. Execution of infrastructures and operations can be done directly by the UTOA or subcontracted to private entities through a public service delegation contract.

Example of the urban community of Lyon: Comprises Lyon plus 57 cities around Lyon (1,3M inhabitants, 2nd largest urban community in France after Paris). Its UTOA is called SYTRAL and is charge of infrastructures and operations (subcontracted to a private entity) for the whole urban community.

2. PROJECT IDENTIFICATION AND DEVELOPMENT

Institutions in charge of the development of mass transit technical projects	The Régions, Départements and cities hold full responsibility for mass transit projects (unless it affects national railway tracks or highways). The planning, designing and organization of mass transit is usually given to UTOAs in order to have a more efficient coordination.
Financial assistance at the national level	Yes; through the “Grenelle” law, the central government funds local sustainable urban transportation projects. Third call for projects to be issued during the first semester 2013.
Technical assistance at the national level	N/A

Strengths	<ul style="list-style-type: none"> • Support from central state increases the viability of selected projects and accelerates the implementation. Enables larger and more ambitious projects that local authorities could not afford otherwise. • Local responsibility and ownership for projects leads to efficient integration of land-use and transportation planning; as well as appropriate consideration of local circumstances and needs. • Less bureaucracy as national government will not be involved in decisions.
Weaknesses	<ul style="list-style-type: none"> • The complex administrative structure might be confusing and can lead to incoherent decisions, mainly between the regional, départemental and local levels • Support of central government is low, from a national point of view (€ 2,5B to be spent until 2020), even if it can represent up to 25% of the project cost locally.

⁹ Urban communities can take various legal forms, however they are administrative entities that gather several cities on a given urban territory to organize a common provision and share the cost of public services such as water, public transportation, healthcare...

<ul style="list-style-type: none"> • Gridlock risk: dependence on political elections when Régions, Départements and cities are not run by the same majority.
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3. FUNDING FOR INFRASTRUCTURE

The decentralization law remains problematic for subnational transport authorities since the transfer of prerogatives did not come along with a financial support from the central state. As a consequence, investments in infrastructure at a national level still remain below the average investment level over the last 15 years even if it increased by 7,2% from 2010 to 2011¹⁰.

The debt of most UTOAs has increased over the last years since the decentralization process: the central state transferred the financing of infrastructures to the UTOAs without financial compensation. As for the SYTRAL, the share of infrastructure financed through debt rose from 12% to 43% from 2010 and 2011¹¹.

Main tool to finance urban transportation in France: the “Versement Transport” (transport tax)

Set up in 1971, this transport tax is paid by all companies with more than 9 employees, private and public, in cities with at least 10 000 inhabitants. It is collected to finance a large part of the UTOAs’ budgets. Its rate is set by the UTOAs depending on the financing needs and ranges between 0.5% and 2% of the payroll of the companies.

Overall urban transportation financing structure:

	Versement Transport	Users	Regional Gov.	Central state	Loans
France (except Paris) 2006	39%	18%	24%	1%	18%
SYTRAL Lyon 2011 ¹²	34,2% (rate: 2%)	24,9%	18,9%	1,2%	12.1%
Paris Region ¹³ 2011	37,4%	39,6% (Tickets: 30,3%, employer participation: 9,3%)	20,2 %	Included in regional gov	0

Note: As said in the part 1, Paris and its region are not developed specifically but presented for information purposes.

¹⁰ http://www.statistiques.developpement-durable.gouv.fr/fileadmin/documents/Produits_editoriaux/Publications/References/2012/CCTN%20ann%C3%A9e%202011%20ed.%202012/R%C3%A9f.RapportCCTNentier.pdf

¹¹ Ibid.

¹² SYTRAL Annual report (Urban Transport Organisation Authority of the intercommunal structure in Lyon) <http://www.sytral.fr/6-finances.htm> Total is not 100%, 5,2% come from 2010 leftovers and 3,5% from other sources

¹³ Total is not 100%, 2,2% come from fines, adds... http://www.stif.info/IMG/pdf/Graph_financement_2011b.pdf

The decentralization process clearly poses the problem of over-indebtedness, since UTOAs have increased their level of ineptness and partly depend on loans to finance their infrastructure. Moreover there is a risk in growing inequalities between richer regions that can contract loans at a lower rate and poorer regions that would be charged more, or even are refused loans.

The “Grenelle Act”: the central government fosters local urban sustainable public transportation projects

In 2009 the central government enacted a law named “Grenelle Act” that sets ambitious goals in many areas that affect the environment, which includes urban transportation. In this context, the government launches calls for projects on a regular basis (every one or two years since 2009) to financially support the implementation of high-level of service sustainable urban transportation projects. After a successful bid, the Urban Transport Authorities receive the funds to invest in the projects which were handed in with the bid. Central government plans to invest up to €2.5B in the program until 2020.

Program	Call for proposal on “Urban Transportation” ¹⁴ in the context of the Grenelle Law
Administering entity	Central government: National Ministry of Ecology, Sustainable Development and Energy
Objectives	<ul style="list-style-type: none"> Improving the transport situation in local communities in favor of sustainable, passenger-friendly solutions Favor the use of public transportation and NMT and reduce private car use
Scope	Infrastructure projects dedicated to the implementation of high-level of service of sustainable urban transportation projects on dedicated lanes (metro, tram, BRTs)
Eligible modes	High-level of service sustainable urban transportation modes
Eligibility	The National Ministry of Ecology, Sustainable Development and Energy selects the projects (selection process remains unclear)
Award types	Grants up to 25% of the cost of the infrastructure project
Recipients	Urban Transport Authorities

Evaluation Process

No specific evaluation and thus might happen on individual initiative of the local authorities.

¹⁴ http://www.developpement-durable.gouv.fr/IMG/pdf/04-05-2010_-_Transports_urbains_2e_appel_a_projet.pdf

4. FUNDING FOR OPERATION

Operations for urban transportation are financed by local governments at the regional level for regional trains, at the Département level for intra-departmental buses and at the city level (Urban Transport Authorities) for urban transportation.

Hence, there is no central state participation in the financing of operations.

Example of the 2011 expenses of the SYTRAL:

2011	Operations	Infrastructure	Debt	Running costs
SYTRAL (LYON)	50,3%	30,9%	17,5%	1,3%

5. SPECIAL COMPETITIONS FOR TRANSPORT FUNDS

“Ecocités” program

Launched in 2009 in the context of the “Grenelle Act”, this program consists in developing environment friendly cities by developing sustainable urban projects in 13 pilot cities. The central government is funding the project and increases by 5% its funding for urban transportation projects in these cities.