Working Paper - The economics of Transmilenio, a mass transit system for Bogota

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Publication Date: Tuesday, 31 of August 2004
By the end of the 1990s, inefficiency, excess supply and low service quality characterized the mass transit system of Bogotá. The average travel time to work was one hour and ten minutes, obsolete buses provided public transport, traffic generated 70 percent of air pollution and there were frequent traffic accidents. To address all of these issues, the municipal and national governments designed and put in place a new mass transit system named TransMilenio (TM), which came into operation in January 2001.

The purpose of this paper is to analyze Bogotá's mass transit system before and after TM, study the political economy of its adoption process and conduct a cost-benefit analysis (CBA) of the first phase of the system. The new transit system is a hybrid model that combines public planning of the network structure, route tendering conditions, regulation and supervision, as well as private operation of the separated functions of revenue collection and transport service. The adoption of this new model needed to resolve delicate political economy issues that characterized private transport systems in many developing countries. The new organization had a sizeable impact on TM users' by improving traveling conditions significantly. In addition, congestion, pollution and traffic accidents plummeted in TM corridors. However, the type of transition adopted for the remaining transport corridors not covered by TM caused unforeseen negative spillovers, as a consequence of slow scrapping rates and bus and routes relocation.

Consequently, although the CBA for the first phase of the corridors covered by TM is positive, once these additional measures are taken into consideration, the net effect is negative due primarily to increases in travel time for passengers using the traditional transport system. In order to minimize the negative spillovers during the full implementation of TM, expected to last until 2015, integration of the traditional and new systems should be carried on, and strict regulation of the traditional public transport system should be crafted.

Fuente: https://www.banrep.gov.co/en/publications-research/working-paper/economics-transmilenio-mass-transit-system