The Matatu Industry in Nairobi

Informal, Formal or Hybrid?
Matatus: not just transportation...it is a culture!

“I wish we lived closer to rongai... that’s where the coolest nganyaz* play”
Daughter of an ITDP staff

*Slang for pimped matatu
Operations in an informally regulated environment

- Erratic fares
- Unpredictable and unreliable services
- Aggressive competition: dangerous driving behaviour
- Harassment of passengers, pedestrians and other road users
- Old and polluting vehicles
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<th>Order in chaos?</th>
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### CITY COUNCIL OF NAIROBI

**BUS**

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Investing in a Matatu

- $50,000 New 33 seater vehicle
- $4,500 Comprehensive insurance
- $1,500 Music system and Graffiti
- $150 Licence plates and Registration
- $200 Advance Tax
- $200 Sacco and TLB licence

TOTAL: $50,000 - 60,000

- $180 - 220 Daily Revenue
- 50 - 60% Daily expenses
- 2 - 3 Years Break even point
- 3 - 7 Years Vehicle life span
Negligible investment in public transport infrastructure
Bus Rapid Transit:
• High quality
• High capacity
• High speed
• Customer oriented

We need a public transport system that works for everybody.
Aim of the Industry Transition

- **Transforming an industry**
  - from one that competes with itself for passengers to one that competes on bids and contracts;
  - from one that loses money to one that is profitable for the operators

- **Improving working conditions**

- **Building local capacity and capital**

- **Providing high quality public transport services**
  that are affordable, reliable and efficient

To achieve this incorporating current industry players is KEY!!!
Understanding industry stakeholders

Matatu Owners
- Private Business persons
- Senior Government officials
- Police

Matatu Operators
- Drivers
- Conductors

Support Industry
- Mechanics
- Insurance
- Artists
- Car washers

New economic model

Commuters
- Age groups
- Social economic class
- Gender

Regulators
- Government agencies (Ministry, NTSA, Police, County)
- Matatu Owner Assoc.
- Matatu Welfare Assoc.
- Saccos
- Stage Managers
- Predators & Gangs

Saccos
Address Major Concerns

- Who will operate the system?
- How will the new services operate?
- How much will I make?
- What will happen to our vehicles/investment?

The most important questions need to be answered.
Set up Reforms Team
• Political capital
• Tough negotiators both labor & legal
• Skilled staff

Guiding policy
• Identify clear priorities of the transition
• Align with the existing public transport strategies and policies

Identify impacted operators
• Routes and operators that will be affected

Propose new business model
• Vehicle operating companies
• Contracts and service level agreements

Provide capacity Support
• Setting up formal companies
• Tax waivers on fleet procurement
• Driver and operator Training
• International exchanges

New Business Structure
New Business Structure

BRT Entity (Government agency)
- Overall management of the system
- Policy-setting
- Regulation, planning and controlling of operations and marketing.

Private Contract
- Bus operator
  - Acquisition, operation and maintenance of buses

Private Contract
- Fare Collector and Station Operators (FCSO)
  - Daily fare collection
  - Acquisition and maintenance of equipment and software used at the station
  - Customer service, cleanliness and security at stations.

Private Contract
- Fund Manager
  - Liquidity control and payments to the system actors (bus operators, fare collector, BRT entity and the fund manager).

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### Dividing responsibilities between BRT agency and private operators

<table>
<thead>
<tr>
<th></th>
<th>Bus operations</th>
<th>Bus procurement</th>
<th>Fare collection</th>
<th>Trust fund</th>
<th>Control center</th>
<th>Operations planning</th>
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## Bus operations best practices

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<th>Competitive tender</th>
<th>Private bus operators</th>
<th>Kilometer based contracts</th>
<th>Separate fare collection</th>
<th>Quality of service contracts</th>
<th>Multiple operators</th>
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Kilometer payment with incentives

Regular monitoring of service level standards by BRT agency
### Inclusion of existing operators

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<th>Former operators form companies</th>
<th>Former operators plus private investors</th>
<th>Former private companies under new contract form</th>
<th>Outside private investor</th>
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“The lifeline of a city is its transportation system”