



Madrid, Spain.

FINANCING OF LOCAL TRANSPORT IN EUROPE: DIVERSITY WITHIN A COMMON FRAMEWORK

Local transport is an essential part of mobility systems, both in terms of the number of journeys and of the means allocated. It is a part of everyday life for all residents, and it is receiving increasing attention.

Having studied the organization and goals of local transport¹, OPSTE now turns to the crucial issue of its financing. There are two main sources: payments made by users, and subsidies. Local public transport is a public service – a “Service of General Interest,” in the terminology of the European Union – not a commercial activity governed by the rules of competition.

While its development varies from one country to another, and from one city to another, and despite increasing budget pressures, local transport is evolving and modernizing. It aims to offer mobility solutions to all segments of society and alternatives to car use. It contributes to decarbonization and the overall improvement in quality of life.

AUTOMOBILE TERRITORIES, PUBLIC TRANSPORT TERRITORIES

If we take into account all local passenger transport in Europe, two types of territories can be immediately distinguished:

- **Automobile territories**, where this means of transport is efficient, dominant or even exclusive. These are sparsely populated rural areas and towns, as well as

small and medium-sized cities or the outskirts of large cities, where the replacement of cars with public transport and active modes is difficult and limited. This observation should remain relevant in the future, which does not mean that the situation shouldn't evolve. On the one hand, the electrification of cars is necessary here as elsewhere. On the other hand, solutions must be developed for the mobility of people who do not have cars. Will autonomous (driverless) taxis one day be an innovative and radical solution?

1. - See [Local transport in Europe, institutions and practices](#), *Transport/Europe Bulletin* No. 13, January 2026

• **Territories in which there is substantial local public transport**, a public service under the responsibility of a public entity. These are urban and metropolitan areas. The organization of public transport is one of the main responsibilities of the local authorities, and its political dimension is obvious. The largest portion of this collaborative study is thus devoted to it. However, cars play a major and often predominant role in these areas – particularly for the less dense outskirts – and must not be neglected. NB: cars account for about 80% of journeys in European countries, all areas taken together, in terms of passenger-kilometers.

Local automobile mobility: road management

Management of automobile mobility by local authorities does not cover the entire system: their role is limited to the management of infrastructure (construction and upkeep) and its use (traffic and parking), but not transport in the strict sense, which is provided by users with their own means (to use the terminology of freight transport, this refers to motorists' "own account" transport).

However, we must not forget taxis and private hire cars with drivers, individual public transport, with the legislative and regulatory framework to obtain a license, the scope of intervention, traffic (the use of bus lanes for example) parking, pricing, etc.

In any event, the issue of pricing for the use of municipal roads does not generally arise. Various sticker or toll systems exist in some countries (but not all!) for the use of national roads and highways, but urban tolls are rare. Parking fees play a similar role, and these are, on the contrary, very frequent, and among the mobility policies of local authorities.

The management of road infrastructure is divided between various levels of local government. In general, we can make a distinction between **municipal roads, regional roads, national roads and highways**. But the regional level is, in France for example, assigned to the departments, an infra-regional structure. The financing of the construction of roads, and sometimes their upkeep, is often shared between institutional levels, with the central government supplementing the resources of the regional authorities.

Management of road networks is a sensitive political issue, especially in a period of constraints on public financing. It constitutes a major budget category for authorities which own their infrastructures, and there is recurring debate regarding the share of the contributions between the central government and the local authorities. We observe in several countries a trend of excessively delaying upkeep of networks, on all levels.



The expression “deferred maintenance” (*dette grise*, in French) refers to the sum which must be spent to restore a network to good condition. This debt is added to the usual financial debt.

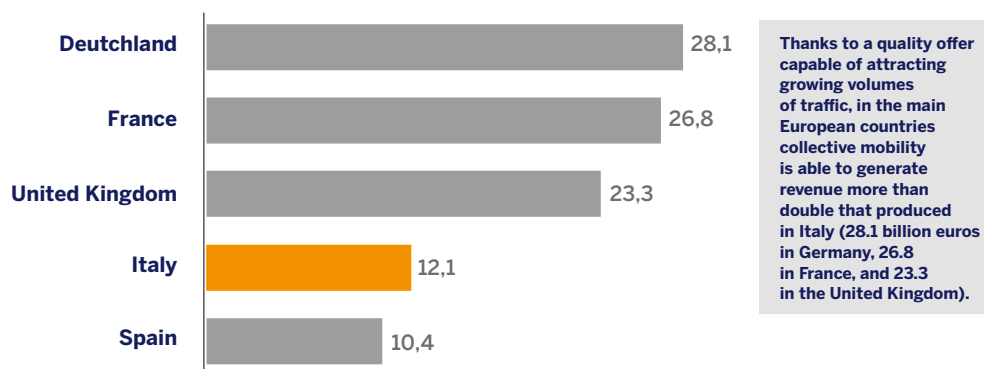
Among local governments and within each of them, the responsibility for road management is generally separate from that involving public transport.

We observe that financing of the construction and upkeep of roads is substantially different from that of rail. Even if they go through the national budget, the funds assigned to road systems mostly come from taxes and fees on vehicles, fuel and the use of roads (tolls): this is the case in Switzerland in particular (with the surcharge on mineral oils, excise taxes on oil products) and in Germany (with toll revenues, the *LKW Maut* for trucks). In some countries, the amount allocated is calculated based on a set formula, subtracting this financing from the short-term budget trade-offs (see the diagram Financing of road infrastructure and allocation in Switzerland, [page 24](#)).

Public transport regulations in the European Union

The system for the financing and organization of urban transport in the member states of the European Union is determined by **regulation (EC) 1370/2007 on public passenger transport services by rail and by road**² (which includes and updates the texts of 1969 and 1970).

2. - The regulation is available on [Eur-lex](#)



Revenue for local public transport Germany, France, United Kingdom, Italy and Spain, 2014, billions of euros.

Source: Asstra and Unicredit (2018), [Trasporto Pubblico Locale. Il ruolo della finanza nel cambio di marcia della mobilità urbana](#), 2018.

Although one of the founding economic principles of the European Economic Community and then the European Union is the free market, public transport falls within a different rationale as a service of general economic interest. The regulation (which applies directly in the member states, without transposition into national law) aims to allow the competent authorities to intervene on the market to ensure the providing of services that are more frequent, safer, of better quality or of lower cost than those which market forces alone would provide. Regulation 1370/2007 defines the conditions in which the competent authorities, when they impose or assign public service obligations (PSOs), pay compensation to the public service operators for their costs or grant exclusive rights in exchange for the fulfillment of these obligations.

The text precisely defines the notions of public service for passenger transport, public service obligation, public service compensation, exclusive right, public service contract and direct award.

The financing of urban transport under regulation 1370/2007 is based on the principle that the compensation paid to the operator must be limited to the amount necessary to cover the net financial impact of the carrying out of its public service obligations. This “*net impact*” is calculated taking into account the costs observed, the ticket fees received from passengers and a “*reasonable profit*.”

The relations between the transport organizing authorities and the operator can be covered by **two types of contracts**:

- A Gross Cost Contract, through which the competent authority pays the operator a fixed amount for the providing of services, while all of the commercial revenues go to the authority. The operator bears the cost risk but not the revenue risk. This model is suitable when the authority wants total control of the pricing policy and route design.

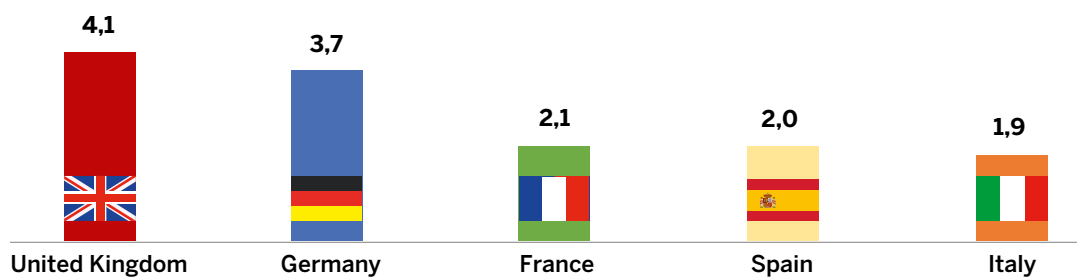
- A Net Cost Contract, through which the operator keeps the commercial revenues and receives compensation from the authority which covers the difference between the revenues and the costs. The operator assumes both the cost risk and the revenue risk, which encourages it to attract more passengers and to improve service quality.

As the European legislative framework has evolved with the adoption in 2016 of the fourth rail packet, the Commission judged it necessary to revise the guidelines³ of the public service obligation regulation (the interpretative guidelines, developed by the Commission and not submitted for a vote of the European Parliament or the Council, aimed to clarify the conditions in which this aid is considered compatible with the domestic market; it is not a new legal rule, but rather an official interpretation of the Commission).

The proposal that it presented in this direction in spring 2022 drew criticism from members of the European Parliament and several European networks (the International Association of Public Transport, Polis, Eurocities). The Commission proposed to limit the framework of the public service obligations to interventions in cases of market disequilibria and existing user demand. This new approach focusing on demand seemed to many actors to be incompatible with planning for sustainable mobility and modal transfer. The Commission also proposed the introduction of a new “*ex post*” test on the public service contracts already attributed to evaluate the risk of overcompensation. These proposals were judged to be dangerous for the development of public transport. In light of these criticisms, the Commission indicated that it would revise its proposed guidelines, which will not apply to urban transport. The new guidelines of the EU regarding the public service obligation⁴ regulation were published 2023.

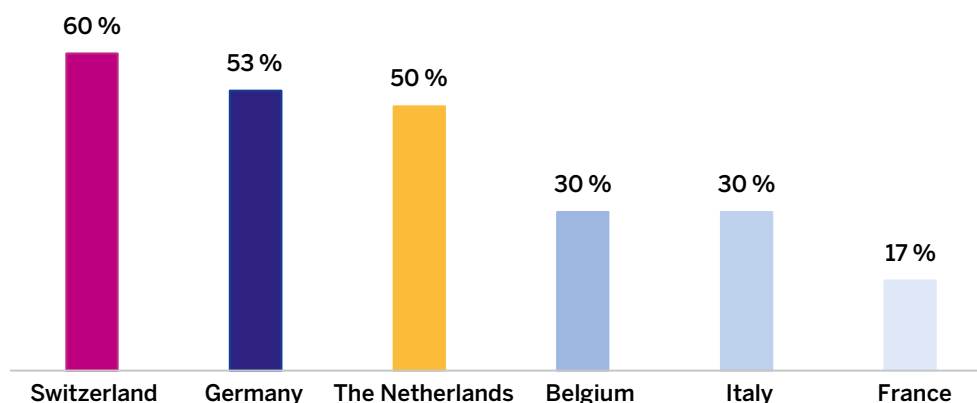
3. - Commission Notice — [Interpretative guidelines on Regulation](#) (EC) No 1008/2008 of the European Parliament and of the Council — Public Service Obligations (PSO)

4. - Commission notice on [interpretative guidelines concerning Regulation](#) (EC) No 1370/2007 on public passenger transport services by rail and by road 2023/C 222/01



Average price of a one-way ticket (euros, November 2024)

Source: Processing of data from company sites by the Asstra consultancy



**Share of users in public transport revenues in Europe
(NB: France not including Île-de-France)**

Source : AFT conference, workshop n°1, [Livret de diagnostic](#), May 2025, 44 p.

Development and pricing of public transport

The development of local public transport varies significantly from one country to another and from one area to another. The current situation is the result of a long history, specific to each social and political context. The revenue from public transport in some European countries reveals discrepancies.

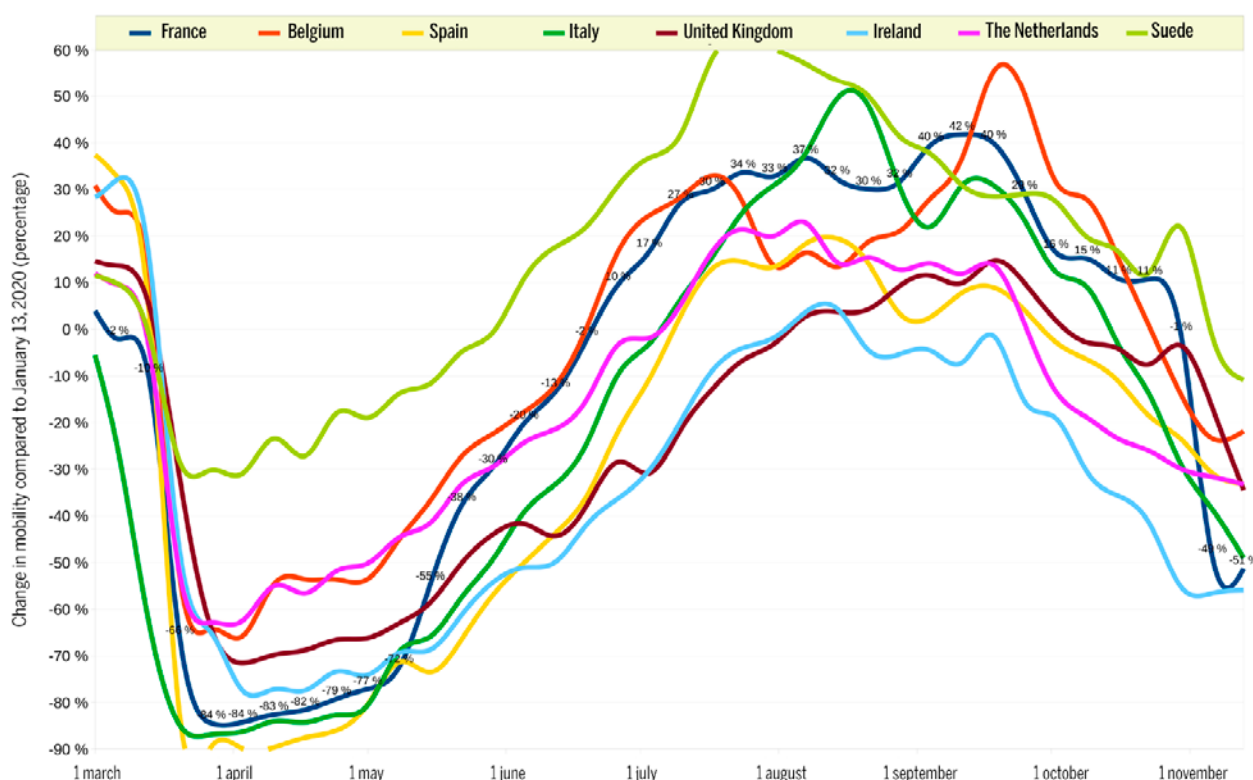
The revenue stems from a set of factors: transport offer, number of passengers, prices, subsidies, etc. The price differences for one-way tickets in some large cities show that, within a common general framework, the margins for policy choices remain very wide.

Despite a breakdown of responsibilities between various authority levels (from municipality to the central government), we observe in each country a co-decision and cofinancing process between the levels which is often complex and probably a source of inertia (and which is difficult for citizens-users-taxpayers to understand), as we can see from the example of Spain (see the diagram Stakeholders in the Pricing of Local Public Transport in Spain, [page 20](#)).

The European regulation is based on the observation that local public transport (unlike long-distance transport) cannot reach economic equilibrium by limiting

their revenues to sales income: subsidies are indispensable. They are justified by the positive social effects associated with the public transport service (broad access to work, health care, education, stores, leisure facilities, etc.), especially because in urban environments the public space is too limited for exclusive use of individual means. Moreover, by reducing road congestion, public transport is also beneficial for drivers.

The ratio of commercial revenue over total costs allows us to evaluate the equilibrium found between pricing of use and subsidies. It differs from one country to another and one city to another. In Europe, it is generally less than or equal to 40% and is tending to decrease over the years. Metropolitan areas that have maintained a high ratio of commercial revenue over total costs have greater means to ensure service quality and investments for the development of public transport systems. Within one community, the subsidy rate differs depending on the transport technique (see the diagrams Public Transport in Germany, [page 11](#), Rate of subsidizing of public transport according to the mode in the Netherlands, [page 16](#), Evolution of the rate of coverage of costs by revenues in Brussels, [page 8](#) and Share of users in public transport revenues in Europe [page 4](#)).



Individual mobility in eight European countries (automobile, walking, Public transport), March-November 2020, base 100 = January 2020

Source: [Covid-19 crisis and transport in Europe](#), *Transport / Europe* n° 3, March 2021.

Among the sources of financing of public transport, France has an unusual tool which provides a considerable share of the subsidies for local transport (but not regional rail transport): the mobility payment. It is an earmarked tax, proportional to the total payroll of employers of more than ten employees (see the diagram Resources of Mobility Organizing Authorities, [page 10](#)).

There are various price variations, decided locally, intended for various categories of transport users: reduced prices as a function of age (children and students, elderly people), income (social pricing), etc. There can also be lower prices for certain days and times of the year, during weekends, for example. In some countries there is debate regarding totally free transport, but in most cases, it is more a question of discounts, while free transport is limited to precise categories.

The Covid crisis profoundly changed the use of public transport in Europe. Some countries have returned to or exceeded the transport volume of 2019. Others have not: work habits (teleworking) and purchasing habits (e-commerce) have changed, the active modes are growing, the population is getting older, etc.

In any case, the **economic model for public transport** is often fragile, and involves seeking both cost reduction (productivity) and new income. Several strategies can be used to increase the number of passengers. Despite the financial constraints, some countries use “supply shock,” as in France with the building of the Grand Paris Express, several sections of which will open soon. Elsewhere, there are innovative pricing policies, as in Germany with the *Deutschlandticket*.

Local public transport is seeing an intense technical evolution: the massive electrification of buses, including public transport services in multimodal multi-operator networks with real-time information and sometimes ticketing integrated in Mobility as a Service (MaaS) systems. We must also consider the arrival of autonomous vehicles: robot taxis are already in commercial use in the United States and in China. Where will they develop in Europe? In cities where the space is already saturated? In sparsely populated areas where public transport is absent?

We also observe an enlargement of the objectives set for local public transport: beyond the providing of quality transport as such, it must now contribute to the redeployment of public spaces, improve accessibility for people with reduced mobility, address societal problems (homeless people, drug users, etc.), ensure safety and serenity for all groups (according to their age, their gender, etc.) and of course contribute to the fight against climate change and improvement of quality of life.

Michel Savy

Director of the Observatory of Transport Policies
and Strategies in Europe

This bulletin includes contributions from OPSTE experts:

Antoine Beyer, Université de Cergy-Pontoise

Vincent Bourquin, Haute école d'ingénierie et d'architecture de Fribourg

Jan Burnewicz, University of Gdańsk

Laurent Franckx, Bureau fédéral du plan, Brussels

Rafael Giménez-Capdevila,

Societat Catalana de Geografia, Barcelona

Seraphim Kapros, University of the Aegean

Barbara Lenz, Humboldt Universität zu Berlin

Mihaela Negulescu, Ion Mincu University of Architecture and Urbanization, Bucharest

Cristina Pronello, Politecnico di Torino

Didier van de Velde, Delft University of Technology

As well as those of:

Cécile Combette-Murin, TDIE's correspondent in Brussels,

Juliette Le Seac'h

and **Pierre Van Cornewal**, TDIE staff members

The views expressed in *Transport/Europe* are those of the authors alone.

To receive the Observatory's publications,
please e-mail: opste@tdie.eu

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Soutenu
par



**MINISTÈRE
DES TRANSPORTS**

*Liberté
Égalité
Fraternité*



EUROPEAN PANORAMA

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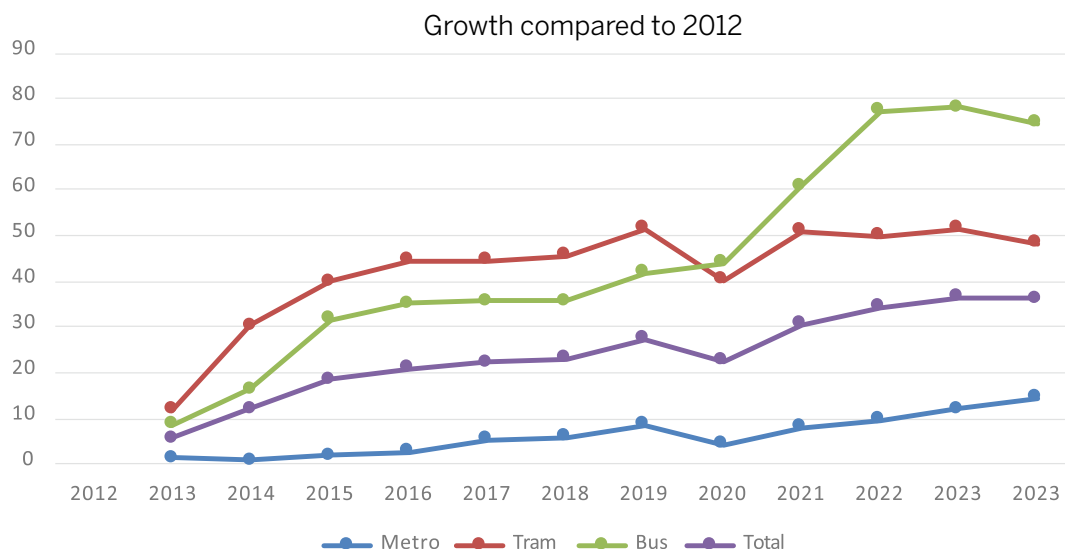
BELGIUM

Given the complexity and the heterogeneity of the Belgian institutions, this analysis is limited to the case of the **Brussels-Capital** region.

Public transport in Brussels receives regional financing for some of the expenditure for investment, upkeep work, and replacement/renovation work. There is also federal authority financing intended for specific investments.

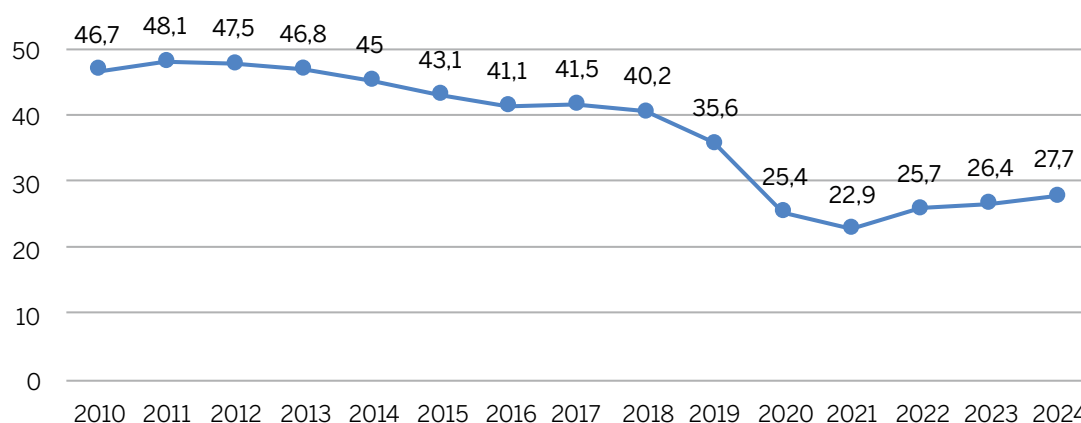
The current situation is the result of a **change of status of the public transport company**, under the influence of European rules. In 2005, a revision of the accounting standards led to the classification of public transport companies as part of the government rather than as public companies. The Brussels company STIB is thus integrated in the regional accounts, including its debts. To obtain the status of company, two criteria must be met: firstly, a minimum cost-coverage ratio, then that the sale of goods and services covers 50% of the production costs for three consecutive years.

Consequently, the Region urged STIB to decrease its dependency on public finances and granted it broad **autonomy in setting its prices**. The rate of coverage of costs with revenues reached 55% in 2012 (versus 35% between 1990 and 2000). Over the same period, STIB reduced its debt by 75%, from 500 million euros in 1994 to 125 million euros in 2011.



Changes in public transport offer, number of passenger-kilometers

Source: Laurent Franckx for STIB



Changes in the rate of coverage of costs by revenues

Source: Laurent Franckx for Stib STIB

The pricing policy is a key element in this evolution. Within this framework, discounts (preferential rates and free travel) are offered to certain categories of citizens, the cost of which is covered by the regional or community budget. The so-called “third-party payer” system makes it possible to give employees a discount on their public transport tickets through a share paid by the employer. To increase its income, STIB concentrated its price increases on the formulas that involve a large proportion of captive customers, either because they benefit from the third-party payer system, or because they have no choice other than public transport.

Between 2014 and 2024, the transport offer increased but prices did not continue to rise – quite the opposite: no indexing to inflation, decrease in subscription prices for young people and elderly people. This led to a decrease in the rate of coverage of the costs and an increase in debt.

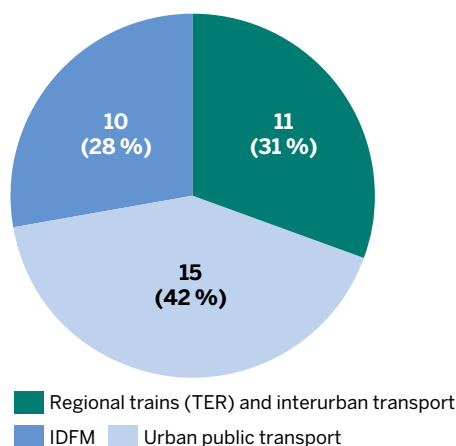
The new 2024-2028 Public Service Contract of STIB⁵ aimed to reach a volume of activity of 457 million journeys per year by 2028, to increase the offer by 11.9%, to work with the other public transport companies on price integration and the development of network complementarity, and to implement MaaS, to collaborate with the Region for a “mobility hub” network, to reduce energy consumption by 1.9% per year, to limit the noise and vibrations linked to operation of public transport, to contribute to road safety, to take into account the problem of homeless people and drug users in the metro, to promote inclusion of diverse population groups, to improve access for people with reduced mobility, and lastly to reinforce the quality of forecasts and reporting.

5. - [Contrat de service public entre la région de Brussels-capitale et la Société des transports intercommunaux de Brussels](#) 2024-2028

FRANCE

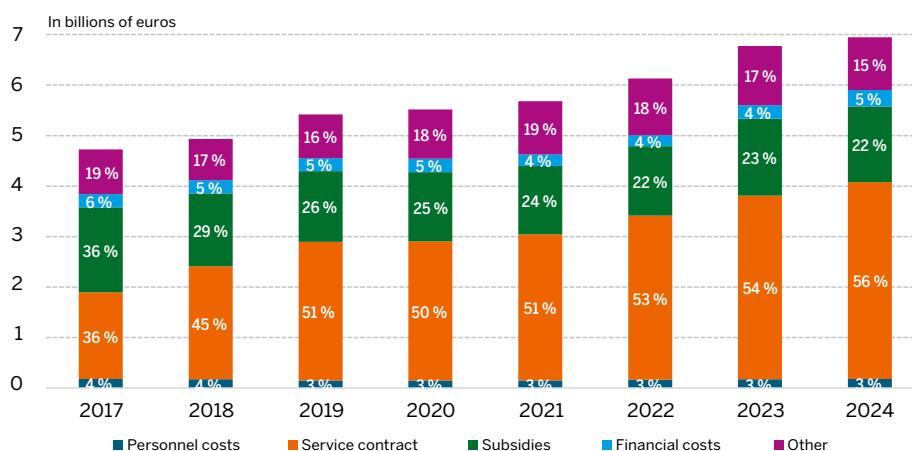
Local mobility is primarily provided by cars, accounting for about 80% of all trips measured in passenger-kilometres. Despite the development of public transport in urban areas, the car remains central to short-distance travel.

Mobility accounts for 13% of household budgets (2023), 82% of which goes to individual transport alone. For reasons of age, income, or ability, around 15 million residents have no access to a car, and public transport only covers part of the need. The 2019 Mobility Orientation Law (LOM)⁶ proposes a "right to mobility" and coverage of the entire territory by mobility organizing authorities (MOAs); it has since been supplemented by three recent laws — the Climate and Resilience law (2021)⁷, the 3DS law (2022)⁸, and the SERM law (2023)⁹. Operators and MOAs are calling for a «supply shock» in public transport to reduce the number of people excluded from mobility while supporting the environmental transition.



Total expenditures of the Mobility Organizing Authorities

Source : Réponses du Groupement des autorités responsables de transport (GART) au questionnaire des rapporteurs.



Expenditures for the functioning of the Mobility Organizing Authorities, 2017-2014

Source : La Banque postale, [Mobilités du quotidien : entre présent complexe et avenir incertain](#) Analyse de l'organisation et des comptes des AOM locales (2017-2024), 2023, 33 p.



The organization and funding of local public transport falls under the authority of mobility organizing authorities, whether intercommunal or regional, plus Île-de-France Mobilités (IDFM) for the Île-de-France region. At the national level, MOA spending is split between regional trains (TER), urban transport, and Île-de-France transport (the Paris region, via IDFM, which alone carries more daily passengers than all other regions combined).

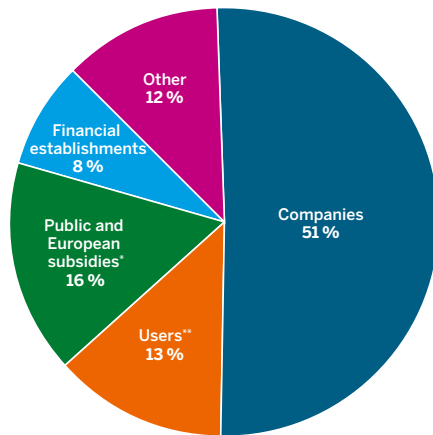
The budgets of intercommunal MOAs are currently balanced but will need to face significant new expenses in the coming years. Within their budgets, the share of subsidies has decreased while the share of service contracts with transport operators has increased. Their resources come largely from employers (public and private) through the «versement mobilité» (VM), a tax proportional to payroll levied on establishments. Revenue from users makes up only 13% of the total.

6. - [Loi n° 2019-1428 du 24 décembre 2019 d'orientation des mobilités.](#)

7. - [Loi n° 2021-1104 du 22 août 2021 portant lutte contre le dérèglement climatique et renforcement de la résilience face à ses effets.](#)

8. - [Loi n° 2022-217 du 21 février 2022 relative à la différenciation, la décentralisation, la déconcentration et portant diverses mesures de simplification de l'action publique locale.](#)

9. - [Loi n° 2023-1269 du 27 décembre 2023 relative aux services express régionaux métropolitains](#)



* Public subsidies: State, public institutions, local authorities, European funds
** Users: note that a portion is reimbursed by the employer

Resources of the mobility organizing authorities, France, 2024

Source : La Banque postale, [Mobilités du quotidien : entre présent complexe et avenir incertain - Analyse de l'organisation et des comptes des AOM locales \(2017-2024\)](#), 2023, 33 p.

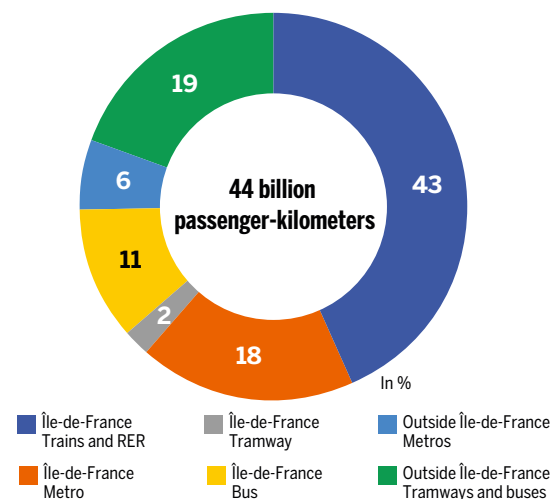
Other needs will require funding in the years ahead, such as the desired increase in public transport supply, adapting infrastructure to climate change, greening bus fleets, building the Regional Express Metropolitan Services (SERM), electric vehicle charging infrastructure, and so on. According to GART, the association representing MOAs, the 25 largest local MOAs (excluding Île-de-France) will need to cover €34 billion in investments and €9 billion in additional operating costs by 2035.

Regions have been responsible for interurban rail transport since 2003, and for road (coach) transport since 2016. Transport is the largest item in their budgets, both for operations and investment. The regions have significantly increased transport supply and generated new demand, extending the post-COVID recovery: train occupancy rates have risen, as has the share of fare revenue in overall resources. The question of free or partially free transport occupies

part of the political debate, both for municipal elections and, since 2021, for regional elections. Many MOAs have introduced such schemes, raising questions about their medium-term financial sustainability.

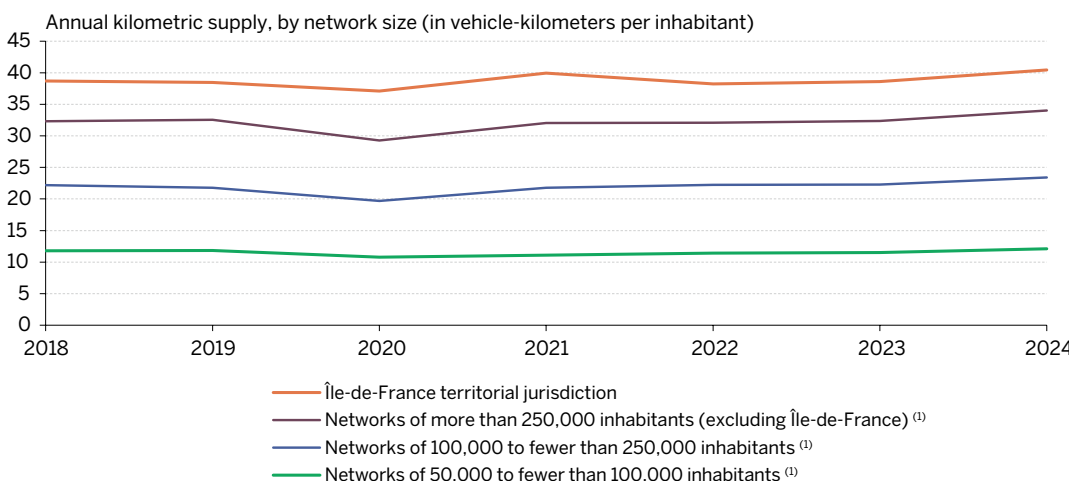
Looking ahead, there is growing shared awareness of the need to better maintain existing infrastructure, since deferring repairs for too long can make them far more costly. This has given rise to the concept of «grey debt,» which refers to the amount of work needed to restore networks to good condition:

- This debt is estimated at €7 billion for the communal bloc, which owns 700,000 km of local roads (and builds more than 4,000 km of new roads each year);
- Départements own 380,000 km of departmental roads (including a large share of former national roads transferred to them by the State), with grey debt of around €7 billion;
- The national road network, which remains under



Urban public transport, 2024

Sources : SDES, based on Île-de-France Mobilités (Omnil, RATP, SNCF); annual urban public transport surveys (DGITM, Cerema, Gart, UTPF, CGDD); UTPF. For more details, see fact sheet « [F2. Urban public transport](#) » in the [2024 Annual Transport Report](#)



⁽¹⁾ The 2024 level is estimated by the SDES based on UTPF economic activity indicators.

Trends in urban public transport kilometric supply

Sources : SDES, based on Île-de-France Mobilités (Omnil, RATP, SNCF); annual urban public transport surveys (DGITM, Cerema, Gart, UTPF, CGDD)

State ownership, would need an extra €1 billion per year in maintenance spending;

- Regenerating the rail network would require increasing the amount allocated to it by €1.5 billion each year, despite a catch-up effort launched several years ago already.

These expenses will occur in a constrained economic environment: rising energy, equipment, and construction costs; heavy State debt limiting room for maneuver; international uncertainties; and so on. The search for additional resources, alongside possible cost reductions in transport (higher speeds, better occupancy rates, etc.), is considering many options: fare increases (or indexing to inflation) to improve the ratio of commercial revenue to spending, the mobility contribution (*“versement mobilité”*), vehicle taxes, State subsidies, etc. — no choice has yet been made, and the matter will still be the subject of much debate...

GERMANY

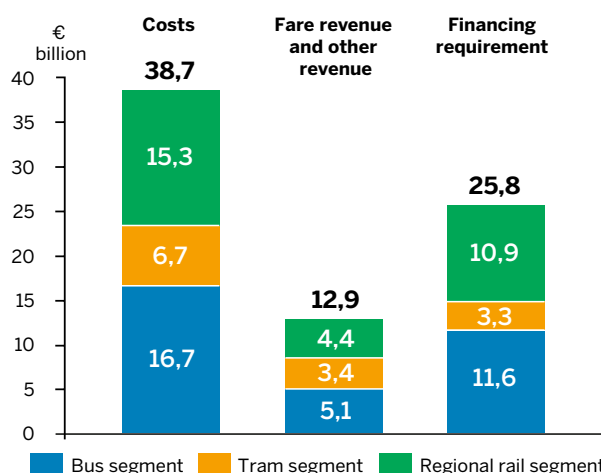
The governance and financing of transport in Germany is organized around a breakdown of responsibilities between the three main levels of public institutions: the Federal Government, the Federal States (Länder) and the municipalities.

For roads, the federal roads (highways and national roads) are managed by the Autobahn GmbH Company, owned by the Federal Government, which is responsible for construction, operation and financing. The funds come from the federal budget financed partly by the truck toll. The regional and district roads are financed by the Länder and the districts (*Landkreise*) from their own budget resources. Municipal roads (access roads) are financed by the municipalities, sometimes with a contribution from local residents (in the case of development or extension of the network).

One-third of the financing of public transport in Germany (for a total amount of 38.7 billion euros in 2024) comes from commercial revenue (the share paid by users) and two-thirds comes from public subsidies. 74% of the commercial revenue comes from subscriptions (*see the graph on the top of the page*).

One notable innovation for the pricing of local and regional transport was the *Deutschlandticket* (Germany ticket), introduced in 2023: a single ticket allowing for unlimited travel on the local, regional and national networks, with the exception of main line and high-speed trains.

Hambourg, Germany.



Public transport in Germany (2024)
Total expenses, commercial revenue
and complementary financing needs.
Bus, trams and regional trains, in billions of euros

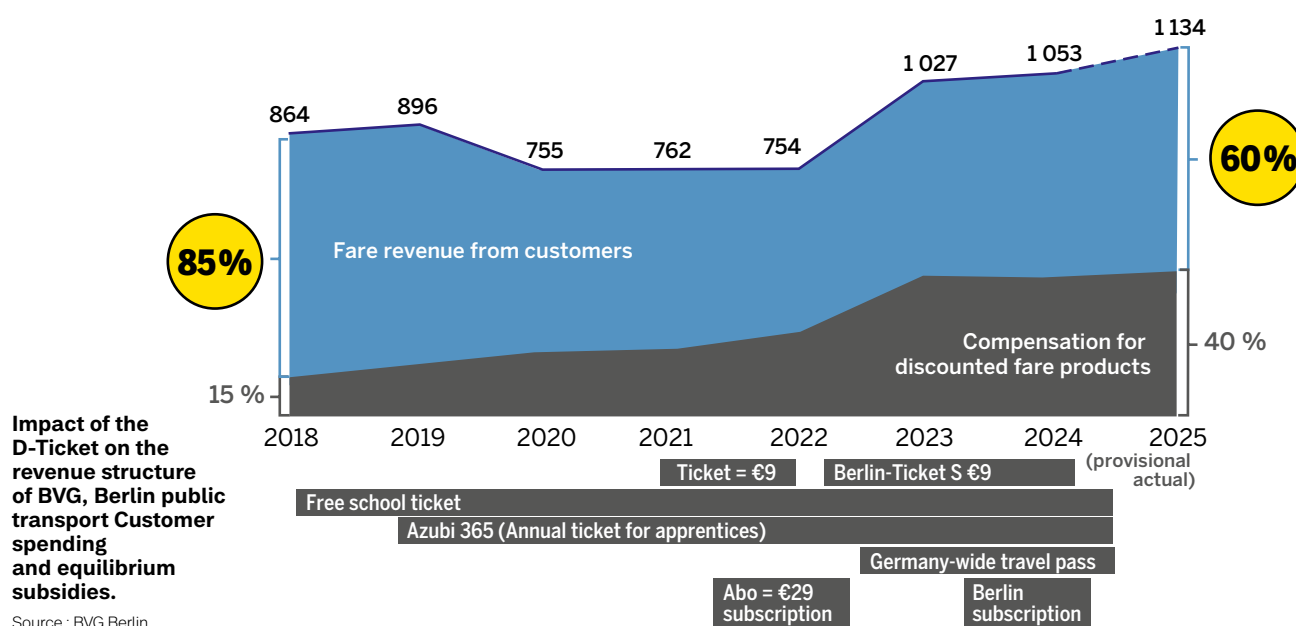
Source : VDV Leistungskosten-gutachten, ÖPNV 2040.

Starting from a price of 9 euros at the time of its launch (for a period of three months during the energy crisis, with 52 million tickets sold), it has now increased to 63 euros per month. This led to an increase in traffic, but also in the share of subsidies in the financing of this program.

Starting in 2027, a cost index will be considered, with dynamic adaptation to changes in personnel costs, energy costs and overheads. The Federal Government and the Länder each contribute half of the financing of the *Deutschlandticket*, i.e. 3 billion euros per year.

The graph looks at the example of Berlin where the share of commercial revenue fell from 85% to 60% of the total cost with the introduction of the *Deutschlandticket*.





The financing of regional and local public transport by the Federal Government is set by the Regionalization Act of 1993 (*Regionalisierungsgesetz*), which governs the financing of regionalization (*Regionalisierungsmittel*). The amount of the *Regionalisierungsmittel*, intended for regional transport (distances of less than 50 km and journeys of less than one hour), is set precisely and is therefore not subject to adjustments based on the general budgetary situation. Since the 1993 Act, this amount has been linked to the tax on oil products. It was revised in 2022, with an increase of

3% per year instead of the preceding rate of 1.8%. The Länder in turn redistribute a share of the funds they receive from the Federal Government to the municipalities and associations of municipalities. With an amount of €9.3 billion in 2025, the breakdown of the transfer from the Federal Government to the Länder is carried out according to a precise formula (known as the *Kieler Schlüssel*, or “Kiel distribution formula”), taking into account the number of inhabitants and the volume of transport in passenger-kilometres and set several years in advance.

Federal state / Shares (%)	2025	2026	2027	2028	2029	2030	2031
Baden-Württemberg	11,9894	12,0668	12,1443	12,2218	12,2992	12,3767	12,3767
Bayern	16,0117	16,0633	16,1148	16,1664	16,2180	16,2696	16,2696
Berlin	5,0435	5,0227	5,0019	4,9810	4,9602	4,9394	4,9394
Brandenburg	4,5796	4,5231	4,4666	4,4100	4,3535	4,2970	4,2970
Bremen	0,6460	0,6508	0,6556	0,6604	0,6652	0,6700	0,6700
Hamburg	2,2260	2,2408	2,2556	2,2704	2,2852	2,3000	2,3000
Hessen	7,4335	7,4347	7,4359	7,4370	7,4382	7,4394	7,4394
Mecklenburg-Vorpommern	2,4740	2,4317	2,3894	2,3471	2,3048	2,2625	2,2625
Niedersachsen	8,7786	8,7881	8,7975	8,8069	8,8164	8,8258	8,8258
Nordrhein-Westfalen	18,3440	18,4732	18,6024	18,7316	18,8608	18,9900	18,9900
Rheinland-Pfalz	5,2314	5,2309	5,2305	5,2301	5,2296	5,2292	5,2292
Saarland	1,2240	1,2192	1,2144	1,2096	1,2048	1,2000	1,2000
Sachsen	5,6720	5,5976	5,5232	5,4488	5,3744	5,3000	5,3000
Sachsen-Anhalt	3,7735	3,7107	3,6479	3,5850	3,5222	3,4594	3,4594
Schleswig-Holstein	3,4139	3,4291	3,4442	3,4597	3,4748	3,4899	3,4899
Thüringen	3,1589	3,1173	3,0758	3,0342	2,9927	2,9511	2,9511
Percent	100,00	100,00	100,00	100,00	100,00	100,00	100,00
Amount (€ million)	9.393,3	9.562,4	9.734,5	9.909,8	10.088,1	10.269,7	10.454,6

2016–2030 redistribution period leading to the Kieler Schlüssel (2031)

Breakdown of federal transport financing among the Länder According to the “Kiel distribution formula”, 2025-2031

Source : mobi-wissen.de

The Municipal Transport Financing Act (*Gemeindeverkehrsfinanzierungsgesetz*)¹⁰ covers all transport. It determines the federal aid to the Länder and to the municipalities for “*improvement of the mobility and transport situation in the Länder*”: road infrastructure in the Länder (*Landesstraßen*), departments (*Kreisstraßen*) and municipalities (*Gemeindestraßen*) as well as local public transport, particularly for rail. It involves financing by project, not an overall lump-sum subsidy. Its amount is 2 billion euros per year as of 2025.

GREECE

The system for the financing and organization of urban transport in the Member States of the European Union is set by Regulation (EC) 1370/2007 on passenger public transport services by rail and by road. Local public transport, considered a service of general economic interest, is not subject to the general rules of competition. It is the responsibility of an organizing authority, which, following a competitive tendering procedure based on a set of specifications, can delegate operations to a private company for a limited period of time (referred to as competition for the market). Public transport operators can, within this framework, receive subsidies as compensation for public service obligations. However, the transport agency model (whereby the authority operates its own transport company), without competitive tendering, is also possible. Greece has adapted its national legislation to the requirements of Regulation 1370/2007, **moving from the former system of historical direct awards to a system of regulated competition**, with the laws governing the Urban Public Transport Organization of the Athens metropolitan area (OASA) and the Urban Public Transport Organization of the Thessaloniki metropolitan area (OSETH), together with the recent provisions of Law 4974/2022.

The OASA Group is the largest transport planning organization in Greece and is responsible for providing services in the Attica region. The Organization acts as the competent authority and assigns the transport service to its wholly owned subsidiaries, OSY S.A. (road transport) and STASY S.A. (“fixed” transport, metro and tramway), via public service contracts through direct award, as permitted by Regulation 1370/2007 for internal operators.

OSETH acts as the transport authority responsible for the development, coordination and oversight of urban transport (bus, metro, maritime transport) in Thessaloniki. The organization supervises OASTH, which is being wound up, while the future award will follow the procedures set out in Regulation 1370/2007. One notable development is the launch of the Thessaloniki metro, assigned to the THEMA consortium (ATM S.p.A.

and Egis Group). Financing relies on an automatic ticketing system supervised by OSETH.

The Attica region (including the Athens-Piraeus metropolitan area) and the Thessaloniki metropolitan area have intermodal networks. All other regions of the country rely exclusively on road transport.

The organization of public transport in the other regions follows the provisions of Law 4974/2022, under which:

- The regions or regional units (the former “departments”) are designated as the competent authorities for the planning and oversight of networks within their jurisdiction;
- The transport service is awarded through open public tenders, where bidders tender for sets of transport lines;
- The term of the contracts is set at ten years, in accordance with EU limits for buses;
- The award criteria include economic and financial capacity, technical capacity and compliance with environmental standards.

Within this framework, the important role of the Common Bus Funds (KTEL) as traditional operators should be noted. These are organizations that provide urban and intercity bus transport services, for passengers and parcels, throughout Greece. Each Regional Unit of Greece generally has its own autonomous KTEL organization. Starting in 2003, each KTEL became a limited company that operates bus lines. Today, there are 62 KTELs at the national level, with a total of 4,136 buses in their fleets.

The modernization of urban transport in Greece draws heavily on European funding.

- The 2021-2027 Partnership for Regional Development contributes to the financing of transport infrastructure, actions to support the environment and climate, and digital transformation;
- The Recovery and Resilience Plan directly finances the purchase of electric buses for Athens and Thessaloniki.

The application of Regulation 1370/2007 in Greece has laid the groundwork for a more modern and transparent system. The separation between the competent authority and the operator, the introduction of contracts with Key Performance Indicators (KPIs), and the use of European funds are its key elements. Challenges remain, however, such as the winding-up of OASTH and the full rollout of regional tenders. Efforts to promote quality and innovation must continue, with particular attention to decarbonization and digital transformation that harness the possibilities of MaaS. These developments are essential to better meeting citizens’ expectations.

10. - [Gesetz zur Regionalisierung des öffentlichen Personennahverkehrs \(RegG\) - 27.12.1993](#)

ITALY

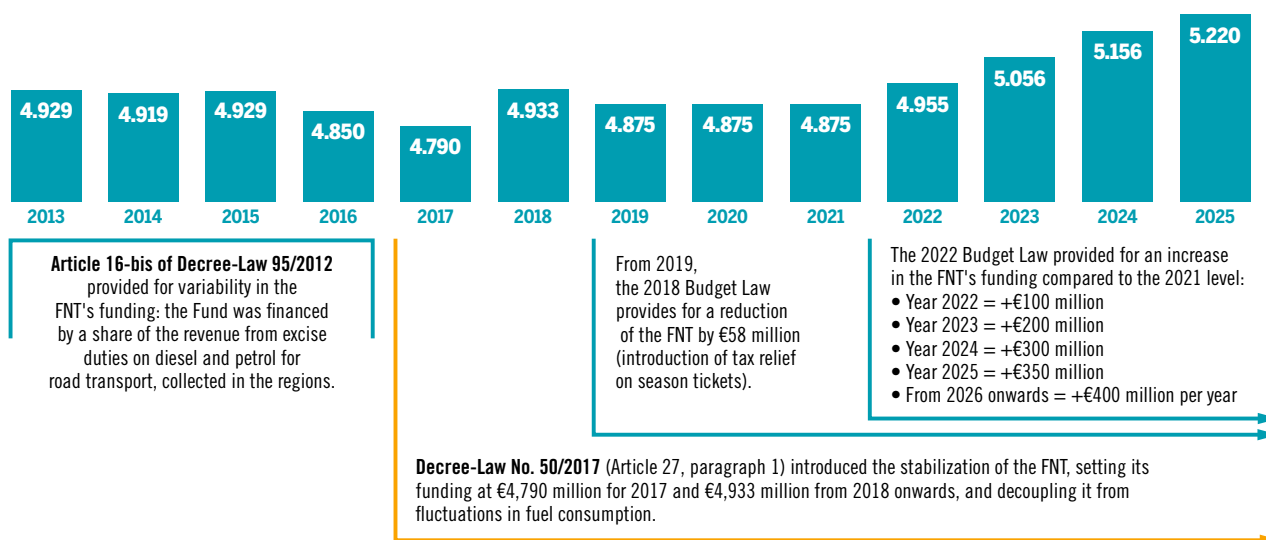
The financing of Local Public Transport in Italy was established by **a series of laws**. Law 151/81 of 1981¹¹ laid the foundations for the public financing of local public transport, defining the responsibilities and the management systems. This law was designed to revitalize public transport, which had been affected by a severe crisis caused by the privatization of service providers (which began in the 1970s), leading to substantial deficits. While in the early 1960s companies covered 80% of their costs with their revenues, this proportion had fallen to 20% by the early 1980s. For various reasons (difference in the calculation of the standard costs across regions and a tendency to maintain historical costs, continued blurring of the lines between regulatory functions [public administration] and service management functions [corporate], insufficient oversight, and inadequate funding from the National Transport Fund), this law did not bring the expected results.

To overcome the limitations of Law No. 151/81, Legislative Decree No. 422/97¹² promoted the modernization of the sector and aimed to cover the companies' deficits. It mandated the decentralization of central government functions to the regions (and from the regions to local authorities, in accordance with the principle of subsidiarity). It also reintroduced territorial planning (from Regional Transport Plans to Catchment Area Plans and the definition of minimum services), aimed to improve the sector's efficiency, and liberalized it through the award of services by competitive tender.

The **breakdown of the National Transport Fund between the regions** is done with one half based on standard costs, and the other half based on the levels of local and regional public transport services. Over the past ten years, the nominal amount of funding for the National Transport Fund has fluctuated between 4.8 and 5.3 billion euros. During the same period, inflation in the transport sector was 25% in total. The breakdown of the National Transport Fund has remained rather constant over the past few years and remains based on historical criteria, despite the planned reforms which were not fully implemented, however.

Compared with other European cities, Italian cities show lower public transport use, measured in passenger-kilometres per inhabitant or in the annual number of journeys per inhabitant.

The National Recovery and Resilience Plan (NRRP) recently allocated 8 billion euros to the transport sector, acknowledging its central role in the country's ecological transition. These investments will be used to replace rolling stock, reinforce and improve the safety of regional lines, develop rapid public transport systems and for pilot MaaS programs. The economic situation of many public transport companies has improved over the past few years, but they are now facing increasing costs for energy and insurance premiums, in addition to the expected increases in labor costs associated with the renewal of the sector's collective bargaining agreement, and at a time when the regions and local authorities are reluctant to raise prices.

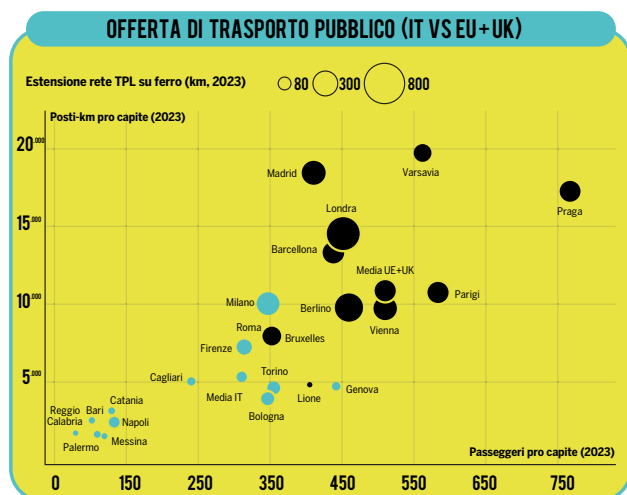


National Transport Fund, 2013-2025

Source : Asstra, [Le performance delle imprese di trasporto pubblico locale](#), 2024.

11. - [Legge 10 aprile 1981, n. 151](#) Legge quadro per l'ordinamento, la ristrutturazione ed il potenziamento dei trasporti pubblici locali. Istituzione del Fondo nazionale per il ripiano dei disavanzi di esercizio e per gli investimenti nel settore

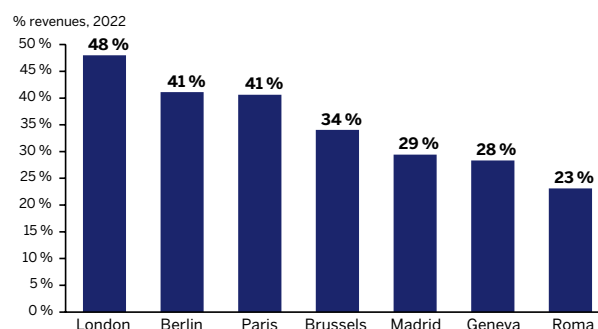
12. - [Decreto legislativo 19 November 1997, n. 422](#) Conferimento alle regioni ed agli enti locali di funzioni e compiti in materia di trasporto pubblico locale, a norma dell'articolo 4, comma 4, della legge 15 marzo 1997, n. 59.



Source : Cleancities, [A dove partire per colmare il divario nell'offerta di trasporto pubblico in Italia](#), 2025.

The principles governing the pricing of public transport services were established by successive legislative texts (Law 151/81, Legislative Decree No. 422/97). The National Transport Fund, introduced by Law 151/81, was abolished in 1995, then reintroduced in 2012 by Decree-Law No. 95 of 6 July 2012¹³, entitled “Urgent measures for the review of public expenditure while maintaining service levels for citizens (as well as measures to strengthen the capital base of banking sector companies).” The law aimed to encourage regions and local authorities to streamline and improve the efficiency of service management through: the provision of services that are more appropriate to demand, and more efficient and cost-effective, the progressive reduction of services facing insufficient demand and, conversely, a corresponding increase in the quality and quantity of high-demand services, an improvement in the ratio of revenue to operating costs, and the establishment of an appropriate level of employment. The cost-coverage ratio (excluding subsidies) remains relatively low, particularly compared with other European cities.

The transport regulation authority¹⁴ specified the regulatory framework for public transport, defining what constitutes a mobility catchment area (with its potential demand and what constitutes low demand), setting the criteria for the choice of transport services to be implemented, identifying public service obligations and their financial coverage, fare-setting rules and lastly the criteria for defining the contracts to be granted. It also established standard costs for energy and refueling infrastructure, rolling stock and personnel. On this basis, fares are set by the municipal council for operators owned by local authorities, which own the



**Percentage of coverage of costs by revenues
In some large European cities (2022)**

Source : Arthus D. Little, Cerema, [Public transports fare model](#), 2024.

public transport companies. Otherwise, the fares are set by the regions. Since public transport is considered a public good, the government authorities determine the prices.

In Italy there is no debate about free public transport, but there are discounts for certain categories of people: young people, elderly people, unemployed people, etc. Students benefit from a discount based on their household income and even free transport in some cities, such as Turin (under the age of 26).

More broadly, **the political priorities** and their implementation are reflected in the financing strategies. The objectives of the local transport policy are defined in the report “Towards a new model of sustainable local mobility,” drafted by the Ministry of Infrastructure and Sustainable Mobilities in 2022¹⁵. This report recommends increasing the use of sustainable mobility systems, reducing the use of cars and improving access to public transport, reducing congestion in urban areas, widespread adoption of zero-emission buses, and the use of mobility as a service (MaaS). These objectives aim to make local mobility more sustainable in economic, social and environmental terms. To achieve these objectives, the report recommends encouraging demand for sustainable mobility, increasing and rationalizing financing, improving regulations and governance and lastly reviewing the mechanisms for the allocation and management of public transport service.

Limited traffic zones were established to reduce traffic, pollution and illegal parking in the most sensitive urban centres, often historical or tourist areas. Municipalities define pedestrian areas and limited traffic zones and make vehicle access conditional upon payment of a fee or the possession of specific permits. The goal is to promote public transport, active and low-carbon mobility, and quality of life for residents, by limiting unrestricted private car use.

13. - [Decreto-legge 6 luglio 2012, n. 95](#), Disposizioni urgenti per la revisione della spesa pubblica con invarianza dei servizi ai cittadini

14. - On this subject, see bulletin Transport/Europe # 9, [Transport regulatory authorities in Europe](#)

15. - Ministry of Infrastructures and Sustainable Mobility (Mims), [Verso un nuovo modello di mobilità locale sostenibile](#), 2022, 62 p.

There are various Low Emission Zones (LEZs). There are also urban congestion charges, although these remain very limited, with Milan being the main example. Lastly, a joint report by the Ministry responsible for transport (MIMS) and the National Association of Italian Municipalities from 2020 examines “urban logistics from an integrated perspective.”¹⁶ Within cities, urban freight transport is often regarded as a cause of congestion, pollution and mobility constraints. Many local authorities adopt sustainable urban mobility plans that incorporate a logistics component. These can include the establishment of limited traffic zones for goods, incentives for the use of low-emission vehicles, and the promotion of collaborative platforms between operators.

THE NETHERLANDS

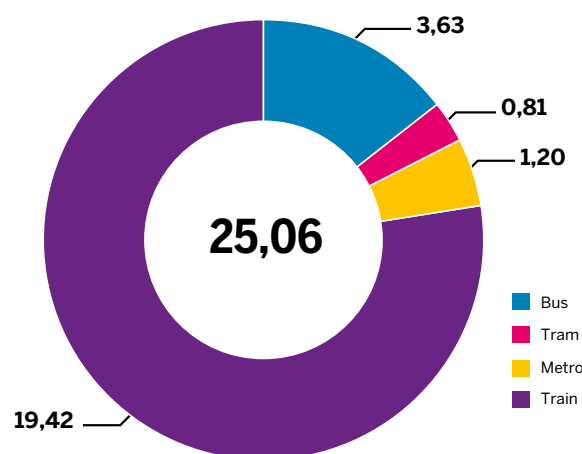
The Central Government of the Netherlands determines the national policies, laws and regulations. The provinces determine the routing of roads and railways and are responsible for the construction and upkeep of provincial roads. The municipalities build streets and municipal roads and ensure that they are maintained.

The financing of the transport organizing authorities takes place through two channels. On the one hand, the Ministry of Finance transfers funds to the Ministry of Infrastructure and Water Management, funds which go to two particular “transport regions” (Amsterdam and Rotterdam) in the form of a lump-sum allocation. On the other hand, the Ministry of Finance transfers funds to the Ministry of the Interior, intended for the provinces. The total amount, 1.8 billion euros in 2019, is divided equally between the two channels.

National integrated public transport pricing is now based on the OVpay system, a universal ticketing support used nationwide. The price per kilometer varies from €0.17 to €0.24 according to the organizing authorities, plus a base price of €1.16. There are various types of season ticket with discounts for some groups (under the age of 12, over the age of 65, students, etc.). Trains are the number one mode of public transport, with a very dense network (corresponding to a densely populated territory) and very frequent service. NB: this data is not limited to local transport.

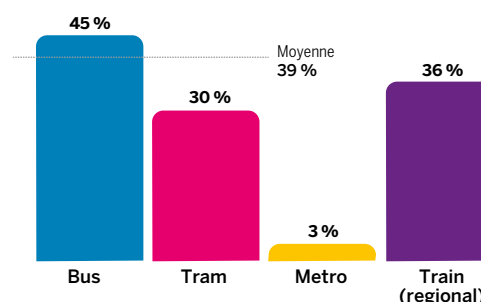
The average rate of subsidy for public transport was 40% in 2024. It varies according to the mode of transport.

There is also a system for the reimbursement of commuting expenses by employers (but it is not mandatory unless it is part of a collective bargaining agreement or a provision in the employment contract): it was



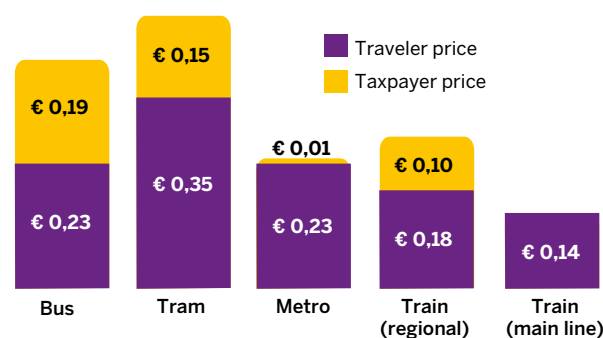
**Modal breakdown of public transport
(billions of passenger-kilometers), 2019**

Source : Transport monitor 2019, [Vervoersmonitor](#) (ACM, 2021)
NB: this detailed data is for 2019, but the orders of magnitude that is presents remain relevant today.



Rate of subsidy of public transport by mode

Source : Moniteur des transports 2019, [Vervoersmonitor](#) (ACM, 2021)



**Price per kilometer by mode
(contribution from passengers and taxpayers,
regional and main-network trainsc)**

Source : Moniteur des transports 2019, [Vervoersmonitor](#) (ACM, 2021)

€0.23/km in 2026, tax-exempt. There are also provisions to encourage the use of bicycles and mobility budget formulas.

The Ministry has just launched a study aiming to find solutions to make public transport more affordable.

16. - Mims and ANCI, [La logistica urbana in una visione integrata](#), 2020, 39 p.

A recent report by the Ministry of Infrastructure and Water Management¹⁷ presents a critical appraisal of the state of the infrastructure network. While the current level of services is considered satisfactory, the infrastructure is subject to increasing pressure. It is approaching or exceeding its planned working life and the backlog in terms of upkeep is growing. Concerns with regard to safety and reliability are increasing with calls for additional investment and costly emergency measures. There are likely to be more inconveniences for users of roads and waterways. The Court of Audit calculated that the delayed upkeep now represents 34.5 billion euros for the *Rijkswaterstaat* (in charge of national roads and waterways) and 20 billion euros for ProRail (rail infrastructure manager).

These needs are facing the reduction of public budgets to reduce deficits. The Amsterdam metropolitan region and the Union of Municipalities and the Union of Provinces issued a warning regarding budget cuts, while the costs of upkeep are increasing, and stressed that the postponing of major projects will lead to higher costs in the long-term.

The Dutch Government published a Multi-Year Infrastructure, Space and Transport Program (*Meerjarenprogramma Infrastructuur, Ruimte en Transport, MIRT*)¹⁸. It presents a framework for cooperation between the Netherlands Government and the regional actors for territorial development. It includes projects and programs linked to infrastructure, mobility and spatial development, to improve accessibility, reinforce competitiveness and improve quality of life. The principle of action is collaboration between several levels of actors: the Government, the regions and sometimes companies and civil society organizations. The decisions are guided by “*regional agendas*,” which define a common vision of the development of a territory, with broad thinking from the outset (not limiting the approach to a single solution), making decisions progressively and in a transparent manner and lastly adapting the programs over time according to the developments. With regard to projects, a shift is taking place from the construction of new facilities to the conservation of existing ones.

Lastly, we observe the implementation of low-emission zones (LEZs) and zero-emission zones to reduce urban pollution in 29 municipalities.

POLAND

In Poland as in other European countries, long-distance transport is generally profitable, whereas local passenger transport requires public financial support. This is a matter for public services, even if operations are frequently assigned to private operators, who are focused on their profitability. This observation holds true in various contexts, but there is no precise, uniform definition of local transport across Europe.

Based on data available online from various international institutions, we can estimate the average contribution of transport and logistics (excluding transport itself) to GDP, on a global scale:

- Total transport: 5-12%;
- Logistics (excluding transport): 5-10%;
- Road transport: 4-9%;
- Aviation: 0.5-1.0%;
- Rail transport: 0.4-1.5%;
- Maritime transport: 0.3-0.4%.

Note: these orders of magnitude do not cover freight transport on a client's own account (provided by a client using its own means, without calling on a carrier), or, still less, the economic value of transport on their own behalf by car drivers.

Transport represents a **growing share of the Polish economy**, owing to the increase in domestic traffic and the notable role of the Polish truck fleet in international road freight transport. The share of transport in Polish GDP stands at around 7%, but we must also factor in its indirect contribution (around 10%).

The prices of local transport services are governed by law and set by the local authorities, based on their transport policy choices. In most large Polish cities, the price of a standard single ticket varies from PLN 4 to PLN 5 (złoty), or €0.95 to €1.20, with the most expensive being the one-way ticket for 90 minutes in Warsaw, which costs PLN 7, or €1.67. Revenue from ticket sales does not cover more than 30% of the operating costs of public transport in the large cities. In addition to the base fare, there are various discounts available for children, young people, older people and drivers who switch to public transport on “*car-free days*.” Cost coverage from local transport revenue in Poland is currently low and falling, owing to the increase in costs (fuel, salaries) and downward pressure on fares.

In addition to public transport there are taxis: a form of individual public transport. In this market, the number of companies (around 50,000) is said to be decreasing. Taxi prices in large Polish cities are not very high. For a typical 20-km journey during the week, fares

17. - Rijkswaterstaat, [Staat van de Infrastructuur Rijkswaterstaat](#); 2024, 59 p.

18. - [Meerjarenprogramma Infrastructuur, Ruimte en Transport \(MIRT\)](#)



Warsaw, Poland.

fluctuate between PLN 60 and PLN 90 (€14–21). This is much lower than in the Netherlands or Germany (more than €70).

Local public transport organising authorities are, for their respective territories at each level of the territorial hierarchy, the municipalities, inter-municipal associations, the counties (district transport) and the voivodeships (regional transport). They are responsible for planning, management and communication.

The sources of financing are diverse: government budget, the European Union, local authorities, companies and households. The financing of local transport has become more diverse over the years. The share from local authorities rose from 53% in 2020 to 71% in 2024. Transport financing by local authorities totalled €16.7 billion, comprising €5.8 billion from municipalities (34.5%), €5.3 billion (31.7%) from cities with county rights, €3.2 billion (19.3%) from the voivodeships and €2.4 billion (14.5%) from the counties.

The Ministry of Finance calculated that, from 2004 to 2023, Poland received a net total (after deducting its own contributions to the EU budget) of €160 billion in aid from the European Union. The payments from the cohesion policy funds for the 2021–2027 budget, amounting to €76 billion, fed into the European Fund for Infrastructure, Climate and the Environment. In addition, there was the National Recovery and Resilience Plan, worth €55 billion.

The financing of transport in the regions (voivodeships) passed through the voivodes (appointed representatives of the central government), amounting to €268 million in 2024, and through the marshals of the voivodeships (elected locally), amounting to

€1,268 million. Financing of transport by the voivodeships comes from their own revenues (shares of income tax and corporate tax, revenue from the rental and sale of real estate, revenue from fines, inheritances and donations, transfers from budgetary units), central government budget funds (general financial aid, funds for specific investments and for social purposes), and funds from the EU.

The total expenditure of the municipalities in 2024 was €47.3 billion, of which €5.8 billion (12%) was for transport. Since 2019, a substantial subsidy has been provided from the fund for the development of bus transport, which does not apply to urban transport. Local transport in Poland is developed according to strategies drawn up by the voivodeships and by smaller units (districts, municipalities and cities). There is currently an emphasis on systems to improve environmental protection and safety. This reflects the profound decentralization of investment policy in the transport sector.

Transport projects are carried out over several years and are subject to economic and budgetary fluctuations. Nonetheless, a number of major improvement projects can be observed, such as the construction of the second metro line in Warsaw, urban rail in Krakow, tram development in Warsaw, electric buses in Wrocław, modern interchange hubs, city bypasses, expansion of bicycle hire systems, charging infrastructure for electric vehicles, smart ticketing and, lastly, public transport in rural areas.

ROMANIA

The management of local roads and local public transport is handled by the same authorities (mainly the municipalities, *primării*), but through separate functional structures. Metropolitan transport authorities were established in large metropolitan areas (urban functional areas / metropolitan areas, e.g.: *Asociația de Dezvoltare Intercomunitară pentru Transport Public București-Ilfov*). They coordinate transport, but not roads.

Local roads are mainly financed by local budget (local taxes), transfers from the central government and European funds. There are no tolls on local roads in cities. However, access to national roads and highways requires the purchase of a sticker (*rovinietă*), now in electronic form. For trucks, there are plans to introduce a toll proportional to the distance (as in Germany and Austria). The *rovinietă* for trucks is more expensive and differentiated by weight, the number of axles, and the emission standard.

The municipalities are responsible for the public space (streets and public parking lots). The local council votes to set hourly and subscription rates, zoning, and rules for use. The parking revenue goes to the general local authority budget (there is no dedicated budget for mobility).

Local public transport fare for a one-way journey range, depending on the city, from 3 to 5 lei (1 lei = €0.19). There are also integrated tickets, for limited time periods (valid for 60 to 90 minutes, allowing for unlimited transfers during this period) and daily, weekly, monthly or annual subscriptions. Payments can be made by bank card, travel card, mobile application and SMS.

The financing of local public transport (bus networks, tramways, trolleybuses, metros and other urban or suburban services) comes from several complementary sources.

- The municipalities (e.g.: Bucharest, Iași, Timișoara) are the main source of financing for urban transport operators. They pay operating subsidies intended to cover operating costs (salaries, maintenance, unprofitable routes) that ticket sales do not cover. By virtue of law 92/2007¹⁹, local subsidies for local public passenger transport must be allocated in the local budget, which generally represents the main source of financing.
- The central government also contributes, particularly for services of metropolitan area interest (e.g. intermunicipal lines around Bucharest and the Bucharest metro).

The operators receive income from ticket and season-ticket sales subscriptions but this only covers a fraction of the operating costs, sometimes considerably less than 40 %. Complementary financing comes from municipal budgets. There is no tax allocated to public transport, neither to infrastructure (investment), nor to services (operations) equivalent to the French “*mobility payment*.”

The cities and Romanian authorities also obtain external funding for structural investments (purchases of rolling stock, modernization of lines, infrastructures), from European Union funds: Transport Programme 2021-2027 or the National Recovery And Resilience Plan. The European Investment Bank (EIB) lends funds to cofinance integration and modernization projects (vehicle fleets, infrastructures) alongside European subsidies and local public budgets.

With regard to the relationship between pricing and economic balance for local transport, the revenue-to-expenditure ratio is not a standard indicator in Romania. The local authorities and operators mostly use overall budget monitoring and annual financial reports. The performance evaluation is based above all on service efficiency and observance of the allocated budgets and, consequently, there is strong dependence on local and national subsidies. It is the municipality and, in metropolitan areas, the metropolitan authority which sets or suggests the prices, based on the estimated cost of service and the objectives of passenger numbers, with validation by the appropriate local authorities.

The adjustments of the pricing (reduction and free travel) benefit students, elderly people, and children. There is no social pricing as a function of income. Some cities have differentiated prices depending on the time of day or use, but not by urban congestion zones. Free transport is rarely a major political topic, even in large cities. Lastly, experimental initiatives are limited and often financed by municipal funds and European projects.

The transport supply also includes private car sharing systems and municipal bike-sharing systems.

The political priorities and their implementation all primarily under the responsibility of the national government (through the Ministry of Transport) and its strategic documents: the General Master Plan for Transport and sustainable urban mobility plans.

A share of these priorities results from the transposition of European provisions (Green Deal, TEN-T, sustainable urban mobility, environmental policy, etc.).

19. - [Legea nr. 92 din 10 aprilie 2007](#) serviciilor publice de transport persoane în unitățile administrativ-teritoriale

The main actors on the national level are thus the Ministry of Transport (*Ministerul Transporturilor și Infrastructurii*), the road infrastructure management agency (*Compania Națională de Administrare a Infrastructurii Rutiere*) and the municipalities. On the local level, the local policies are defined by the municipalities (*primării*) and on the regional level by the local councils (*judățele*).

In large cities (which are TEN-T hubs), targets include reducing congestion, development of public transport and alternative mobilities (bicycles, walking), digitalization (smart traffic), air quality and decarbonization. However, the will to reduce of car use is low. In medium-sized cities, the focus is on the modernization of infrastructure, the improvement of public transport (often aging) and accessibility, and not on restricting the use of cars.

Major infrastructure projects include urban bypasses, network extensions (metro, tram) and connections to European corridors, financed by EU funds, the national budget, and local authorities.

SPAIN

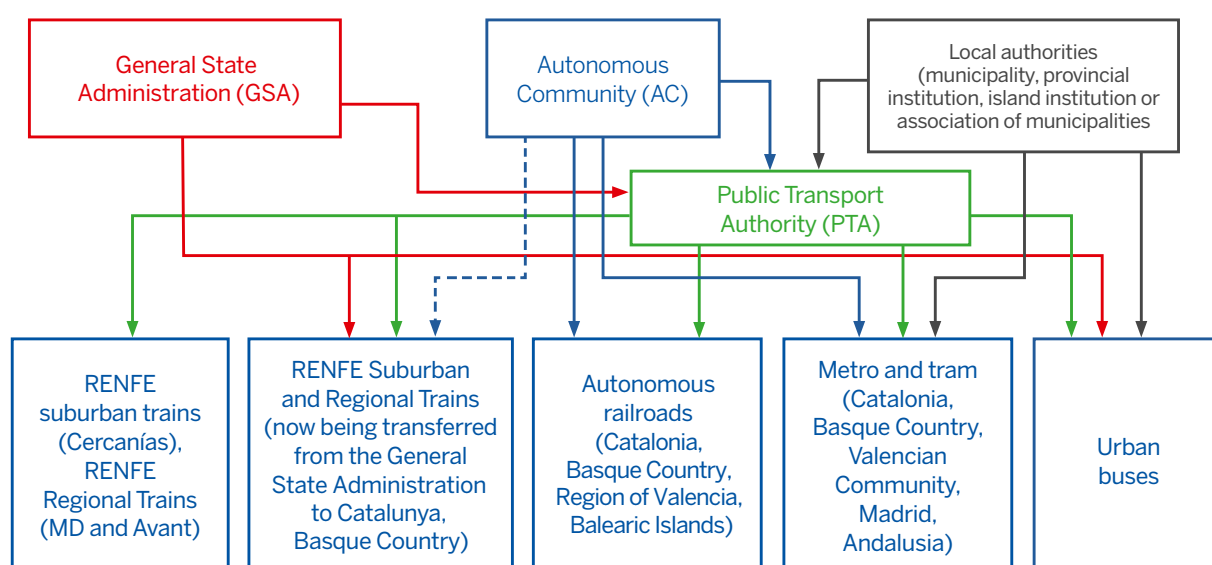
The financing of local transport infrastructure and services in Spain is taking place within an uncertain political context. In the absence of a majority to pass a new budget for the General State Administration since 2023, the current one has been renewed yet again. The same is true for the Catalonia autonomous community, while the Extremadura and Aragon communities brought their elections forward after they were unable to adopt their 2026 budgets.

A Spanish law passed in 2025 provides for a government fund for sustainable mobility, devoted to urban, metropolitan and rural passenger transport services. It has not yet entered into force. It will be funded by the central government and could be topped up by taxes yet to be determined.

For the time being, the Ministry of Transport (under the 2023 budget, rolled over into 2026) funds: discounts (for young people, among others), contributions to the public transport authorities of Madrid, Barcelona, Valencia and the Canary Islands, aid for public transport in municipalities of more than 50,000 inhabitants that have adopted a sustainable mobility plan, aid for public service obligations discharged by the rail services for which the central government is responsible (with Renfe as the historic operator).

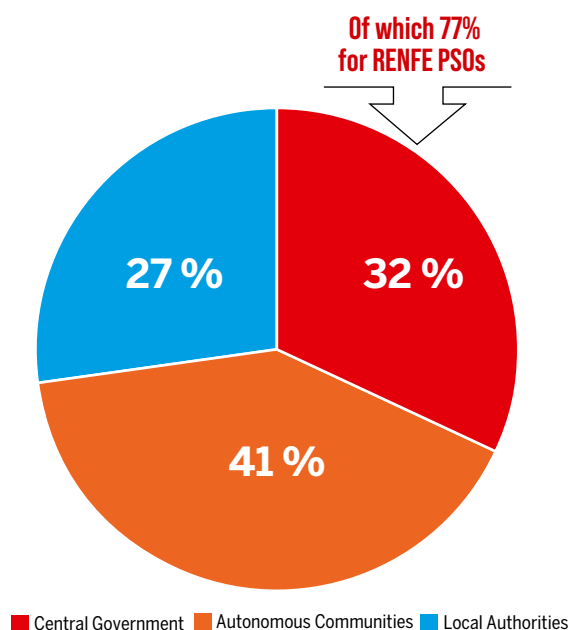
The autonomous communities finance contributions to the public transport authorities, fare reductions (based on social criteria, among others), local transport infrastructure (autonomous railways, metro, tram and bus stations).

Local authorities fund contributions to the public transport authorities and aid for urban public transport. Financing flows link the public entities based on the responsibilities that the law assigns to them and the various public transport segments. This co-responsibility brings together the various perspectives on decision-making, but also introduces a certain degree of complexity.



Flows of financing for local public transport between authorities and operators

Elaboration: Rafael Giménez-Capdevila



Sharing of local public transport subsidies between institutional levels

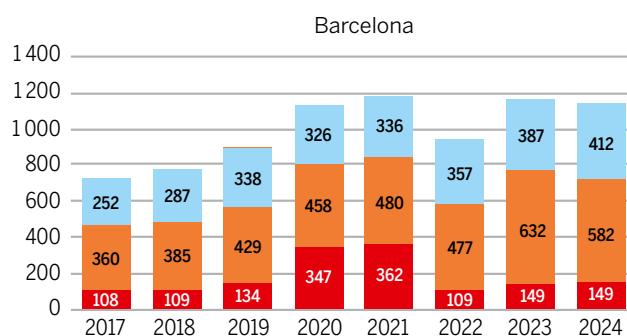
Source : Fundación Corell, IDOM (2022)

Local public transport subsidies in Spain are shared between the three levels of government.

The breakdown of public financing for public transport in Madrid and Barcelona reveals unequal contributions from the three levels of government: the General State Administration, the autonomous communities and local authorities. In both cases, the autonomous community's contribution is the largest.

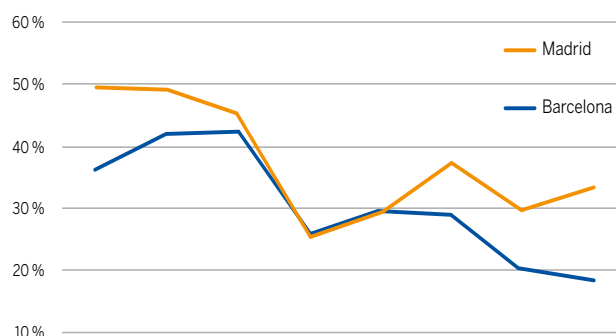
In the two metropolitan areas, the rate of coverage of the costs by commercial revenues is decreasing.

All authorities that contribute to the financing of public transport take part in fare-setting decisions. Although it has been used in a few cases, free transport is not a frequent topic of political debate. However, many networks offer discounts for various categories of the population (elderly people, young people, unemployed people, etc.).



Public transport authorities of Barcelona and Madrid: public subsidies by level of administration, 2017-2024 (millions of euros)

Source : Barcelona : Observatori de la Mobilitat de Catalunya - Madrid : Consorcio Regional de Transportes de Madrid

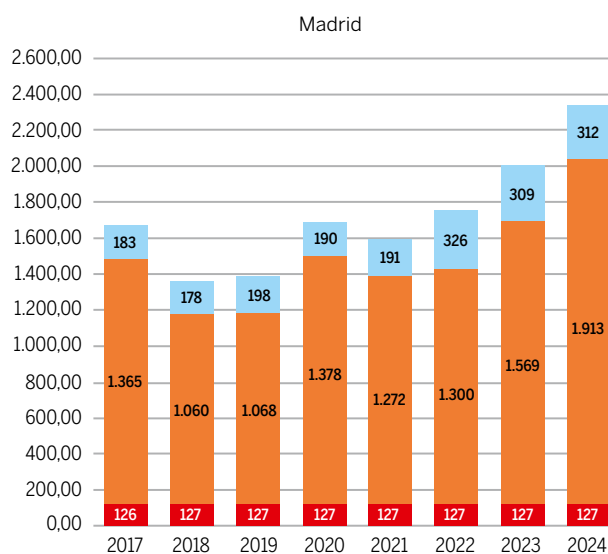


Share of ticket sales compared with total system revenues

Source : Rafael Giménez-Capdevila, with Observatori de la Mobilitat de Catalunya, ATM Barcelona and CRTM

At the beginning of 2026, the Spanish Government launched a single ticket covering certain public transport services, particularly Renfe suburban (Cercanías) services, nationwide. However, it did not secure support from the regional and municipal transport authorities for broader rollout.

Regarding the effects of prices on the number of passengers using public transport, a 2022 report advised against free public transport so as to support operators' and authorities' efforts to set fair prices, which can facilitate the transition towards more sustainable mobility models.²⁰ Excessively high prices for using public transport was the least significant reason mentioned.



20. - Alfonso Sanz Alduán (dir.) (2022): *El transporte colectivo, herramienta esencial de la nueva movilidad. Hoja de ruta para la transformación del transporte urbano y metropolitano para 2030*. Madrid: Atuc Movilidad Sostenible, Grupo de Estudios y Alternativas 21 SL, 152 p.



The allocation of funds from the Facility for Recovery and Resilience (Next Generation EU) by invention topic reveals the political concerns that are on the agenda. We observe in particular the importance given to rail transport but also to developments for pedestrians and cyclists, before the acquisition of electric buses.

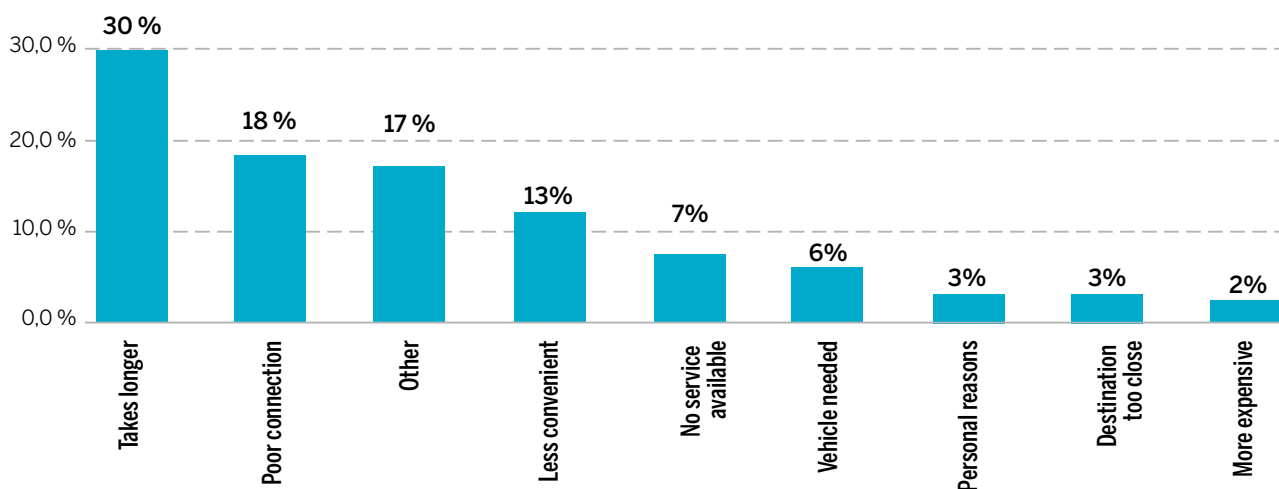
There are no urban tolls in Spain, but there are usually charges for parking. Since 2023, municipalities of more than 50,000 inhabitants have been required to establish a low-emission zone but, in 2025, 51 municipalities had formally adopted one (with verifications and penalties for those who are not in compliance), 98 are in the process of being adopted and 19 are late.

Topic	Budget HT, M€
Rail transport	488
Pedestrian developments	401
Bike lanes and developments	296
Acquisition of electric buses	244
Traffic calming	220
Low-emission zones	145
TC Digitization	116
Intermodality	112
Reserved bus lanes	69
TC Accessibility	68
Facilities for recharging electric buses and trucks	65
Bike-sharing and bicycle parking	63
Park-and-ride lots	50
Intelligent mobility systems	39
Urban distribution of goods (urban logistics)	8
Regulated parking	3
Total	2385

**Plan de Recuperación, Transformación y Resiliencia (PRTR)
[Facility for Recovery and Resilience - Next Generation EU],
breakdown by topic**

Source : [Ministerio de Transportes y Movilidad Sostenible](#)

With regard to regulations for the urban distribution of merchandise, it is the responsibility of the municipalities. We observe in some cities that the greening of fleets is encouraged, particularly bicycles and electric vehicles.



Reasons for not using public transport

Source : Consorcio Regional de Transportes de Madrid : [Encuesta de movilidad de la Comunidad de Madrid 2018. Documento síntesis](#), novembre 2019, 76 p.

SWITZERLAND

The financing of local transport in Switzerland must be considered in light of the outlook for employment, the geographic distribution of the population, and general transport policy. We observe that job growth between now and 2050 will occur mainly at the regional level, outside of the centers served by the “main lines” (which are profitable). It is therefore necessary to develop local traffic on the regional lines but also on the main lines, although it is now difficult and costly to increase their capacity and, moreover, in November 2024 a vote²¹ rejected the federal decree which aimed to eliminate bottlenecks on six highway segments at a cost of 4.9 billion Swiss francs²².

The financing of road infrastructure is firstly covered by excise taxes on fuels (tax on mineral oils), taxes on vehicles and highway use stickers: roads pay for roads. Most of the expenditure is for upkeep and operations.

The financing of rail infrastructure is firstly provided by the Confederation, along with other complementary Confederation resources such as a share of the truck fee, VAT and lastly a contribution from the cantons. Lastly, the financing of the operating deficit of regional and local public transport systems is decentralized, with the largest share coming from the cantons and municipalities, with a supplement from the Confederation for regional traffic only.

The share of sales revenue in the revenues of public service rail services determines the access to federal subsidies. If the line connects zones that are sufficiently populated, the Confederation may subsidize half of the operating deficit if the canton provides the other half. The minimum coverage rate required is 20% (10% in certain cases). This rate is set by the Federal Office of Transport (OFT), which regularly threatens to raise it. If subsidies are refused, the rail lines are replaced by buses.

The use of a single card (the Swisspass) that can hold tickets and season tickets was developed to facilitate the use of transport. The prices can vary based on the time of day to encourage the use of public transport during off-peak times. In a decentralized manner, there are local prices and ticket machines or local applications. Fairtiq²³, a private company, offers a centralized system for simple and practical purchases of tickets. Their sales offer currently includes Switzerland, France, Austria, Germany and Liechtenstein.

The principle of free public transport was rejected by the Federal Supreme Court, on the grounds that the Constitution states, in article 81a paragraph 2, that “the prices paid by the users of public transport cover an appropriate share of the costs.”

The **investment projects** proposed to the Federal Department of the Environment, Transport, Energy and Communications (DETEC) are divided into forty



Berne, Suisse.

21. - See the page of the Federal Government site [dedicated to this vote](#)

22. - 2023 Federal Decree on the development stage for national roads, 29 September 2023

23. - See the site [Fairtiq](#)

ROAD INFRASTRUCTURE + URBAN AREA TRAFFIC

Revenues in 2024

in millions of CHF

SURCHARGE ON MINERAL OILS

Surcharge on mineral oils
1'686

VEHICLE TAX

Tax on automobiles
461

HIGHWAY STICKER

Fee for the use of national roads (Highway sticker)
364

CANTONS

Compensation to be paid by the cantons
60

CO₂ REVENUES

Revenues, CO₂ reduction, penalty imposed on passenger cars
8

OTHER

Other revenue
Revenue from third-party funds and other sources
66

Total 2'646
Revenue



Total 2'646
Expenditures

CONSTRUCTION

NATIONAL ROAD INVESTMENT

DEVELOPMENT + UPKEEP

Development and upkeep
1'531

MAJOR PROJECTS

Major projects
256

NETWORK

Completion of the network
177

CAPACITY

Increase in capacity
102

CHOKES POINTS

Elimination
of bottlenecks
41

NATIONAL ROAD OPERATION

Operation of national roads
454

URBAN AREA TRAFFIC

Contribution
to investment
191

VARIOUS EXPENDITURES

Expenses that cannot be capitalized
161

**Financing
Road Infrastructure Funds
+ urban area traffic
2.6 billion CHF**

Financing of road infrastructure and allocation, 2024

Source : Litra, «Les Transports en chiffres », Berne, 2025.

RAIL INFRASTRUCTURE

Infrastructure
Source of funds
in millions of CHF

Allocation of funds

GENERAL CONFEDERATION BUDGET

Allocations from the general Confederation budget
2'955

TRUCK TRAFFIC FEE

Truck traffic fee
998

VAT

Value Added Tax
748

CANTONS

Canton contribution
623

FEDERAL DIRECT TAX FOR INDIVIDUALS

Federal direct tax for individuals
284

TAX ON MINERAL OILS

Tax on mineral oils
267

Total 5'875
Rail infrastructure
fund



Total 5'875
Rail infrastructure
fund

PRESERVATION OF THE SUBSTANCE

Préservation de la substance
3'247

DEVELOPMENT

Development
874

DEPRECIATION

Amortization of the Confederation's advance
728

OPERATION

Operating allowances
594

Compensation for Systemic Tasks
47

RESERVES

Increase in retained earnings
339

Various expenditures
44

Interest on advances, administrative fees
and research costs
44

Merchandise Transport: installation, innovations
and transport of accompanied vehicles

Infrastructure for metropolitan area / local traffic

Additional federal budgets¹
37

Ordinary municipal and canton budgets²

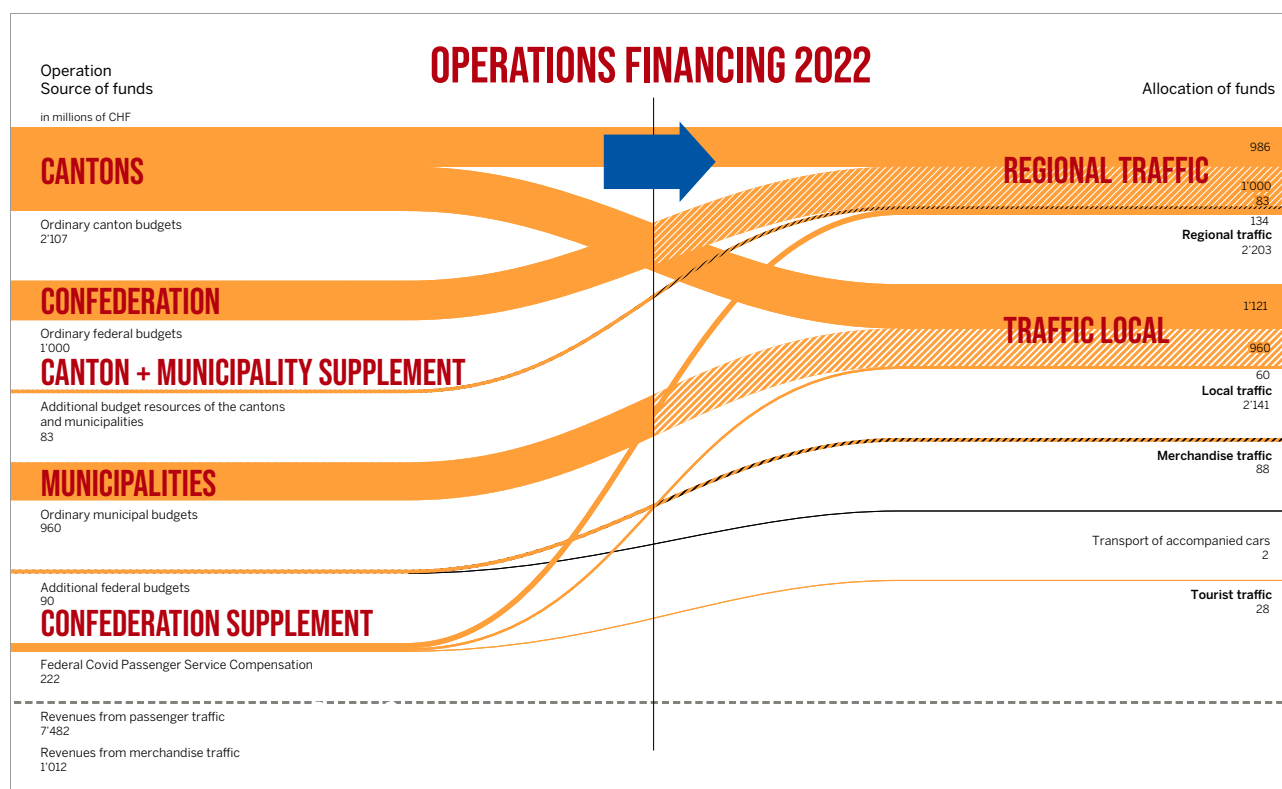
Train route revenues¹
1'439

Compensatory payment from CFF Immobilier⁴
150

**Financing
Rail infrastructure fund
5.9 billion CHF**

Financing of rail infrastructure and allocation, 2024

Source : Litra, «Les Transports en chiffres », Berne, 2025.



Financing of the operation of public transport systems and allocation, 2022

Source : Litra, «Les Transports en chiffres », Berne, 2025.

road projects, 135 rail projects and 51 urban area projects. They would require, if all of them we carried out, a budget of 113 billion francs (123 billion euros), while the Confederation only has 24 billion for the period from now until 2045 to finance these types of projects.

Professor Ulrich Weidmann of the Zürich Federal Polytechnic Institute was assigned to propose priorities and to bring this amount down to 27.7 billion francs or, in a less strict scenario, to 37.7 billion. This budget is broken down by large region.

Urban logistics are evolving with growing use of cargo bikes, and postal distribution makes substantial use of electric tricycles.

It is regrettable that these outlooks are based on budget estimations “with constant technology” which do not consider other solutions to reduce the investment and operational costs of these projects. We see that these concerns regarding the existing technologies are such that they seem to dissuade decision-makers and influencers from considering innovations and learning to manage them, both to reinforce the rail system and to explore other approaches, as in many East Asian countries (China, Japan and Korea) and also in Brazil.

Region	Variante FIF-14	%	Variante FIF-24	%
Lake Geneva and the Western Alps	4664	17	8456	23
Northwest Switzerland	3658	13	3835	10
Federal City Region	1516	6	4146	11
Central Switzerland	4023	15	5041	13
Southern Switzerland	2349	8	2349	6
Zurich metropolitan area	8611	31	10 502	28
Lake Constance and the Eastern Alps	2754	10	3139	8
Network-wide projects	93	0	200	1
Total	27 668	100	37668	100