URBAN TRANSPORT FOR DEVELOPMENT

World Bank‘s Strategic Framework for Urban Transport

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The key documents

- “Cities on the Move – A World Bank Urban Transport Strategy Review,” 2002
- “Cities in Transition – World Bank Urban and Local Government Strategy,” 2000
- “Transport for Development – An update of the World Bank’s transport sector priorities for the period 2007-2015,” (forthcoming 2006)

Motivation

- World Bank is looking into ways of increasing its assistance in the urban transport sector. This involves, inter alia:
  - an evaluation of recent, current and proposed projects funded by the Bank, and
  - a scrutiny of the approach used to make projects.

Why a revival of interest in urban transport?

- Ever-increasing importance of cities, both as carriers of economic growth and magnets for low-income people seeking better opportunities
- Urban transport as a sphere of confluence of three essential aspects of development today: economic growth, poverty, and environment
- Potentially high payoffs to involvement in specific cities and replication elsewhere,

Urban transport in one glance

- Urban transport belongs to a class of problems called “wicked problems” due to difficult problem formulation, multiplicity of decision makers on both demand and supply sides, and weak boundaries
- In Bank’s client cities: very rich variety of urban travel markets and modes, reflecting the initial conditions and the underlying political, economic and social change

Factors with catalytic impacts on urban transport

- Urban population growth
- Spatial expansion and patterns
  - Economic change (growth, stagnation, ..)
  - Poverty
  - Motorization
  - Economic system changes: roles of public/private sectors
  - Decentralization of political power

Boundary combinations of the two main “ingredients”

- High economic growth and low population growth
- High population growth and low economic growth

Some frequent consequences of changes in catalytic factors:

- Economic growth leads to household income growth, thence to greater motorization
- Significant and rapid changes in modal split
- Economic growth not matched by better public finance
- Pressure on major urban road infrastructure
- Population growth even in the absence of economic growth
- Economic growth (paradoxically) may lead to increases in low income urban population and (generally) is not uniform.
- Income inequality, if unattended, maps into transport inequality
- Tension between cost- and quality-oriented public transport services to suit different travel markets
- Examples illustrating instances of change and consequences on urban transport shown on next slides

Example 1: Tianjin in early 1990s

- Inherited situation: planned city; low household incomes; transport based predominantly on bicycles, plus modest share of standard street-bus operation in public ownership (less than 10% modal share); very few cars
- Change: rapid economic growth, spatial and demographic expansion, increased incomes (and inequality), increased motorization
- Modal shift to public transport modes and cars
- Response: de-emphasis of bicycles, extensive road building, deregulation of PT services, plans for rapid transit systems

Example 2: Budapest

- Inherited situation: planned city, low incomes, good-quality and cheap basic services, transport based on an extensive PT system, a public monopoly; low modal share of cars
- Change in 1990s: crisis in public finance, crisis in incomes, shift from public to private economy, economic recovery with sharp inequalities,
- Then: rising motorization, modal split moving towards the car
- Reaction: overhaul of PT w-out deregulation, rise of cost recovery; metro extensions; seeking balance between pro-car and restraint

Example 3: Bangalore

- Inherited situation in early 2000s: urban transport based on street buses, bicycles and walking; bus company a street-based public monopoly, brought to financial ruin by failing to close the gap between fare revenues and costs
- Change: rapid economic, population and spatial growth; increased motorization in the form of motorcycles and company cars, with major modal shift away from public transport
- Reaction: restructuring of bus company financially and managerially, with contracting out, but still a monopoly; some road and interchange building; impasse on rapid transit. Why so little? Fragmented institutions.
- Result: transport a binding constraint on economic growth

Example 4: Santiago de Chile

- Inherited situation in early 2000s: liberalized economy, deregulated public transport services w on-street competition, oversupply, low safety, road building and some metro lines for the better-off groups
- Catalyst for change: public pressure for better quality PT services
- Reforms include: re-regulation of street buses based on for-market competition; creation of bus rapid transit lines; continued major roads and metro development

Consequence of variety of situations in client cities

- The nature of place-specific problems is highly dependant on the inherited situation and the type of change at hand
- This precludes an overall, one-size-fits-all, prescriptive approach by the Bank
- An adaptive urban transport strategy is indicated
- Hierarchy of strategies: Bank-wide, regional, country, city
- At the top: a high level of generality, a menu more than a blueprint
- Specificity and the prescriptive nature of the strategy would increase as the focus moves to a given region, country and city, and it is most specific in the context of a city-based lending operation

Concept of strategy

- Strategy as a coupling of a set of objectives (“vision”), a particular view of the sector (“problem formulation”), and a selection from available instruments
- The Learning School type of strategy: “formulation and implementation intertwine” and ”retrospective sense making”

Focus on Bank instruments

- Array of loan and grant types: standard investment loans (SILs), program loans, policy loans, structural adjustment loans, learning loans
- Analytic services
- Standard investment loan: the most frequent instrument by far
- All others can be considered as special cases of SILs
- Thus the structure of strategy can follow the structure of a SIL

Structure of a standard investment loan

- A set of development objectives
- A policy (change) agenda, partially or fully mapped into loan conditionality
- An institutional (change) agenda, also mapped into loan conditionality
- An investment program (covering infrastructure, equipment, studies and technical assistance) conceived in part as supporting and leveraging the policy/institutional change agenda

Definition of strategic options (arising out of the SIL structure)

- Strategy options are combinations of key objectives, policy and institutional initiatives and investments, drawn from a comprehensive agenda

- Rule for inclusion of an item in the strategy: it must be seen as pivotal

Strategic agenda for objectives

- Vision: a richer, freer, more equitable and environmentally-friendly world
- Objectives drawn from four categories:
- - **Growth-enhancing** (efficiency in provision and operation of urban infrastructure and services, traveler & shipper benefits),
- - **poverty alleviation** (benefits to low-income travelers),
- - **environment** (emission of pollutants, noise; land consumption),
- - **governance**

Strategic agenda for policies

- Physical allocation of street space among competing transport modes (link to income, age, gender concerns)
- Managing the use of street space through time and price instruments (traffic/ parking control and road use pricing)
- Emissions control
- Ownership and regulation of public transport services (public/private relations)
- Service and price policy for public transport services (NB.: affordability and competitiveness with other modes.
- Land management
- Funding and expenditure policies

Strategic agenda for institutions

- Traffic management
- Traffic law enforcement
- Public transport planning and regulation
- Environmental management
- Urban and transport planning: organization, processes and instruments
  - Demand orientation in planning
  - Participation
  - Inclusion of economic and financial dimensions into typically engineering-dominated analyses
  - Cycle of pre-investment studies
  - Risk-management for major investments

Strategic agenda for investments

- Road improvements: allocation between primary through tertiary networks, spot vs. link and area improvements
- Traffic control and law enforcement
- Emissions control
- Road network expansion
- Improvement of public transport systems
- Expansion of the public transport network beyond street-based modes into full and intermediate forms of mass rapid transit modes

Example: a strategy for Bangalore

- Objectives: (a) remove transport as a constraint to growth; (b) maintain competitiveness of PT; (c) enhance the welfare of low-income population
- Policy agenda: bring private funding and competition into the PT sector
- Institutional agenda: create PT regulation, traffic management and transport planning institutions
- Investment agenda: bus-based rapid transit, with private operations; investments to “urbanize” the railway lines; tertiary road networks in outlying areas; walkways and street crossings

Some features of WB urban transport projects

- Low frequency: relatively few cities involved; most often just a single project in any given client city, up to 3-4 maximum, over last 30-year period.
- Consequence 1: need for selectivity (does not imply a rejection of “routine” investments, e.g. traffic control, road maintenance, ..).
- Consequence 2: need for analytic work to cover many more cities than there are loans
- Consequence 3: need for partnership with other multi-lateral and bi-lateral development agencies

Partnerships

- The Bank maintains regular contacts with development finance agencies and professional organizations active in the urban transport field (UITP, TRB, CODATU, THREDBO, …)
- A proposed Global Urban Transport Identification and Preparation Facility will coordinate the many bi-lateral, single country assistance programs that may be overlapping or inconsistent, aiming for better selection and better preparation of public and private investments in this sector.

Difficult questions (1)

- Question: would the Bank finance fleet replacement or expansion of public sector PT companies?
- Answer: Bank's ICB approach to procurement may clash with fleet purchase practices normal in the PT industry. Also, many situations call for a drastic increase of private participation in this sector, rather than propping up public-sector companies. This said, there are situations where the most adequate strategic action is to support public-sector operation, often within a private-public partnership framework.

Difficult questions (2)

- Question: would the Bank finance major new roads in urban areas?
- Answer: When there is a major change in modal split for passenger and goods travel in the direction of motor vehicles (e.g. China in 1990s), road expansion may be warranted. This said, planning such investments is complex, not least because of the Bank's stringent relocation and environmental safeguards

Difficult questions (3)

- Question: is the Bank anti-metro?
- Answer: Bank's strategy is not either anti- or pro-metro projects. Metros are seen as an essential option in many cities with high-density corridors, with scarcity of at-grade right-of-way, and sufficient public and private technical & financial capacity to build and operate such a project. The Bank focuses on the preparation and decision making process to ensure a proper range of options; good-quality cost and revenue forecasts; risk assessment; a rigorous, participatory evaluation; and a thorough approach to subsequent implementation and operation stages.

Difficult questions (4)

- Question: has the Bank adopted an advocacy approach concerning Bus Rapid Transit
- Answer: Affirmative. This position is based on Bank experience that, generally, lower-cost options tend to be neglected, especially in absence of “natural” lobbies. The advocacy in this case consists of ensuring that BRT options are studied, and that actual BRT experiences are disseminated widely.

Difficult questions (5)

- Question: what aspects of the strategy focuses on the poverty alleviation?
- Answer: The poverty concern is most present in matters related to:
- (i) allocation of street space (ensuring protection to pedestrians, bicycles, non-motorized and PT vehicles);
- (ii) price and finance policies for PT modes; and
- (iii) physical distribution of investments to low-income areas.