URBAN TRANSPORT FOR DEVELOPMENT
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CODATU XIII, November 2008
Ho Chi Minh City, Vietnam
Sources of the presentation


In the background:

To find these documents:

• Go to the home site www.worldbank.org
• Navigate to “topics” – “transport” – “urban transport”
• Or: write to smitric1@worldbank.org
• Or: write to: smitric@yahoo.com
Development lending by the World Bank

- Lending at lower-than-market interest rates and better repayment terms
- Investment loans used to leverage policy and institutional changes
- Routine features of investments:
  - economic and financial viability
  - social and environmental safeguards
  - international/local competitive bidding
World Bank urban transport lending

- Program started in early 1970s
- About 75 projects completed
- About 22 active
- About 10 currently in the pipeline
- About $250m annual lending
- Underway: attempts to intensify involvement in this subject
Why rising WB interest in UT?

- Ever-increasing importance of cities in client countries (population, spatial and economic growth)

- Motorization-linked gains & problems cut across key developmental dimensions: economic growth, poverty, non-renewable resources and local/global environment
Major feature of urban transport in developing countries

Wide diversity across countries due to different stages in the economic development (and motorization) cycle
Examples of diversity

- Budapest, early 1990s: strong dominance of classic public transport (all modes), cars ascendant
- Tianjin, early 1990s: strong dominance of bicycles; weak public transport; cars ascendant
- Hanoi, 1990s: dominance of bicycles, motorized 2-wheelers ascendant
- Yaounde, 2006: dominance of walking and shared taxis
- Lahore, c. 2000: dominance of weakly regulated minibuses and cars
- Bangalore, early 2000s: tradition of bikes & buses, destroyed by ascendant motorized 2-wheelers
Key feature of travel demand in developing countries

Distinct market segments in both passenger and freight transport markets, polarized by income, with these extremes:

- those in the vanguard of the economic growth processes: own/have access to motor vehicles
- losers in the growth process, new arrivals to urban areas: walk, bike, take public transport, perhaps own motorized 2-wheelers
On the transport supply side:

- Lack of funding: neither urban roads nor public transport systems generate financial surpluses ready to be plugged back for operation, renewal and expansion
- Weak road system management and public transport regulation
- Fragmented, low-capacity institutions
Consequences

- Street scene: fierce competition for street space; poor services; low safety; pollution
- Attempt to escape streets to limited-access facilities: metros, expressways,…
- Politics: struggle among modal sub-systems for current and capital budgets; struggle for subsidies
- Conflicts: within/between modes, public and private sectors, levels of government
Main policy tension in public transport

• “Clean” modal split requires high-quality public transport services (pressure on fares and/or subsidies);

• Poverty-led policy requires basic services at low fares, but reduces the potential to attract “choice” passengers
Factors affecting design of Bank projects

• Client city (country) propositions and intentions

• Bank’s diagnosis of local situation

• Overall country-assistance strategy

• Bank’s global urban transport strategy
Project structure

The majority of Bank-funded projects have these elements:

• Objectives
• Investments (funded in part by a Bank loan)
• Policy reforms
• Institutional reforms
Structure of the global strategy

To be operationally meaningful, the structure of the global strategy must mimic the project structure, i.e. it must consist of the same building blocks:

- Objectives
- Policies
- Institutions
- Investments
Bank’s global UT Strategy - objective

Maintain/nurture public transport and non-motorized modes in competition with private motorization to achieve an equitable, inclusive and green modal split
Selection of the main objective implies....

.... the positioning somewhere between eco & energy pessimists (e.g. Mayer Hillman) and predict-providers & techno-optimists (e.g. Wendell Cox)...

.... The approach could be seen as based on the concept of “weak sustainability”
Bank’s global urban transport strategy - policies

- Deregulation of state-owned PT operators and/or re-regulation of informal sector
- Reform of price/subsidy policies (viability, targeting, integration) for all modes
- Re-allocation of street space to favor PT & N-M modes
- Revision of road design standards to favor PT & N-M modes
Clarification #1

• “Deregulation” and “re-regulation” indicate directions of change, not fixed targets

• In any given city, the degree of regulatory change depends on the starting point and capacity/willingness to change
Clarification #2

“Reform of price/subsidy policies (viability, targeting, integration) for all modes” means that pricing and subsidy policies should be reformed for both public transport services (e.g. cost recovery) and motorists (parking and road use charges)
Bank’s global urban transport strategy - institutions

• Traffic management departments
• Traffic law enforcement agencies
• Transport planning departments
• Public transport regulatory authorities
• Cross-institutional coordinating bodies, locally and between gov’t levels
Bank’s urban transport strategy - planning instruments

- Studies for the investment cycle: from alternatives analyses to detailed studies aimed at risk management
- Special-purpose policy & institutional studies
- Strategic transport and land use planning studies
Bank’s urban transport strategy - investments

- All road and public transport investments that make a coherent whole with policy and institutional components of a given project (and pass econ/financial tests)
- Long-term focus: search for inexpensive, off-street space for PT modes (intermediate rapid transit modes)
- Recent focus: roads in urban expansion areas (reaching to land planning)
Expansion domains in project practice

• Search for stable funding sources, linked to local demand
• Price-based congestion management (link to transport funding)
• Using transport instruments to improve urban spatial development
• Helping create multi-modal urban transport institutions
Example 1: Hanoi, Vietnam

- 3.2 million people (metro area)
- Vibrant demographic, spatial & economic growth
- UT based on motorcycles (60%) and bicycles (25%); UPT: 8%
Example 1 (cont’d): Hanoi UT Project (2007)

- Invest in BRT infrastructure on space taken from general traffic
- Introduce for-market competitive regulation for BRT operations
- Set up PT regulatory authority
- Invest in peri-urban, roads with new design standards
Example 2: Lagos Metropolitan Area

- 13-15m people (6% p.a.); 9.6m poor
- Economy: mainly informal; ailing
- Urban infra & services: lost the race with urban growth
- UPT: 77%; informal (75,000 veh’s); in-market competition, unregulated.

- Invest in upgrading roads on main PT corridors
- Introduce for-market competitive regulation on improved roads
- Set up UT regulatory authority
- Create Urban Transport Fund

- Bogota 6.6m; Pereira 0.5m, ...
- 2/3 population under poverty line
- Motorization: 25% families own cars
- Modal split: 75% public transport (PT)
- PT: thousands of priv. buses, w. in-market competition; oversupply of low-quality services; low safety, high pollution
Example 3 (cont’d): Colombia - Integrated Mass Transit Project

• Investment: 70 km bus rapid transit (BRT) and related infrastructure (*Transmilenio* and others)

• Policy: for-market competition on BRT system + feeder/distributor networks

• Institutions: PT regulatory authorities in participating cities + assistance to the National Urban Transport Program