



**URBAN TRANSPORT FOR  
DEVELOPMENT  
Slobodan Mitric  
World Bank**

**CODATU XIII, November 2008  
Ho Chi Minh City, Vietnam**

# Sources of the presentation

- **A Framework for Urban Transport Projects – Operational Guidance for World Bank Staff**, TP-15, Transport Sector Board, World Bank. Washington, D.C.. January 2008
- Slobodan Mitric. **Urban Transport for Development: Towards an Operationally-Oriented Strategy**, TP-21, Energy, Transport and Water Department, World Bank. Washington, D.C., November 2008

# In the background:

- **Cities on the Move – A World Bank Urban Transport Strategy Review.**  
World Bank, Washington, D.C. 2002

# To find these documents:

- Go to the home site [www.worldbank.org](http://www.worldbank.org)
- Navigate to “topics” – “transport” – “urban transport”
- Or: write to [smitric1@worldbank.org](mailto:smitric1@worldbank.org)
- Or: write to: [smitric@yahoo.com](mailto: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.

# Example 2: Lagos Urban Transport Project (2002)

- 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

# Example 3: Bogota & med.cities (2004)

- 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