



Safe, clean and affordable Transport for development

Marc H. Juhel

- The World Bank
- Sector Manager
- Transport Division,
- Energy, Transport and Water Department
- mjuhel@worldbank.org



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 focus on economic and financial viability, ICB
- ◆ Social and environmental safeguards



World Bank urban transport lending

- ◆ About 75 projects completed
- ◆ About 22 active
- ◆ About 10 currently in the pipeline
- ◆ About \$250m annual lending
- ◆ Bank trying to intensify involvement
- ◆ Program started in early 1970s





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 issues re economic growth, poverty, non-renewable resources and local/global environment



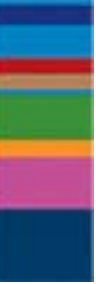


Diversity of travel demand in developing countries

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





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





Transport supply side:

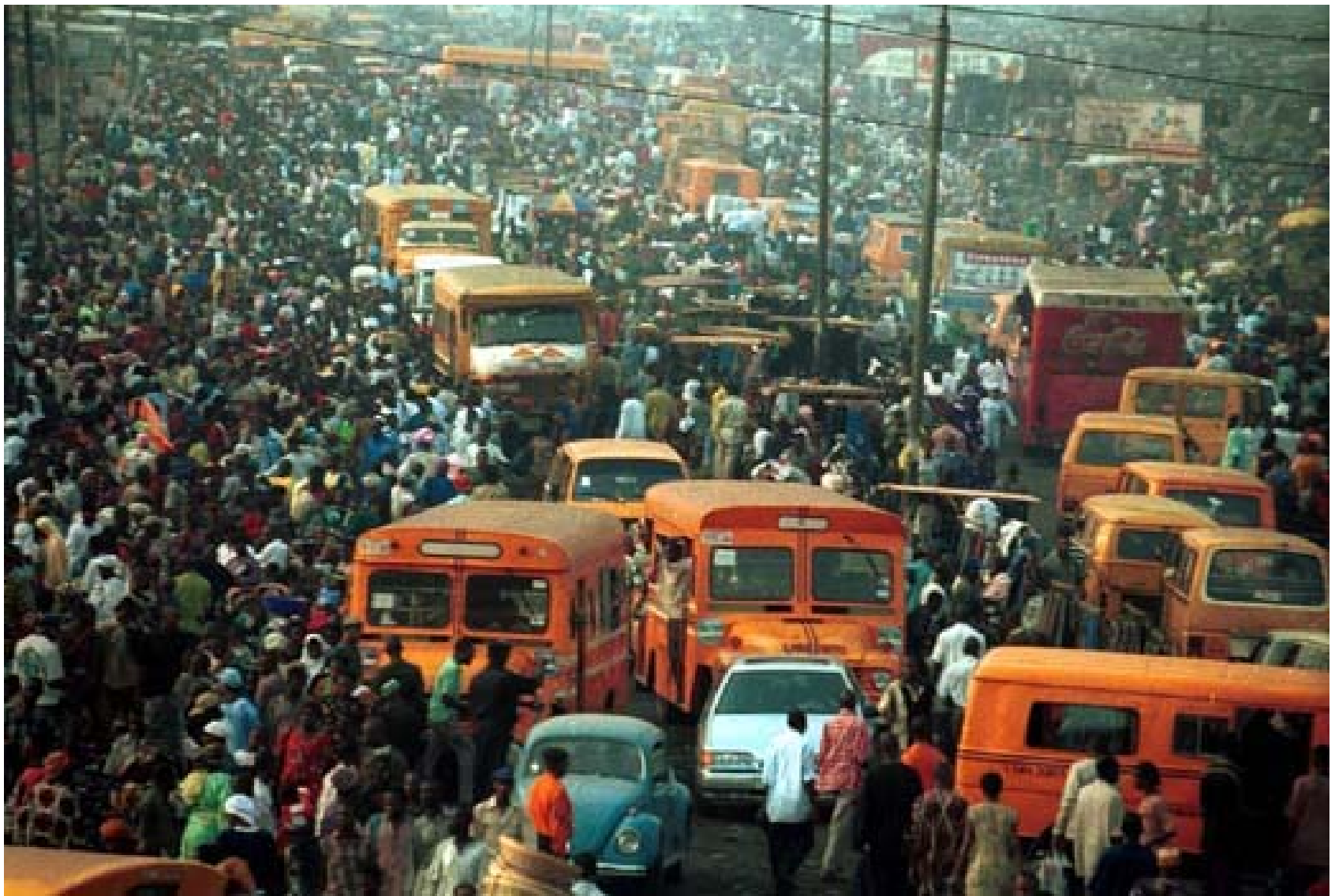
- ◆ Lack of funding: neither urban roads nor public transport systems generate financial surpluses that could be plugged back for operation, renewal and expansion
- ◆ Weak road system management and public transport regulation
- ◆ Fragmented, low-capacity institutions



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: 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
- ◆ Country-assistance strategy
- ◆ Bank's global urban transport strategy



Strategy structure

The structure mimics the project structure, consisting of these building blocks:

- ◆ Objectives
- ◆ Policies
- ◆ Institutions
- ◆ Investments



Bank's UT Strategy - Objectives

- ◆ Maintain/nurture public transport and N-M modes in competition with private motorization to achieve an equitable, inclusive and **green** modal split
- ◆ Energize private sector participation within public-private partnerships
- ◆ Be prudent in economic and financial terms



Bank's 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

- ◆ “Deregulation” and “re-regulation” indicate directions of change
- ◆ In any given city, the degree of regulatory change depends on the starting point and capacity/willingness to change



Bank's urban transport strategy - institutions

- ◆ Traffic management departments
- ◆ Traffic law enforcement agencies
- ◆ Transport planning departments
- ◆ Public transport regulatory authorities
- ◆ Inter-institutional coordinating bodies, locally and between government levels



Bank's urban transport strategy - planning instruments

- ◆ Pre-investment study cycle:
alternatives analyses
- ◆ 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



Difficult questions (1): metros

- ◆ **Question:** what is the Bank's policy on metros?
- ◆ **Answer:** There is no policy on metros. 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 and scarcity of at-grade rights-of-way. Good planning process of critical import. Cities need sufficient public and private technical & financial capacity to plan, build and operate such a project, while sustaining the rest of the public transport system.



Difficult questions: metros (cont'd)

- ◆ **Question:** is there a Bank approach for preparing metro projects?
- ◆ **Answer:** the Bank uses a staged planning and decision making process featuring a proper range of analyzed options; credible cost and revenue forecasts; risk assessment; a rigorous, multi-criteria, participatory evaluation; and a thorough approach to subsequent procurement, construction and operation planning stages.



Difficult questions (2)

- ◆ **Question:** has the Bank adopted an advocacy approach concerning Bus Rapid Transit
- ◆ **Answer:** Affirmative. The advocacy consists of (1) ensuring that BRT options are considered fairly in the planning process, and (2) that actual BRT experiences are disseminated widely. This position is based on experience that, generally, lower-cost options tend to be neglected, especially in absence of “natural” lobbies.



Difficult questions (3)

- ◆ **Question:** would the Bank finance fleet purchases of public sector PT companies?
- ◆ **Answer:** Bank's ICB approach to procurement may clash with fleet purchase practices normal in the PT industry. Many situations call for a shift to markets and private operations in this sector, rather than propping up failed public-sector companies. This said, there are cases where the most cost-efficient and effective strategic action is to use fleet investments to support a reform of public-sector operation, often within a PPP framework.



Difficult questions (4)

- ◆ **Question:** would the Bank finance new roads in urban areas?
- ◆ **Answer:** Yes, 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), and/or to guide urban spatial expansion.
- ◆ **Conditions:** PT- and NMT-friendly design and potential to influence land development.
- ◆ **NB:** Road construction in built-up areas is complex, not least because of the Bank's stringent social and environmental safeguards.



Difficult questions (5)

- ◆ **Question:** Bank is known for favoring economic pricing for PT services; how is this reconciled with poverty concerns?
- ◆ **Answer:** Economic pricing is a desirable long-term direction for all modes, but it is recognized that subsidies are valid instruments of social or sector policy. What matters is to evolve a coherent, doable subsidy design.



Difficult questions (5) cont'd

For public transport subsidies, the approach is to:

- ◆ clarify objectives (poverty, modal split,..)
- ◆ design subsidy delivery to reach aims, reduce benefit leakage, exclusion
- ◆ harmonize with social assistance programs, and
- ◆ ensure financial viability

