

# URBAN TRANSPORT FOR DEVELOPMENT A PRIMER ON THE WORLD BANK'S STRATEGIC FRAMEWORK

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## ABSTRACT

The specter of motorization is haunting large cities in low- and mid-income countries of the world. Ownership and use of motor vehicles rise along with increasing urban size, population, economic activities and incomes. Motorization can be led by cars (as in Central and Eastern Europe); by taxis and other forms of for-hire vehicles (as in Latin America and Africa), or by motorcycles (in some cities of South and East Asia). Waves of new motor vehicle traffic, carrying passengers or freight, encounter road networks ill-equipped by size and structure to handle this increased load, resulting in street congestion and reduced access to opportunities, with accompanying accidents and pollution. Pedestrians and users of non-motorized vehicles are the first to suffer from this situation, followed by passengers and operators of street-based public transport modes. Eventually, high transport costs for all modes become critical for city productivity and competitiveness, are a barrier to poverty alleviation, and a community health hazard in terms of safety and environment. Globally, aggregate transport emissions of greenhouse gases are contributing to climate change and the rise in aggregate demand for energy may not be sustainable.

The main structural weakness of the sector is that urban roads do not generate revenue directly and revenue-earning potential of public transport services is entangled with affordability issues. Adding in weak land markets and taxation, it is difficult for cities to respond to surging demand for infrastructure and services, since there is little direct linkage between increasing population and wealth on the one side and city budgets on the other. In the worst-case scenario, demographic and motorization growth in cities occur at low, even negative rates of economic growth, combining public and private poverty. Overall, the sector requires a complement of interest-balancing policies and stable funding -for both current and capital spending- that local institutions are rarely able to mount.

Since urban transport issues cut across its chief concerns for growth, poverty reduction and environment preservation, the World Bank has been active in this sector since 1970s, with a stream of development projects and policy advice. At present there are about 22 ongoing projects and about 10 in preparation. Every 5-10 years, the Bank reviews and updates its policies and strategy for dealing with urban transport problems. The reports Sustainable Transport (1996) and Cities in Transition (2000) are the latest formal statements of transport and urban strategies. Cities on the Move (2002) is the most recent policy review specifically focused on urban transport matters. Transport for Development (forthcoming in 2007) will update transport sector strategy and a similar effort is underway for the urban sector.

This paper arises from the perception that a gap exists between sector strategies, as stated in the cited reports, and project strategies evident in Bank practice. The former are too general to be linked meaningfully to project designs. This paper attempts to close this

gap by putting forward an operationally-oriented urban transport sector strategy based on a combination of project experience, formal strategy and policy documents, and recent developments in the field.

Historically, Bank-funded urban transport projects of last 15 years exhibit wide diversity of features, reflecting inherited local conditions, the nature and rhythms of socio-economic changes underway, and the vintage of client-Bank relations. Yet, a strong central tendency is also evident, amounting to a coherent and robust strategy. The core strategy, as it is called in the paper, aims to maintain or nurture the attractiveness of public transport and non-motorized modes relative to individual motor vehicles, with strong emphases on accessibility, equity, safety and environment. It features: (i) for-market competitive model for regulation of public transport services, with privately provided operations and strong public role to protect the community interest in both transport and environmental spheres; (ii) allocation of street space favoring public transport and non-motorized modes; (iii) the creation of transport authorities, with urban area-wide jurisdiction; and (iv) an array of supporting investments in roads and public transport infrastructure and equipment. Echoing item (ii), the investment dimension of the strategy is increasingly oriented towards the provision and rehabilitation of public transport modes operating on exclusive tracks.

The core strategy as derived from project experience has covered all urban transport modes and has addressed a wide range of critical policy matters, but has been flexible enough to include project designs involving single modes and narrow policy concerns. Importantly, by a judicious selection of policies and investments, this strategic framework has been able to accommodate projects that are poverty- and/or environment-oriented.

This said, the pace of urban growth and ever advancing motorization -especially in rising giants like China and India- and global issues like climate change and non-renewable energy call for much stronger medicine than has been delivered. An enriched core strategy will need to address pivotal policy matters, such as urban transport funding, congestion pricing, and land regulation. This will involve using increasingly the leverage of major investments in road and public transport systems, and/or policy loans and other lending instruments that allow lower processing costs. Cross-sector nature of funding, land development and environmental issues will require the use of project designs where urban transport is combined with other urban, transport, and environmental matters.