Presentation

CITIES ON THE MOVE - AN OVERVIEW OF THE WORLD BANK'S URBAN TRANSPORT STRATEGY[1]

SUSANNE HOLSTE

Sr. Transport Specialist, World Bank

The World Bank last published an urban transport strategy paper in 1985. That paper concentrated on the efficient management on existing transport capacity, on good traffic management, and on efficient pricing for urban transport. It was primarily an economic strategy.

Since then, a lot has happened, both in the world and in the World Bank.

First, of course, the world has become increasingly urbanized. Within a decade more than half of the population of the developing world will live in cities. The number of megacities of over 10 million population is expected to double. The majority will be in Asia. Already the megacities are the most polluted, and unless we do something about it things will get worse. As a consequence of that growth, more than half of the world's poor will also live in urban areas. Poverty is becoming more and more an urban problem.

The economies of cities are also changing. They are increasingly involved in trading patterns on a global scale. This means that the health of cities, and the welfare of their poor, depend increasingly on the ability of the city to compete in the global economy. The quality of the urban transport system is an important element of that urban competitiveness.

Finally, the position of cities within national political and economic structures is also changing. Responsibility for urban affairs is being decentralized to the cities themselves. This puts new financial pressures on cities, requiring them to find new ways to satisfy the needs of their citizens.

Those changes in the world are paralleled by some equally dramatic changes in the World Bank and other multinational development organizations. Debt relief to the highly indebted poor countries has been associated with their development of well articulated poverty reduction strategies. Urban transport sector strategies must contribute to that poverty alleviation effort.

Within the World Bank there has also been an increase emphasis on viewing all activities within a comprehensive development framework. This framework emphasizes the need for the range of donor organizations and recipient country governments to collaborate more closely to more effectively address the poverty problem. It also emphasizes inter relationships between sectors and requires them to be more constructively embodied in development programs.

In the transport sector the need for a broader view of the contribution of transport to development was recognized in our transport sector strategy paper of 1996. That paper emphasized the importance of sustainability in transport policy, interpreted broadly to include economic and social as well as environmental and ecological sustainability.

[1] This paper was first presented by Ken Gwilliam, Advisor, World Bank, at a workshop in Yokohama, Japan.

In the urban sector the general problems of cities were analyzed in the sector strategy paper “Cities in Transition”, published earlier this year. That paper emphasized the need for cities to be livable, competitive, bankable, and well governed. As in the transport sector paper a strong link was thus made between the social objectives of cities and the efficiency of their economies.

The present urban transport review attempts to build on that developing body of thought. While adopting a very strong and explicit poverty focus it recognizes that the fight against poverty cannot be won by redistribution of income alone, but must also attend to the need for economic growth. Urban transport thus has a dual role as a means of increasing city incomes and as a means of protecting the interests of the very poor within cities.

Urban Transport and City Efficiency

Looking first from the viewpoint of efficiency and growth it is not too difficult to characterize the central problem. Economies of agglomeration generate the growth of cities. As cities grow, and particularly as they become richer, their vehicle fleets grow more rapidly than the available road space. As they extend spatially, average trip lengths increase, so that traffic increases more rapidly than vehicle fleets. Increased congestion and traffic generated air pollution result. Both waste resources and inhibit growth.

So what can we do about it?

Some people argue that cities have already become too large, and that activity should be moved out from megacities, and new development concentrated in medium-sized cities. Unfortunately, it is not clear at what city size the economies of agglomeration run out. Furthermore, experience suggests that a policy of deconcentration is very difficult to implement. Those issues will need to be discussed here.

A second common prescription is to ensure that adequate and well structured road space is provided as the city grows. That does not mean, of course, total auto dependency, as the example of Singapore well shows. But even in Singapore, successful implementation of priorities for public transport have been based on generous provision of space for movement. Indeed, it is the combination of land use and transport planning which has made it possible for that city to reconcile high mobility with high quality of urban life.

Unfortunately, for cities which have already become large, dense, and congested, the opportunity may have already been lost to provide that adequate level of infrastructure, for two reasons. First, once the city fabric is established it becomes increasingly expensive and both socially and environmental the difficult to superimposed substantial additional road infrastructure. Second, where congestion is already suppressing demand, increasing capacity may simply generate such a large amount of extra traffic that congestion is not effectively reduced.

That raises the interesting question of the extent to which it is possible to “retrofit” aspects of the Singapore planned approach, particularly the public transport system, on infrastructure and land-use structures not originally designed for it.

Even in highly congested cities, the efficiency of urban transport can undoubtedly be improved in a number of ways. In some countries urban road maintenance is a serious problem, contributing to congestion and increasing operating costs. Often that arises because of jurisdictional conflicts over which authority is responsible for which roads, lack of any clear ownership of neighborhood roads, or inadequate allocations for urban roads from national roads funds through which road funding is primarily channeled. What can we learn from this about institutional arrangements?

Public transport can also be improved through competition between private sector suppliers. But that is not a necessary result of deregulation. In Asia we have the experience of Delhi, where early attempts at deregulation vastly increased supply, but appears to have contributed to a deteriorating situation with respect to congestion, the urban environment, and user safety and security. But in other parts of the world, such as in Santiago, Chile they have struggled through, and successfully emerged from, a similar experience.

Competitive tendering of concessions can even revolutionize urban rail systems. Bangkok has its first, privately financed metro. But it has its problems, not least with respect to the reconciliation of a fare structure which is affordable to the population with a pure private financing structure. But there are other patterns for concessions, particularly in Latin America, involving a wider public/private collaboration, which do appear to have confronted the issues of integration and viability. What lessons can we take from that experience?

Local environmental problems can also be ameliorated. New fuel and vehicle technologies will undoubtedly reduce emissions per vehicle kilometer in the long run. In the short run, however we have a vehicle stock dominated by an older generation of technology, often badly maintained. In some countries, the emphasis on identifying and acting to improve the worst, highest mileage polluters, often buses, taxis and some trucks, has helped. Inspection and maintenance programs, if undertaken by technologically efficient instruments in a corruption free context, can have great impacts, as recent Indian experience has shown. At the extreme there are assisted, or forced, scrappage schemes. We need to know how far these schemes can take us, and how they can be most effectively designed and implemented.

In Asia a very special set of issues arise in respect of two wheelers non-motorized and motorized. While the immediate environmental impacts of the latter may be addressed through technological improvement – particularly the replacement of two-stroke by four stroke engines – the longer term strategic issue concerns the impact of private ownership of two wheelers as a path to an unsustainable level of private motorization and their impacts on the development of public transport.

The poverty perspective

Now let us turn to the poverty perspective.

In this context we concentrate not only on the traditional economic dimension but also on the broader dimension of social exclusion which are identified by the poor themselves as the essential nature of their poverty. Accessibility, to jobs to schools to health facilities and to social interaction, is thus an important aspect of poverty. Transport is central to that.

Here again, it is not too difficult to characterize the problem. As cities grow and expand, the price of more accessible land increases. The poor are forced to live on less expensive land. So they are forced either into slums or out to the periphery of the city. As average incomes grow and car ownership increases, the patronage, financial viability, and eventually quality and quantity, of public transport diminishes. Motorization, which is permitted by growth process, may thus also make some of the poor even poorer.

So what should we do about it?

First, we can focus transport improvements on the locations of the poor. That may involve concentrated efforts to improve access to slum areas or to improve public transport to peripheral locations. The problem is that on conventional calculations neither policy necessarily yields economic or financial returns as high as those obtainable from concentrating on service to the rich. That does not mean that they are wasteful or

undesirable investments, but it does mean that their selection requires both professional and political commitment to redirected priorities.

Second, focusing on the poor leads us to concentrate more on the modes of transport primarily used by the poor. That means paying more attention to provisions for walking and cycling. Reconciling the conflicts which emerge in the competition for space between motorized and non-motorized transport is a world wide problem. But without a continuous network of secure infrastructure people will not wish to risk bicycle travel. And without users, investment in infrastructure for cycling may appear wasteful. How do we break that impasse?

Concentrating on the modes of the poor in the more advanced developing countries in Asia mainly means the provision of affordable forms of public transport. In doing so we confront some difficult problems. Rail based systems are less congesting than road based systems, and in Latin America carry significant numbers of very poor people. But they are also usually more expensive to provide and operate. This raises questions both about the way in which the poor value time and about fare levels and structures. Modally integrated pricing schemes may eliminate multiple payments, and help some, but at the expense of increasing the basic fare level in the absence of direct subsidy. Para transit, provided by the informal sector, may serve the needs of the poor but also increase congestion and undermine basic public transport service. In all theses cases we need to develop strategies which reconcile efficiency and affordability.

Third, we can focus on the major categories of the poor. So far I have only spoken of income, and that is important. But there are other forms of deprivation. Gender confers some particular disadvantages in terms of diffused trip patterns and timings, as well as particular vulnerability to safety and security problems. Age and infirmity pose similar problems. And both locational resettlement and occupational redeployment arising in the process of development impinge particularly harshly on the poor. We will need to discuss the adequacy of “safety nets” for these disadvantaged groups.

Finally, we need to focus on a wide range of dimensions of poverty. The burden of transport on the time and money budgets of the poor are the most obvious. But the poor tend also to be the most vulnerable to air pollution, traffic accidents, and personal insecurity during travel. Roaad traffic safety is a serious problem. We need particularly to examine whether and how this can be addressed through the regulation, procurement, and policing of public transport services.

Prices and Finance

Central to the problems both of congestion and of the quality and availability of public transport service to the poor are questions of pricing and finance. Urban transport exhibits a fundamental paradox. Not many businesses go bankrupt when faced with buoyant and excessive demand. But that is what is happening to urban transport. Road congestion results at least in part from under pricing. In its turn that contributes to the decline of public transport service. While those two phenomena are logically connected, in most cities they are institutionally and financially separated.

The case for congestion pricing has long been recognized at the academic level. But, until recently, only Singapore had actually introduced it. Attempts in Bangkok, Kuala Lumpur and Hong Kong had all failed to gain popular or political support. But more recent regional experience, for example with the Namsan tunnels in Seoul, as well as what is happening in some European countries appears to be changing the position.

Of course, it is not easy to raise prices or taxes, particularly for goods which have traditionally been viewed as free goods. I think we have learned that any such increases must be linked with an increase in provision of social services. That problem appears to

have been addressed in Singapore. But in most countries there still remains a large education requirement to explain the link, and to offer realistic choices of alternatives. Can that be done? And if not, how else are we to sustain services?

As both policy and financial responsibility for urban is decentralized to the cities one might hope that the links will be better reflected in co-ordinated institutional and financial arrangements. Even in the United States, it is now being recognized that the interaction between public and private transport may justify transfer of some funds raised from road users to finance public transport. The development of metropolitan transport institutions in Manila is a promising step. The creation of a single transport fund at the metropolitan or municipal level, together with the treatment of road pricing revenues as local trading profits rather than as central government taxes, can potentially form the basis of a strong and robust urban transport sector. Is that feasible?

Institutions

At the end of the day of course, transport policy formulation involves an element of trade-off between conflict in interests. It is therefore bound to be a political process. And here again we face a serious problem in the transport sector. Too often bad investments have been made, and serious urban transport issues trivialized, by the political process. The two cities which are most often presented as examples of good transport planning and management, Curitiba in Brazil and Singapore, were both developed in a period of unitary government under strong leadership.

So the question arises of how to reconcile strong and coherent technical vision with decentralized democratic process. Two, complementary, issues need to be discussed here. The first is the extent to which the development of technical expertise within cities can guarantee satisfactory outcomes. The second is the extent to which the development of public participation and consultation, in parallel to the local democratic process, can improve local policy design. And if it can, what should we be doing to encourage it?

Curiously, as mentioned earlier, the process of decentralization may offer an excellent opportunity to address the problems. In particular, central government may structure inter-governmental transfers to avoid distorting local priority setting, and may require evidence of appropriate jurisdictional and functional collaboration at the local level as a condition of inter governmental transfers.