# At issue: At the crossroads:
## *Which way the World Bank's transport strategy?*

***Following an IEG evaluation of the World Bank's work in transport, and delays in the release of a new Bank transport strategy, Public World director Brendan Martin asks what the Bank has learned. With spending on transport likely to increase, what direction will the Bank's transport projects take from here and who is in the driver's seat?***

Somewhere in the limbo recently inhabited by the World Bank's 10,000 staff lurks a document called *Safe, clean, affordable: Transport for development*. Its sub-title, or at any rate the sub-title of the latest draft to emerge, is *An update of the World Bank's transport sector priorities for the period 2007- 2115*.

Whatever other changes are made between the latest draft, dated February 2006, and the eventual published document, presumably the operative period of the new strategy will be among them. As we enter the second half of 2007, it seems that the document's progress resembles that of the stereotypical British train: running late and with no public announcement as to the reasons for the delay.

Perhaps, like so many British trains, it has been diverted by engineering works. That would be no bad thing, because the draft needed plenty of work, despite the best efforts of its author, the Bank's senior transport advisor, Paul Amos. However, the silence is worrying, because what it needed most fundamentally - and, surely, what any such strategic update requires - is a much more public and participatory approach to evaluation of the Bank's past interventions and to planning the next generation. A longer delay to enable such public discussion would certainly be merited.

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There are signs that, internally, the Bank is thinking hard as well as long about the future of its interventions in a sector that accounts for more of its project loans than any other. A recent report by the Bank's Independent Evaluation Group (IEG) - the first ever carried out into the Bank's transport interventions as a whole - suggests that the lessons of that experience might lead to some significant changes of approach, if not of overall direction. In addition, the Bank has united its transport department with its social development and environmental networks within the new Sustainable Development vice-presidency, by far the largest in the new Bank structure. Within it, a new energy, transport and water department is headed by Jamal Saghir, who has demonstrated in his previous leadership of the Bank's water network a willingness to listen (and speak his mind) to civil society organisations.

None of those developments indicates a strategic change of direction, and the significance of each of them is easily overestimated. Nevertheless, this may be a moment for civil society groups interested in influencing the Bank to follow its example and pay more attention to the importance of transport in economic and social development.

Whatever the eventual content of the Bank's transport strategy update, one thing appears certain: its transport portfolio is much more likely to expand than to contract. Transport already attracts more World Bank finance than any other single sector, accounting for around 16 per cent of its project lending. Of that, 73 per cent is spent on roads, with rail, ports, aviation and transport services accounting for the rest. Over the past decade, the public sector units of the Bank have committed more than $30 billion to transport infrastructure and services, and the private sector arm a further $1.9 billion. The role of the Multilateral Investment Guarantee Agency has also been increasing.

The IEG's generally positive verdict on the effects of that expenditure is one reason for believing that transport's share of the Bank's portfolio is likely to expand. However, judging by the coded and not so coded contributions of Bank staff and others to its Transport Forum in Washington DC earlier this year, there is also a lively debate taking place within the Bank about the future direction of its transport interventions, and all sides can find some encouragement for their views in the IEG report.

One of the report's main findings points to a shift of emphasis towards transport services, and their integration, and away from the big road building projects that have made up most of the Bank's transport portfolio. One presentation at the Transport Forum featured a photograph of a pristine African highway unencumbered by traffic, a picture designed to highlight the existing imbalance. Another urged the Bank to reconsider its hostility to public subsidies and cross-subsidies, while there was general agreement that there should be more focus on safety, and especially road safety.

The IEG report is encouraging in those respects, stating that "transport must now focus more attention on confronting cross-cutting issues such as traffic congestion, environmental damages, safety, efficiency, and affordability," and adding: "This focus will necessitate more innovative, multi-sectoral approaches to resolve these complex and urgent country and global concerns."

It goes on to note that "public transport offers clear advantages for reducing congestion and pollution and for increasing safety", and the Bank is indeed paying increasing attention to the development of integrated, government-regulated (albeit privately delivered) urban bus services. Implicitly acknowledging the failure of earlier commitment to market liberalisation, new projects are building on recent experience of urban bus developments in Latin America. For example, the Bank's board was scheduled in early July to approve a new integrated bus network project in Accra, Ghana.

In addition, both the IEG report and the draft strategy highlight the crucial role of effective and efficient transport services in enabling achievement of the Millennium Development Goals. However, while promoting the development of transport services with appropriate technology to improve access to labour market opportunities and public services at local levels (and taking some account of the important gender dimensions of this work), the Bank hopes to reconcile this with its over-arching commitment to reshaping transport to facilitate global trade. That orientation is based on the Bank's general view of development, that growth stimulated and enabled by global trade provides the fundamental platform for ending poverty.

It might be argued by the World Bank, and particularly by its transport professionals, that the proper forum for discussion of the developmental role of trade is in the ongoing Doha round of World

Trade Organisation talks. However, since much of the Bank's transport work is being developed in the context of trade facilitation, it follows that a more robust appraisal of the relationships between trade, growth and poverty eradication would be appropriate in the context of the Bank's development of a new transport strategy. This is fundamental, because it is quite possible that transport restructuring that primarily facilitates global trade will harm rather than help many poor people, as well as damage the environment.

This argument can be illustrated with an example. Referring to the impact of transport deficiencies in rural areas, the Bank's draft strategy notes that "it slows efforts to migrate from subsistence to commercial agriculture" and that correcting this "may lead to the transformation of rural economies, step by step, from subsistence farming to market-oriented commercial agriculture". In the context of actual power relationships, however, it is by no means clear that this strategy is leading to the emergence of rural populations from poverty rather than to further enrichment of agri-business. At the Transport Forum, Katherine Sierra, who heads the new sustainable development vice-presidency, cited facilitation of just-in-time delivery of Kenyan cut flowers to European supermarkets as an example of best transport development practice, referring to the Bank's involvement in changing aviation and road transport rules and services. In addition to concerns about labour standards, we are entitled to pose questions about water resource, land and pesticide use, and carbon emissions, before declaring this is a model of "clean" or "affordable" transport development.

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In this context, the favourable verdict delivered by the IEG about the effects of the Bank's engineering of more private sector operation of railways, ports and aviation is significant. The IEG notes: "The Bank's 1994 World Development Report was the seminal document propelling the Bank toward the greater use of the private sector in infrastructure. It concluded that many developing countries would benefit through economic growth and poverty reduction if incentives to providers were clarified and strengthened." It goes on to conclude that, although the private sector did not contribute as much to investment in transport as had been intended, privatisation has led to "significant improvement in transport sector performance".

But the evaluation is founded entirely on (less than convincing) evidence that allocative and technical efficiency have been increased by privatisation, and the assumption that those efficiency improvements in turn flow through to a more pro-poor economic environment. In the case of railways, the research base for those conclusions is largely composed of recent Bank studies on the experience of privatisation in Africa and Latin America. In these, the positive verdict about technical efficiency improvements is based almost entirely on evidence that labour productivity has been driven up, while the allocative efficiency verdict is assumed from a shift to market-oriented services that has often involved abandonment of loss-making transport provision.

There have undoubtedly been increases in labour productivity, as conventionally (though not necessarily appropriately) measured in terms of freight and passenger kilometres divided by the number of directly employed workers. That ratio has been driven up through job losses on a huge scale - some 85,000 workers were retrenched in the case of Argentina's railway alone, for example - and by increased use of cheaper and less organised labour through outsourcing. Yet not only does the Bank's research not attempt to evaluate the poverty impact of such changes in employment, but also the workers and their unions are conspicuously absent from the list of "stakeholders" said to have been consulted for the IEG report. Moreover, despite its increasing commitment to promoting safety, the Bank neglects the crucial relationships between safety and the workloads, employment conditions and work organisation of transport workers. Some kinds of productivity improvement undoubtedly bring less safe practices, as participatory research I have recently conducted with the International Transport Workers' Federation has shown.

In the case of allocative efficiency, the assumption that market-led restructuring is necessarily pro-poor is also open to challenge. It is striking that neither the IEG report (although it states that "the distributional impact of transport projects is relatively under-researched") nor the Bank's draft strategy refers to the most systematic research yet undertaken about the link between poverty and transport. The report, commissioned by the Bank from UK think tank Overseas Development Institute, urges the use of a "sustainable livelihoods framework" rather than a "conventional neo-classical microeconomic approach to the household" in evaluating the links between transport and poverty.

It adds: "For example, social travel - often assumed to be a non-productive use of time - may have the intention or effect of building up social capital. Research suggests that trips made by the poor are typically multi-purpose activities, and the reason may be that social trips build up financial capital and vice versa." It goes on to refer to the social benefits of Tanzania's railways in this regard, and adds: "Whether interventions in transport result in improvements in livelihoods or not is conditional - it depends on the broader structural and institutional context and the asset endowments of the people in question. The sustainable livelihoods framework generates no general conclusions in this regard. What it does provide is a valuable menu of questions to be asked in every case."

It cannot be said that the Bank is yet asking all the right questions. Perhaps the first it should ask itself is: In evaluating the past decade and planning the next, who should we speak to that might enrich our understanding because they look at the development role of transport in different ways than ourselves? Before posing that question to the Bank too aggressively, however, we in civil society need to ask it of ourselves. If the Bank's aim of "safe, clean and affordable" transport is a laudable one, the means to its achievement requires much more knowledge than we currently possess, and a more inclusive approach to building it through participatory research and public discourse than has so far been undertaken.

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A longer, fully-referenced version of this article is available at: http://www.brettonwoodsproject.org/transportatissue56

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