



Chairperson's Summary: Committee on Development Effectiveness (CODE)

On February 14, 2007, the Committee on Development Effectiveness (CODE) met to discuss *A Decade of Action in Transport: An Evaluation of World Bank Assistance to the Transport Sector, 1995–2005*, prepared by the Independent Evaluation Group (IEG), and the draft management response. A statement of the external advisory panel on the IEG report was circulated as a background document.

Summary of the Evaluation Report

Transport projects have accounted for more than \$30 billion of the International Bank for Reconstruction and Development/International Development Association's commitments during the past 10 years, with a further \$1.9 billion commitment by the International Finance Corporation (IFC). IEG provided the following recommendations to Bank management:

- Expand focus of operations beyond intercity highways and rural roads.
- Prepare a Bank Group transport strategy with a sixfold emphasis: environmental impact, synergies across sectors, knowledge sharing and analysis, private sector role, governance, and redeploying staff and budget resources.
- Build up the sector's monitoring and evaluation efforts.

Summary of Draft Management Response

Management agreed with the thrust of IEG recommendations. Management also felt that the review might have gone even further in some areas such as the interface with other sectors and thematic areas, such as gender, social inclusion, and health; fiscal space; greater differentiation across review periods; and client perspective. Many of these issues are at the core of the update of the transport strategy that is being finalized under the title *Safe, Clean, and Affordable Transport for Development*.

Overall Conclusions. The Committee members commended IEG for a “very useful, timely, and comprehensive evaluation” [words taken from the Executive Directors' written statements]. The Committee also commended the transport sector staff for their hard work, and also for the high

efficacy and developmental relevance of their efforts. Members appreciated staff comments on Regional experience in Latin American and the Caribbean and Africa. There was broad endorsement of the key findings of the review and management's proposed actions, including: (1) expanding work beyond traditional intercity road construction to address emerging needs; (2) reiterating the need for having an integrated Bank Group (including IFC and the Multilateral Investment Guarantee Agency [MIGA]) transport strategy with a sixfold emphasis; and (3) reaffirming stronger monitoring and evaluation. Several speakers also reiterated the importance of listening to clients and taking into account regional approaches. The private sector role elicited a wide range of views. Some speakers would have liked the review to have covered in more detail the effect of the merger of the infrastructure and private sector development sectors in the mid-1990s that had important implications for the present.

Next Steps. The IEG findings and CODE discussion are intended to feed into the ongoing revision of the Bank's transport strategy under the title *Safe, Clean, and Affordable Transport for Development*. Management has proposed to discuss the directions of the transport sector strategy in the upcoming Sector Strategy Implementation Update.

The following main issues were raised during the meeting.

Report Issues. The Committee welcomed the timely IEG review of the experience in the transport sector in terms of helping the preparation of the sector strategy update and also in light of the imminent discussion on World Bank Group strategy and resources. Given the satisfactory performance of transport projects in the last decade, a member wondered why more investments had not been made in this sector. He also felt that the IEG report should have focused on lessons learned from the merger of the infrastructure and private sector development sectors, particularly the impact on the infrastructure portfolio.

Focus of Operations. Members endorsed IEG's recommendation to expand the focus of opera-

tions beyond intercity road construction and to give more attention to "emerging needs," including increased sophistication of demands in developing countries. There is a need to broaden the core business into different types of transport, including city subway systems, light railways, and airports to respond to the specific needs of mainly middle-income countries. However, members also noted the continued need for traditional highways and road infrastructure, especially in low-income countries in Africa. Speakers expressed a diversity of views on whether the primary focus of Bank work should be on the economic rate of return of projects, the cost-effectiveness of the transport mode, or the social dimension of transport projects (for example, the impact on health or gender). *Management noted that economically meaningful transport projects can also provide social benefits and opportunities to disadvantaged segments of the population. IEG also emphasized the importance of road safety, because the cost of road accidents is a heavy burden on developing countries.*

Country Focus. The importance of listening to the clients was noted, while considering that solutions suitable for middle-income countries with existing transport infrastructure may not be as applicable to low-income countries with weaker capacities and regulatory frameworks. A member emphasized the need for an integrated country approach before adopting different transport modes; transport is a national development issue with multisectoral dimensions. In this regard, members stressed the importance of being consistent with varied Regional and country needs. *Management said that countries' demands will be supported depending on the level of transport development and specific needs at the local and Regional level. However, the same policy principles and ways of assessing economic and social viability will be followed.*

Proposed Strategy

Even though the key elements of the current transport strategy (sustainability, private sector development, and urban transport) remain relevant, members generally endorsed IEG's Bank Group transport strategy proposal for a sixfold emphasis and made the following specific comments:

- *Environmental impact*—The current transport projects are more complex because of environmental impact, including pollution and energy, but their costs are higher.
- *Synergies across sectors*—Cross-cutting issues such as traffic congestion, road safety, affordability, and urban and rural development should be taken into account in project design.
- *Knowledge sharing and analysis*—The Bank should promote more analytical work, research, and dissemination and document lessons learned from projects. The public sector has a role to play in knowledge sharing, including on safety and environmental and strategic integration of transport modes.
- *Governance*—The Bank needs to assist its clients in strengthening institutional capacity, including the use of country systems in transport projects. In this vein, one member stressed the importance of national systems' budgeting for maintenance of transport infrastructure. Fiscal space and political economy should be considered in the design of the transport system (for example, roads, railways, and subways).
- *Role of private sector*—There is considerable scope for increased private sector involvement in the transport sector. However, the public sector can play different roles, from investor of transportation infrastructure to regulator. Also, consortia or public-private partnerships can play different roles in approaching social utility, externalities, or market failure. *Management clarified that transport infrastructure investment is predominantly supported by the public sector while transport services are generally provided by the private sector.*
- *Redeploying staff and budget resources*—Appropriate resources, staff skills, and incentives should be in place to address the challenges of implementing the new sector strategy. Suggestions were made on implementation issues such as the need for assessing available and needed resources, hiring of local consultants or academics, and deepening the decentralization of transport sector work.

World Bank Group Strategy. Speakers stressed the need for having an integrated Bank Group-

wide transport sector strategy capitalizing fully on the synergies and competencies of different units within the Bank, IFC, and MIGA. They felt the Bank should play a lead role assisting countries in the improvement of the transport sector, including advisory services and technical assistance, while assuring country ownership. The potential conflict of interests for the Bank Group, which offers advice to the authorities on transportation planning, but at the same time is also an investor in transport infrastructure, was raised. Members also stressed the importance of greater coordination with international partners in the design, cofinancing, and supervision of projects. *Management noted that the Bank has a role to play in the improvement of project design, including issues such as safety or the environment. Management has also considered partnerships with other international financial institutions and donors.*

Monitoring and Evaluation Efforts. Members concurred with IEG's recommendation to strengthen monitoring and evaluation, including addressing more decisively poverty indicators, for example, access and affordability; and the development of more indicators, for example, to assess the development impact of improved transport infrastructure and services and a comprehensive self-evaluation of programmatic lending approaches. This will also entail building monitoring and evaluation capacity in the Bank and its clients.

Challenges Ahead

Some members commented on the trade-offs for refocusing the Bank's assistance toward the new challenges identified by IEG. The importance of considering the impact of climate change and natural disasters on transport infrastructure was also noted. *Management indicated that the new strategy will address trade-offs of infrastructure with social perspective, private sector engagement, environmentally sustainable projects, and urban development, which are not separate issues of the overall transport policy.*

Jiayi Zou, Chairperson