



Management Response to IEG Recommendations

Management expresses its appreciation to the Independent Evaluation Group (IEG) for the constructive suggestions put forward in this evaluation. Management notes that in general the review is comprehensive and presents a well-balanced, thoughtful, and fair picture of sector achievements.

Introduction

Management notes the overall positive findings from the review. Among the review's important contributions are (a) the appropriate priority and prominence given to safety and environmental issues; (b) its observation that although the current Bank sector strategy foundations remain valid today, they require a measure of adjustment toward a more sector-interlinked approach, an evolution that the recent network integration process should make easier to implement; and (c) its set of recommendations, notably on the need to redeploy staff and budget resources in a way commensurate to the challenges at hand.

Management agrees with the thrust of these recommendations and actually feels that the review might have gone further. This analysis provides the basis to be even more explicit about the future perspectives for the transport business, while at the same time fleshing out recommendations more specifically—examples are given below. Management's specific responses are noted in the Management Action Record. The comments set out here should not be taken as de-

tracting from the overall appreciation management has for the quality and completeness of the IEG review.

Management Comments

Management would first like to note that the IEG review is timely, as it provides the backdrop for the transport strategy update under preparation (the current strategy dates to 1996). These general comments cover a variety of issues where management thinks the IEG review might have gone further in strengthening the analysis or coverage and providing more specificity in recommendations, while again acknowledging the overall quality of the review.

Transport at the Core of the Energy, Urbanization, and Climate Change Agendas and Other Multisector Linkages. The review rightly highlights the central role of transport in the nexus of issues associated with energy use, land use, urbanization, and climate change. The review, however, might have further developed the theme of the transport interface with other sectors and thematic areas, such as gender, social

inclusion, and health. It might have shown in particular how much the Bank's transport work is actually already moving more into a multisector business.

Fiscal Space. Although it is briefly mentioned, management believes that the review might have further addressed the issue of fiscal space. Fiscal space issues tend to disproportionately affect the transport sector in many countries. There are important questions around fiscal space and the problem of undermaintenance of transport-related assets and, ultimately, the potential for foregone competitiveness, sustainable growth, and poverty reduction.

Greater Differentiation across Review Periods. The review could have been more explicit in differentiating across time periods, based on the level of corporate attention given to the sector. Especially during the middle years of the review period, there were mixed corporate signals on the overall importance of infrastructure, including transport, for the Bank Group's work, up to the adoption in 2003 of the Infrastructure Action Plan (World Bank 2003a). Rebuilding skills and strengthening the lending pipeline under the Action Plan took some time, especially in Europe and Central Asia.

Client Perspective. The review is understandably organized around sector accountability within the World Bank Group. It may have been useful in the review to put a greater emphasis on un-

derstanding the client demand side of the business. In particular, management believes that it needs to give great weight in strategy development to what client countries perceive as the key issues and what they say they need from the Bank within their transport sector.

Governance and Anticorruption. Management thinks the review could have acknowledged more strongly the lead role taken by transport to mainstream and innovate on matters of anticorruption. The anticorruption frameworks set up for transport projects in the Bank's East Asia and Pacific Region, for instance, were groundbreaking efforts in this area.

Conclusions

Notwithstanding the comments above, management finds this review to be a very useful overview of the Bank's performance in the transport sector. It has served as a reference document for the ongoing strategy update and will continue to do so during strategy implementation. It reinforces management's views of the importance of further linking the Bank's transport work with other relevant sectors. That interlinkage is key to leveraging the transport sector's contribution to helping countries achieve their Millennium Development Goals. Strong support from the Bank on transport and its interlinkages can help enhance global productivity as part of partner countries' strategies to increase growth and reduce poverty. Management's responses to IEG's specific recommendations are given in the Management Action Record.

Management Action Record	
IEG recommendation	Management response
<p>1. Ensure that the focus of the Bank’s transport operations goes beyond intercity highways and gives more attention to issues of growing urgency, including air pollution, traffic congestion, safety, affordability, and trade. This could entail a trade-off between a portion of the traditional highway business and newer, more complex challenges.</p>	<p>Management agrees with the recommendation and its implication, which is at the core of the transport strategy update now being finalized under the title <i>Safe, Clean, and Affordable Transport for Development</i>. This implies specific enhancements to sector activities to promote increased road safety and appropriate policy response to linkages among transport, energy efficiency, vehicle emissions, short-term public health impacts, and long-term greenhouse gas outcomes, and to overcome physical or service quality transport bottlenecks to regional and international trade in goods and services. However, this evolution, already under way, should not be at the expense of support for high-return and in-demand highway operations.</p>
<p>2. Prepare a Bank Group transport strategy with a six-fold emphasis:</p> <p>(i) Paying greater attention to air and water pollution and realizing environmental gains</p> <p>(ii) Achieving greater synergies across relevant sectors—building on the merging of the Bank’s Environmentally and Socially Sustainable Development and Infrastructure Networks</p> <p>(iii) Enhancing knowledge sharing and analytical and advisory services and their contribution to country strategies</p> <p>(iv) Continuing to support private sector participation through close coordination among the Bank, the International Finance Corporation (IFC), and the Multilateral Investment Guarantee Agency (MIGA)</p> <p>(v) Increasing attention to governance and corruption issues</p> <p>(vi) Redeploying staff and budget resources accordingly.</p>	<p>Management agrees with the recommendation and will address it as follows:</p> <p>(i) The Transport Strategy Update will spell out the necessity to widen the application of key environmental issues and mainstream them into the lending portfolio.</p> <p>(ii) The sector will continue to strengthen coordination between transport professionals and other Bank Group units in all relevant areas such as urban planning, rural development, energy, gender, health and education, private sector participation, trade, and transport facilitation.</p> <p>(iii) The Transport Sector Board will encourage concentration of resources to obtain maximum impact by a series of Transport Flagship Reports designed to provide policy and practical guidance while maintaining operational application for development effectiveness. Also, to provide better support to countries preparing poverty-reduction strategies and Bank country teams preparing Country Assistance Strategies based on those strategies, the Transport Sector Board will lead the preparation of specific guidelines on how to address transport sector issues in public expenditure reviews. And to help scale up urban transport operations, the Transport Sector Board will lead the production of operational guidelines on how to implement the vision spelled out in <i>Cities on the Move</i>.</p> <p>(iv) The update to the sector strategy will reconfirm the continuation of the ongoing collaboration both within Bank teams and with IFC and MIGA units to make the most of each entity’s advantage in mobilizing the appropriate private sector skills and resources in support of sustainable transport development operations.</p> <p>(v) Special attention will be given to working across infrastructure sectors to reduce corruption risk in Bank-financed projects, while supporting wider country initiatives to reduce corruption in the transport sector as a whole, and to producing sector-based operational guidelines to enhance project resilience to corruption.</p> <p>(vi) The Environmentally and Socially Sustainable Development Network will lead a strategic staffing and budget review for transport to make the most of network integration, taking into account the skills mix needed under the updated strategy and reflecting operational demand.</p>

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Management Action Record (continued)	
IEG recommendation	Management response
<p>3. Build up the sector’s monitoring and evaluation efforts and align them with the new strategy, including through:</p> <p>(i) The development over the next year of relevant intermediate indicators applicable to the broad range of projects</p> <p>(ii) The launch of an enhanced program of rigorous impact evaluations for selected programs</p> <p>(iii) A comprehensive self-evaluation of the experience with Sectorwide Approaches (SWAs) within three years</p> <p>(iv) An independent overview of the Sub-Saharan Africa Transport Policy (SSATP) program within two years.</p>	<p>Management agrees with this recommendation, as progress and accountability in transport and development require more effort to improve measurement of the performance of transport systems, of the results of Bank-financed transport projects, and of the impact of alternative transport policies.</p> <p>Specifically:</p> <p>(i) The transport anchor is leading the development of transport results indicators, both at the sector and project level; these will be implemented across projects and subsectors.</p> <p>(ii) As part of the Development Impact Evaluation Initiative, in collaboration with the Development Economics Department, the transport sector will pilot impact evaluations of selected rural transport operations.</p> <p>(iii) Management agrees and will plan accordingly, because increasing Bank transport lending made through programmatic approaches is one of the proposed priorities of the updated transport strategy.</p> <p>(iv) Management agrees and will plan accordingly in coordination with SSATP donors and partners.</p> <p>Management will consider all of its agreed actions complete after the discussion by Executive Directors of the transport strategy update, the launching of the pilot rural transport impact evaluations, and the self-evaluation of SWAs. The SSATP program is a partnership, so management’s commitment is to encourage and support partners to undertake the recommended action. Management will report on implementation results in the context of the sectoral component of the planned regular operational results reports.</p>