Transport is a crucial enabler for economic growth, poverty reduction and attaining the Millennium Development Goals (MDGs). The World Bank’s Transport Business Strategy for 2008-2012 stresses the need for transport to be safe, clean, and affordable. With International Development Association (IDA) funding, over the last ten years, approximately 260,000 kilometers (km) (150,000 km of rural and 110,000 km of non-rural) roads and 10,700 bridges were constructed, rehabilitated or maintained, benefiting about 75 million people.

**Challenge**

The relationship between transport and poverty reduction is neither straightforward nor automatic. However, development in other sectors is often hampered without attention to transport issues. Improvements in transport have the greatest impact on poor people when made in concert with activities in other sectors. Well-staffed health clinics, for example, are of little benefit to poor people who cannot get to them. Studies have shown that poverty reduction is more likely to be effective when communities have ready access—at all hours and in all weather—to essential services and to markets.

Despite this knowledge, an estimated one billion people, or about 40 percent of the rural population in countries receiving IDA support, lack direct access to an all-season road. Furthermore, lack of routine maintenance shortens the life of many transport infrastructure assets in the road, especially in the rural road sector. Urban transport systems in developing cities face major challenges due to the
continuous growth of urban populations, private vehicle ownership and congestion, and the fragility or even absence of public transport systems. A multi-modal approach is required to improve passenger and freight mobility. Provision of public transport, including reliable and safe railway systems, needs to be addressed. Enhancing local communities’ capacity to deliver sustainable projects and strengthening of public institutions to plan, arrange and implement appropriate investments have been other ongoing challenges that IDA is addressing.

**Approach**

The transport sector plays a significant role in economic growth at the sub-national, national, regional and global levels, and IDA is facilitating more effective strategies needed to harness the sector’s contribution to poverty reduction.

The multidisciplinary capabilities of IDA allow comprehensive initiatives that cut across economic sectors. For instance, IDA commitments help governments formulate national and rural transport policy, strategy and programs and develop sector-wide approaches and multi-donor cooperation for rural transport investment (involving the combination of aid coordination, policy advice, and selective financial support). Also, IDA is involved in preparing, financing, and managing the implementation of investment projects and assisting in locally sustainable, value-for-money solutions. Moreover, IDA is focused on increasing its engagement in the urban transport sector.

IDA’s global knowledge and long-standing engagement with both national and local clients have helped address issues such as road maintenance, transport service costs, community ownership, as well as integrated rural accessibility planning that are critical to the sustained impact of its lending. Because of its work on multiple road programs, IDA has developed a strong capacity for diagnosing bottlenecks and can recommend solutions to encourage institutional innovation, such as second-generation road funds, for more successful implementation of new projects and programs. Policy objectives for the roads sub-sector have included improved asset management, sustained funding for road maintenance, increased private sector participation in road maintenance, and performance-based contracting.

Over the last 10 years, IDA’s main transport priorities have been the construction, rehabilitation and maintenance of roads and highways, representing 74 percent of commitments for the sector. Within this category, rural roads account for three-quarters of the commitments. IDA lending has also addressed policy and institutional development as well as general transport together accounting for about 17 percent of total spending. The remaining 9 percent include programs in ports, shipping, railways and air transport.

**Results Achieved with IDA Support**

IDA has benefitted about 75 million people, through the construction, rehabilitation and maintenance of about 260,000 km (150,000 km of rural and 110,000 km of non-rural) roads and 10,700 bridges over the last ten years. Some specific results achieved by projects funded by IDA are listed below:

In Vietnam, the IDA-supported Second Rural Transport Project (US$103 million) supported...
the rehabilitation of some 7,600 km of roads and 26 km of bridges. Usage increased by 70 percent between 2002 and 2004 with an accompanying 12 percent drop in travel time. The roads contributed to more frequent access to health facilities, higher school attendance, and greater access to local government. The project also helped develop the private sector by allowing small private contractors to construct and rehabilitate roads. Participation of small private contractors increased from 35 percent of contracts awarded in the first year to 100 percent in the final year.

The Second Rural Access Project in Bhutan, funded from an IDA Grant of US$10 million is supporting the construction of 65 km of feeder roads and the improvement of 24 km of existing feeder roads, to be constructed in two phases. The target beneficiaries are about 12,000 rural residents in several geogs (blocks of villages) of Wangdue, Dagana, and Pemagtsel Dzongkhags, which have the highest demand for rural road access in Bhutan. Villagers in these geogs live within 1-15.5 hours or 4-62 km from an all-season road. It is expected that after the project, 60 percent of rural residents in the project-targeted geogs will live within 30 minutes or 2 km of walking distance to an all-season road.

The establishment of a road fund in Ethiopia in 1997 substantially increased maintenance funding. The condition of roadwork improved significantly. The overall proportion of roads in poor condition dropped from 53 percent in 1995 to 40 percent in 2002 and 28 percent in 2008. For regional roads alone, the share fell from 60 percent to 37 percent.

The IDA-supported rural infrastructure project in Senegal included substantial road improvements, helped strengthen decentralization, and financed micro-projects covering water, schools, and livestock, among other things. Beneficiary households in the 110 participating rural communities reported a 25 percent increase in incomes. Fiscal revenues for rural communities in the project area almost tripled. Markets, schools, and health facilities are now more accessible (children now typically spend 10 minutes going to school instead of 30), and the weight and height of children under three years of age has improved.

Analyses point to the significant economic impact of rural roads in Bangladesh, Ethiopia, India, Uganda, and Vietnam. In India, expenditures on roads were found to have by far, the largest impact on rural poverty compared with other types of public expenditure. For every 1 million rupees (US$22,000) invested in rural roads, 163 people were lifted out of poverty. In Vietnam, for every dong invested in roads, the value of agricultural production would increase by three dongs. IDA support in Vietnam improved access to all-season roads for approximately 16 million rural people, and helped lift 210,000 of 950,000 poor people out of poverty over a five-year time span.

IDA's efforts are also contributing to reducing the environmental footprint: from fiscal years (FY) 2002 to 2010, the so-called Category A projects that are likely to have a significant adverse environmental impact decreased from 60 percent to 14 percent of the IDA transport lending in value.

**IDA Financing and Other Support**

Between FY2001-2010, IDA funded US$12.6 billion for transportation, out of which US$9.3 billion was provided for roads and highways. IDA invested in 277 projects in the roads and highways sector; the regional distribution is shown in the figure 1 below.
During the same time period, about US$650 million per year was specifically provided for rural roads. Of 181 rural projects funded by IDA during FY2001-2010, 45 percent were in the Africa region, followed by South Asia (18 percent) and East Asia and Pacific (14 percent) regions.

Since 2001, about US$764 million of total IDA commitments went into railways, with 88 percent for the Africa region.

In FY1990, IDA also started Development Policy Lending (DPL) with transport components, with the objective of supporting transport sector policies and institutions to increase efficient resource allocation and the quality of transport infrastructure. Since its inception, in 119 IDA DPL commitments, the transport component is around US$896 million.

**Partners**

IDA’s global reach and experience, and its ability to work across disciplines and across different modes of transport, have laid the foundation for various types of collaboration. For instance, IDA support has addressed critical multi-modal and multi-sectoral bottle-necks: the 1999 completion of the Jamuna Bridge in Bangladesh, a project cofinanced by IDA, the Asian Development Bank and the government of Japan, has boosted traffic, employment and trade by facilitating transport of passengers, freight, and electricity, literally linking northwest Bangladesh to the rest of the country.

Due to its convening power, its strong financial management and its linkage with investment programs, IDA is playing a formative and key role in partnerships such as the Global Facilitation Partnership for Transportation and Trade, the Global Road Safety Facility and the Sub-Saharan Africa Transport Program.

IDA also has strong synergies with other parts of the World Bank Group, such as the International Finance Corporation (IFC). For example, IFC provided upstream advisory work to the government of Kenya, in addition to debt financing in the Rift Valley Railways Consortium. IDA provided Partial Risk Guarantees to the investor for termination risks and financed the East Africa Trade and Transport Facilitation Project. The *Euromoney* Award recognized this partnership in 2007 as the “Africa Infrastructure Deal of the Year.”

**Moving Forward**

In responding to the needs of IDA countries during the mid-1990s, the World Bank’s
transport sector tended to focus on issues related to highways, rural roads and road maintenance. Since the mid-1990s, many IDA countries have made steady progress in improving road network maintenance, which is vital for sustainability.

In addition to technical support, institutional reform and capacity building have been crucial. IDA will continue to assist borrowing countries with governance issues and institutional strengthening that foster ownership and accountability.

IDA is now looking towards a broader framework of support: from project support for financing rural roads to approaches that support broader government programs and policy reform. Railways and urban transport portfolios have risen and are likely to continue to increase. Building on its experience, IDA engages in a comprehensive way across all stages of the project cycle: the experience in rural transport in particular has shown how important it is for transport staff to engage effectively with other disciplines in order to achieve the MDGs and ensure that there are equitable and sustained benefits to the poor.

Going forward, key and enduring areas of IDA attention will be to ensure the financial and technical sustainability of rural, inter-urban and urban infrastructure, to encourage affordable transport interventions and to stimulate economic growth, improve accessibility and reduce poverty.

Moreover, the World Bank Group is active in the reduction of the transport carbon footprint. The transport sector strategy encourages green transport solutions. As a consequence, the World Bank group engages in innovation efforts to reduce emissions without endangering mobility (new technologies, new supply structures and demand management), to exploit the true potential of climate policies and to reduce sector vulnerability—by improving infrastructure services and developing resilient new investment.

Last updated September 2010.
http://www.worldbank.org/ida