



Social Assessment Identifies Urban Transport Priorities in the Kyrgyz Republic

Since the demise of the Soviet Union, urban transport services in the Kyrgyz Republic have deteriorated badly and are increasingly incapable of satisfying public demand. The urban transport system is characterized by the use of old, inefficient vehicles, increasing penetration by private operators, decreasing quality of the publicly owned system, shortages and overcrowding, and inadequate road infrastructure in peri-urban areas. Currently, publicly owned and operated services are available primarily in the capital, Bishkek. Outside the capital city most services have been transferred to joint-stock companies. Private operators provide a variety of transport services in Bishkek and other urban areas.

Whether publicly or privately provided, however, the services are not satisfactory to users; urban residents view the lack of service and irregularity on some routes as a constraint to their ability to work. Inadequate roads pose problems to bus drivers and the owners of private vehicles. The Kyrgyz Government is concerned about this situation and has requested World Bank assistance. As currently envisioned, the proposed project would focus

on three major cities: Bishkek, the capital city; Osh, the largest city of South Kyrgyzstan; and Jalal-Abad, located 50 kilometers from Osh.

Social Assessment

As part of the project preparation process, the Bank launched a social assessment (SA) in September 1997. The SA sought to gain a better understanding of transport patterns and the transport needs of low-income residents, as well as to facilitate stakeholder participation in the design of a people-focused urban transport project. The broad objectives of the SA process were to: (a) identify key social development issues that pertain to the project; (b) define stakeholders and their role in affecting the equitable participation of the poor in the project; (c) identify institutional, social, or cultural factors that affect the participation of select social groups in the project and design mechanisms to ensure sustainability of project benefits to low-income, vulnerable, and otherwise excluded populations; and (d) propose monitoring and evaluation indicators for project implementation.

This note was prepared by Ayse Kudat and Bulent Ozbilgin of the World Bank, and Anara Tabyshalieva, director of the Institute of Regional Studies in Bishkek, the Kyrgyz Republic. For more information on the social assessment contact Ayse Kudat, The World Bank, 1818 H St., NW, Washington, DC, 20433, USA, Fax: 202-522-2510, E-mail: akudat@worldbank.org. To view other *Social Development Notes* on social assessment, please visit the World Bank's website at: <http://www.worldbank.org>, and click on the "Social Assessment" section in "Development Topics."

The SA included a stakeholder assessment of the level and quality of service available and solicited ideas about desired improvements. The SA consulted actual and potential users of publicly and privately provided bus, trolley, minibus, and taxi services and solicited the views of service suppliers, including car owners and drivers of public and private vehicles. It analyzed subsidies and the potential social impact of privatizing transport services in Bishkek. Given the relationship between urban transport and poverty, the SA focused special attention on transport costs and the ability and willingness to pay higher fares for improved services. The SA also attempted to identify the most critical interventions needed to improve transport services and infrastructure.

To identify the key social development issues, the SA reviewed national demographic, socioeconomic, and other relevant data and secondary research, as well as social assessments of similar projects in other countries. The SA carried out representative household and user surveys to discover the problems faced by city residents. It made use of focus group discussions and qualitative observations. The SA addressed institutional issues concerning the respective roles of the public and the private sector in providing transport services, the need for subsidies, and the regulatory and managerial dimensions of public-sector institutions. The Institute for Regional Studies in Bishkek, a branch of the Kyrgyz Social Science Network, collaborated with other local social scientists and World Bank staff to organize the administration of both qualitative and quantitative data-gathering efforts, conduct background research, and share results with relevant public sector institutions.

Key Social Development Concerns

The SA attempted to discover whether low-income and potentially vulnerable groups such as women, the elderly, and migrants had differential access to urban transport services and transport infrastructure. The SA then asked how the proposed Bank-financed project could help create more inclusionary policies. It also examined whether proposed institutional changes, such as reducing the role

of the state in the provision of transport services and reducing the subsidies targeted to certain social groups, might create adverse impacts that would require mitigation or cushioning.

While the initial phase of the SA raised a number of social development concerns and proposed solutions, its immediate recommendations focused on the need for broader client review of its results and a joint determination of the next steps. Since the project is still at a preliminary design phase, the substantive recommendations of the SA are still tentative.

Main Findings

In the three cities where urban transport improvements are envisioned, reliance on urban transport services is highly variable: the smaller the city, the less urban transport is used. The socioeconomic profiles of the cities also differ: average incomes are lower in smaller cities.

Transport costs constitute 12 to 18 percent of family budgets; the burden on low-income families is much higher. In Bishkek, the average monthly household income is equivalent to US\$90, compared to income equivalents of US\$66 in Osh and US\$67 in Jalal-Abad. In all three cities over half of household income is spent on basic needs, such as food. In Bishkek, average monthly transport expenses consume 18 percent of monthly income, but low-income families spend 25 percent on transport, compared to only 15 percent for higher-income families.

Inadequate transport services exacerbate economic hardship. Economic hardship is a major problem throughout the country. Inadequate transport is among the three most important problems for people in Bishkek. Transport is perceived as a constraint, especially for those who seek to improve their work conditions through change of employment.

Dependence on public transport is high in the capital city, where public-sector agencies are responsible for the improvements people seek. In

Bishkek users rely heavily on state-owned transport services. In other cities these services have been privatized as joint stock companies that claim to recognize exemptions granted to the elderly, students, and other eligible groups. However, very few of these target populations acknowledge the receipt of such exemptions.

About half of residents in each city would be willing to pay more for urban transport, if schedules and routes were improved. They hope that improved transport would enhance their chances for better employment; however affordability levels are low and cost is a factor for pensioners, students, and low-income households. A 25 percent increase in overall transport costs would cause many families to spend more than 20 percent of their income on transport (assuming constant income levels), low-income families would spend more than 30 percent of their income.

Many who are currently employed, or seeking work, place more importance on improving the frequency and comfort of transport services. Improvements in public bus and trolley schedules and routes are especially important in Bishkek. High costs and low frequency of service are the main concerns of residents of the smaller cities. Given the significant differences among settlements, there is a need to tailor interventions to the needs and the means of each city.

While the actual and potential users of publicly provided transport services are the key stakeholders to consult in the design and implementation of the services, other stakeholders also have important contributions to make. Drivers complain about the lack of spare parts, bad condition of roads, high maintenance costs, and inadequate support from existing driver associations and companies. The current licensing system requires drivers to meet rules of competence, but there is insufficient regulation of actual levels of competency and adherence to rules.

People receive inadequate information on route changes, fare increases or schedule changes in publicly provided transport services. Most

people learn about such changes by word of mouth and there are no mechanisms for voicing complaints.

The current fare-collection system in public transport leads to the exclusion of passengers with exemptions. Drivers try to meet their revenue targets and earn a profit by transporting as many paying passengers as possible, and often exclude nonpaying passengers, such as pensioners or school children.

Public agencies cannot bring about sufficient improvements in service levels while keeping costs constant. However, final costs to users could be controlled by decreasing revenue leakage. The current payment system is complicated and inefficient. Reducing revenue leakage and improving operations would reduce the need for fare increases. In most buses, either a conductor or the driver collects cash, so the ticketing system lacks transparency.

Low-income residents of peripheral neighborhoods rely heavily on urban transport and are less able to receive good quality service. Residents of neighborhoods constructed at the peripheries of major urban areas during the post-Soviet period earn 30 percent less than those in central areas and spend a significantly higher portion of their monthly income on transport. They are less educated and have fewer alternatives for employment or opportunities for income generation.

Reducing subsidies and removing exemptions would increase revenues and partially offset increased costs. It is necessary, however, to consider how different stakeholder groups would be affected. In many Central Asian countries, Russian populations tend to be much older than ethnic Central Asians. In the case of the Kyrgyz Republic, it is expected that subsidy reductions would have a disproportional impact on the Russian minority. Pensioners travel less frequently than other residents and are a relatively small group. If their exemptions were removed, pensioners might have to spend as much as 47 percent of their income on transport.

Student subsidies represent a heavy burden on bus companies; it is not clear that all students are equally needy. If students were to pay the full fare, they could provide close to 71 percent of bus companies' current annual revenue. Students' travel patterns suggest that they are more flexible than pensioners and could adapt more easily to new price structures, thereby diminishing the effects of removed subsidies on their household budget.

Recommendations

The SA recommended that the World Bank support urban transport improvements in the Kyrgyz Republic, paying special attention to low-cost interventions. Improved urban transport will have a positive impact on low-income families by increasing access to employment and thereby increasing income levels, particularly in the capital city where the distances between home and workplace are greatest. Enlarging the scope of urban transport service to growing city peripheries would help to increase living standards and respond to the needs of recent migrants. Enhanced competition between private providers of services, better regulatory mechanisms, and special incentives for transport companies that service less profitable routes would have high benefits for the poor and the vulnerable, including the unemployed who are seeking work.

Among the key recommendations emerging from the SA are:

- The project could improve access for groups that are currently excluded. Mechanisms for assuring equitable access include promoting adequate ticketing and control methods, improving services to the urban periphery, and increasing the efficiency of the regulatory functions of the state with respect to private operators.
- Improving the regulatory framework and granting concessions to private operators on more crowded routes in return for operating routes in peripheral neighbor-

hoods would help poorer residents gain greater access to transport.

- Consumer satisfaction could be enhanced through institutional, regulatory, and physical improvements (including roads), as well as efforts to provide clear and accurate information on routes, fares, and schedules.
- In Bishkek continued support to public transport could be offered, given the city's potential growth and the heavy reliance of its citizens on urban transport.
- Although important social considerations favor maintaining subsidies for the elderly, the potential for the removal of student subsidies should be considered, with attention to the possible affects on educational performance.
- The privatization of urban transport services and increased private sector involvement could be speeded up in all three cities. The services previously owned by the state have already been transferred to joint-stock companies in Osh and Jalal-Abad without apparent severe adverse impacts on social groups previously subsidized (students, pensioners, certain professional groups)
- The SA also suggests the need for improved passenger safety. Safety could be assured through better standards for driver education and better regulation of private operators.

Proposals regarding the changes in subsidy systems could be communicated to the public in appropriate fora, public debate on relevant issues should be planned and implemented, and the private sector should be involved in the discussions. The debate could focus both on subsidy levels and on mechanisms for its targeting. Thus, it is critical to continue the SA process. Consultations during the next stage of the SA could also examine the increase in transport cost burden for poorer households located in peripheral areas.