A Responsible Approach to Transport Investments

José Viegas
Secretary-General, International Transport Forum

Presentation at VTI Transportforum, Linköping, 9 January 2013
International Transport Forum at the OECD

- An inter-governmental organisation with 54 member countries, focussing on transport policy
- A think tank for global transport policy issues
- An annual summit of Ministers
What an organization like ITF provides

- Comparable and reliable **statistics**
- Management of the **Multilateral Road Freight Quota**
- Evidence based knowledge
- Cooperative research *(Round Tables, Research Workgroups)*
- Annual **Summit, with Ministerial meetings**, presentations, panel discussions
- And hopefully soon, **Policy studies by request of members** (aligned with the new Strategic Guidelines, “Value for Members”)

Transport Policy is a difficult challenge (I)

- Transport systems have a direct impact on the life of every person and every organization.
- Whatever policy intervention some people will feel they are losing.
- And quite some people will adapt their behaviour, to make the most of the new circumstances.
Transport Policy is a difficult challenge (II)

- In whatever transport policy decision there are always questions of
  - Effectiveness
  - Efficiency
  - Sustainability
  - Equity / Fairness

- Quite often, not all these questions are properly addressed, and especially rebound effects are ignored
The long-term impacts and the short-term deliverables

- In political decisions, balance between long-term impacts and visible results within mandate (performance assessment)

- Projects which have a long lead time to delivery of visible results get lower priority
  - Configure projects so that some positive deliverables “arrive on time”
Priorities and perceptions

- Preferences and priorities of people strongly depend on
  - How well-off you feel now
  - What other relevant people already have
  - Self-assessment of main position in society (beneficiary vs taxpayer)

- Different social groups have different access requirements
  - Aggregate measures of welfare not enough, distributional effects must be considered
The instruments of Transport Policy design and implementation

- Four different types of instruments are available
  - Supply-side, Technologies (the engineer toolbox)
  - Laws and regulation (the lawyer toolbox),
  - Pricing, Taxes and subsidies (the economist toolbox)
  - Information and narratives (the tool box of comms specialists, psychologists and sociologists)

- Utilization of these instruments will depend
  - on the nature of the problems
  - on the perspective (cultural bias) of the decision makers and their advisors (which group dominates the advisors circle)
A (stereotyped) historical perspective

• Different decades have had different dominant “advisor groups”, with significant degradation of results
  – When the engineers dominated, little concern for efficiency or equity
  – When the economists or lawyers dominated, little concern for effectiveness (poor maintenance, no upgrade of physical systems) or equity
  – Sociologists have not (yet) come to a position of dominance, but increasing presence of psychologists to help understand behavioral adaptations

• Since the 80’s there has also been a strong presence of environmentalists
  – but they tend to act more on defense of sustainability, with no strong engagement in the other objectives
Multi-instrumentality

• No matter what policy intervention, people will adapt their behaviour
  – High concentration of only one type of instrument will also *reduce the range of policy objectives* actively considered and *concentrate the group of losers* (negatively affected), who will protest, resist, possibly cheat or boycott

• A coordinated mix of the various types of instruments (multy-instrumentality) *reduces risks of failure* and provides a *fairer distribution* of gains and of losses
  – An easier “social digestion”
Who benefits, who pays

► A critical issue for public acceptance

► Quite often, costs seem certain and short-term, and benefits uncertain / fuzzy and mid- to long term

► On the cost side, this often translates into split of financial contributions from direct and indirect beneficiaries, and taxpayers at various levels

► Also with implications on the funding question

► Who puts up the money upfront, under what risks and with what expected payback
Complexity and Knowledge sharing

- Tackling these complex issues requires holistic approaches combined with technical expertise in the various areas involved.

- No two situations are the same, but careful transfer of knowledge based on experiences is possible.
  - No country is more advanced in all fronts, we can all learn with one another.
2013 SUMMIT TOPICS

► Innovative Transport Funding
► Making Better Choices: Assessing Transport Investments
► Investing for Growth
► Taking Stock of Public-Private Partnerships (PPPs)
► Aviation’s quest for financial sustainability
► Bringing Communities and Transport Users on Board
► Attracting Private Finance and Ensuring Predictable Funding
► Defining Spending Priorities: What’s First?
► Linking Networks: Funding Cross-Border Transport
► Funding Long-term Transport Infrastructure
► Urban and Regional Mobility: Who Pays?
Thank you

José Viegas
T +33 (0)1 45 24 97 10
jose.viegas@oecd.org

Postal address
2 rue Andre Pascal
75775 Paris Cedex 16