

A Responsible Approach to Transport Investments

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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”



Priortities 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
annual summit

Funding Transport

22-24 May 2013,
Leipzig, Germany

iNORWAY
PRESIDENCY 2013

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?**
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Thank you

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