

Annex.

Personal reflections on key policy issues

1. [initiatives taken in other countries] The challenges you face are unique. But one thing that can help to get political buy-in to a long-term development strategy is to publish and update every few years your strategy and plans. These inevitably fall behind, but such published status reports are a valuable tool to ensure political continuity and commitment.
2. [institutional and organizational structures/frameworks] Your institutional arrangements are fragmented and transport responsibilities are scattered in many places. Probably bringing everything together is too ambitious in the short term but it will be useful as a first step to get all the institutions involved pulling in the same direction. This is where your strategy documents and plans can help. Key Ministries like Finance and Industry and Environment are also involved and their buy-in will be needed. But to give it the real impetus that is needed it may need a Committee headed by the Prime Minister to do it. This can help get transport up the agenda.
3. [energy price and availability] The attached material contains a lot on this. Basically our message is that oil will be around for some considerable time and the most cost-effective thing to do is to improve efficiency in its use.
4. [fiscal instruments and regulations] Road pricing is one instrument that has been discussed most in this respect. And we have published extensively on this. Pricing is an efficient and effective instrument. But it is politically difficult to get acceptance. The key point is that if you do not use pricing you have to do something else. For cities, it includes parking restraint, access limitations, reallocation of space to more efficient use and so on. Paris and London are interesting examples for these two contrasting policies. And no matter which car demand management strategies you follow you will need massive investment in public transport.
6. [competitive impulses] There is no doubt that the trend globally has been for more competition and towards opening markets. And the evidence is basically positive on this. There have been some areas where it has not worked well, such as rail infrastructure in UK. There are areas like tendering for urban bus services where new lessons are emerging, as for example the failure to innovate because of tight contract terms. But these do not undermine the model – they require refinements in the way they are applied. But tendering and competition for services at the local level also requires management and skills locally that are not always there.
7. [instruments and policies in co-ordination] This is really important. But we are far from it in most Countries. Some of the issues are raised in 2 above. For appraisal, we advocate cost-benefit analysis (CBA) as the main way to assess projects and investments. That is a start but there are so many different institutions and regulations and practices around the different modes that you can only try to start towards a more level playing field.
8. [PPPs] As we discussed PPPs have possibilities, but it will be a mistake to think of them as a panacea or even as a major part of the solution. In my view large investments in the transport system from public funds will be needed and can be justified as the returns can be high. Also, PPPs do not assume zero public investment – the most important justification for PPPs should be to increase efficiency. Cities will require particular attention and here the PPPs are limited.

9. [the varying nature of transport systems] The different city models (European with dense centres, American with huge sprawl and in-between like Australia) have different geographical and political backgrounds. The transport systems within the cities were influenced by these models but also by other factors – including political leadership and financing. But it is a complicated topic. Our work sets out some ideas for a political framework for cities.