

THE POLICY RECOMMENDATIONS HIGHLIGHTED BY 13TH MEETING OF THE COMCEC TRANSPORT AND COMMUNICATIONS WORKING GROUP

The COMCEC Transport and Communications Working Group (TCWG) successfully held its 13th Meeting on March 21st, 2019 in Ankara, Turkey with the theme of “Improving Transport Project Appraisals in the OIC Member Countries”. During the Meeting, TCWG made deliberations on the policy recommendations related to the transport project appraisals. The policy recommendations were formulated by taking into consideration the research report titled “Improving Transport Project Appraisals in the Islamic Countries” and the responses of the Member States to the policy questions sent by the COMCEC Coordination Office. The policy recommendations are as followings:

Policy Recommendation I: Designing a systematic framework for transport project appraisals, indicating the objectives, types and the utilized methodologies.

Rationale:

A consistent framework for identifying, coordinating, evaluating and implementing public investments is quite important for having better outputs of the project(s) implemented. As a long and multifaceted process, project appraisal for public investments would be embedded into a wider framework for decision-making. The transport project appraisal framework must indicate:

- For what types of project appraisal should be carried out and when;
- What is the objective of the appraisal and how the appraisal is expected to facilitate the decision-making process;
- What type of analysis and methodologies are applied (Cost-Benefit Analysis, Multi-Criteria Analysis, Cost Effectiveness Analysis).

Furthermore, one of the main aims of project appraisal is to define the social benefits of a project. Cost-Benefit Analysis is a commonly preferred methodology for this purpose, especially for large transport projects. This methodology is also useful in case of PPP funding, where it can complement the financial evaluation.

Policy Recommendation II: Developing/Improving manuals and guidelines for having effective and harmonized transport project appraisals as well as effectively implementing the existing ones.

Rationale:

Providing clear guidelines is significant in terms of how to carry out project appraisals. Development of mode-specific appraisal manuals facilitates whole project appraisals processes. International guidelines and manual can be taken into consideration for the general principles and rationale, while country-specific parameters and procedures can

be developed to better reflect the national context. The manuals are expected to provide clear guidance on how project appraisal is to be carried out, including:

- A description of the appraisal process, with clearly defined steps, including project identification, demand analysis, options analysis, options for financial sustainability, return on the project and on private capital, economic analysis and risk analysis.
- Methodological standards, such as typical costs and benefits to be included, techniques to deal with the monetization of benefits, etc.
- Standard input parameters, such as project duration, discount rate, values of time, the value of statistical life, etc. can be periodically reviewed.

The standardization and harmonization in transport project appraisals contribute to the credibility of the results. Furthermore, it contributes to the ability to compare appraisal results, which may be beneficial for the prioritization of projects.

Policy Recommendation III: Applying transport project appraisals as main part of a project cycle and making use of quality data/information as well as the lessons generated from the implementation of the previous project(s).

Rationale:

While project appraisal is a wider process, it is commonly used as an ex-ante evaluation of a project for justifying an investment decision. Far from being confined to an ex-ante dimension in the pre-feasibility stage, project appraisal should also be performed in itinere and ex-post phases. Furthermore, project appraisals necessarily rely on appropriate data and information. In order to improve the quality of the appraisals, project data and information should be collected and made available to the relevant national authorities for monitoring purposes and next project generation as benchmark studies.

In addition, monitoring the implementation process of a project and carrying out a systematic ex-post evaluation of a project is critically important to compare planning and implementation. This will allow benchmarking the performance achieved during the implementation of the project and providing lessons learned for the next project appraisals.

Policy Recommendation IV: Encouraging the enhancement of transport project appraisals capacity through a system of official certification of competences, exchange of experience, training programs, seminars, conferences and workshops etc.

Rationale:

Adequate institutional and human capacity is of utmost importance for underpinning the better transport project appraisals. It is also essential for having above-mentioned wider appraisal framework and facilitating the decision-making process. The capacity in transport project appraisals can be strengthened, among others, by:

- Developing and implementing training programs, seminars, conferences and workshops for public officials and private sector representatives.
- Consolidating project appraisal knowledge and experience in expertise centers. Bundling knowledge and expertise will enhance the ability to mainstream project appraisal in the investment decision-making process.
- Encouraging the exchange of good practices among the agencies and bodies involved in transport project appraisal.
- Encouraging a system of official certification of competences at the national level, both for public officials and external experts.

Instruments to Realize the Policy Advices:

COMCEC Transport and Communications Working Group: In its subsequent meetings, the Working Group may elaborate on the above-mentioned policy areas in a more detailed manner.

COMCEC Project Funding: Under the COMCEC Project Funding, the COMCEC Coordination Office calls for projects each year. With the COMCEC Project Funding, the Member Countries participating in the Working Groups can submit multilateral cooperation projects to be financed through grants by the COMCEC Coordination Office. For the above-mentioned policy areas, the Member Countries can utilize the COMCEC Project Funding and the COMCEC Coordination Office may finance the successful projects in this regard. These projects may include organizing seminars, training programs, study visits, exchange of experts, workshops and preparing analytical studies, needs assessments and training materials/documents.

