THE POLICY RECOMMENDATIONS OF 15th MEETING OF THE COMCEC TRANSPORT AND COMMUNICATIONS WORKING GROUP

The COMCEC Transport and Communications Working Group (TCWG) successfully held its 15th Meeting on July 7th, 2020, in a virtual-only format, with the theme of "Pricing of Transport Infrastructure in the OIC Member Countries". During the Meeting, TCWG made deliberations on the policy recommendations related to the pricing of transport infrastructure. The policy recommendations were formulated by taking into consideration the research report titled "Pricing of Transport Infrastructure in the OIC Member 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: Developing contemporary transport infrastructure pricing policies and making use of implementation instruments such as PPPs, where possible, and public transport operations for a well-functioning transport system.

Rationale:

An enabling legal framework accompanied by an integrated transport policy is of particular importance for the success of transport infrastructure pricing systems. This would also facilitate the effective participation of the private sector in the development of transport infrastructure. The contemporary transport policies envisage an enabling legal framework that explicitly highlights the government's commitments and the mechanisms for risk transfer between public and private stakeholders by streamlining all the different pricing implementations and convert them into a single transport infrastructure pricing act. In this vein, contemporary transport policies encourage the participation of the private sector in transport infrastructure projects. The success of transport infrastructure pricing schemes depends largely upon the implications, externalities, and people's perception of transport infrastructure pricing schemes. In this framework, the contemporary transport policies attach particular importance to the social and economic conditions of the users.

Policy Recommendation II: Assigning an autonomous operator (entity/institution/body) for the effective collection of charges and allocation of funds arising from transport infrastructure pricing services.

Rationale:

Transport infrastructure pricing is a multidimensional issue involving public, private, and civil society. Within this respect, several institutions and organizations have varying roles in the formation of transport infrastructure pricing and charging policy, regulation, planning, implementation, monitoring, and evaluation. The coordination among the relevant institutions and stakeholders is of crucial importance. However, considering the complexity of management of the pricing of transport infrastructure, effective coordination among the public and private stakeholders is an important challenge to be addressed. The roles and responsibilities of the relevant stakeholders may not always be explicit. In this respect, for improved governance, the roles of regulators and operators can be separated, and autonomous commercialized institutions may provide the services demanded by stakeholders and users with greater efficiency. Therefore, the assignment of autonomous entities that would provide an effective collection of charges and the allocation of funds arising from transport infrastructure pricing services is of particular importance.

Policy Recommendation III: Utilizing transport infrastructure pricing tools (i.e. tolls, levies, vehicle tax, fuel tax, mileage tax, etc.) to effectively manage transport demand as well as to raise funds for transport infrastructure development.

Rationale:

An efficient and effective transport system is vital for the socio-economic functioning of any society. Transport networks, including road, rail, and air networks, have expanded consistently especially in developing countries in line with the growing demand. As the demand for transport infrastructure has increased considerably over the years, governments have initiated some mechanisms to diversify funding sources and to address this growing demand. The principle of cost recovery from transport users, known as transport infrastructure pricing, is one of the widely used mechanisms to source public finance to increase infrastructure capacity and recovery of costs, to effectively manage the demands for transportation services, to charge transport sector externalities including greenhouse gas emissions. Tolls, levies, vehicle tax, fuel tax, mileage tax, and vignettes are some of the widely used tools in transport infrastructure pricing systems. While developing countries use these tools mainly to provide new infrastructure and improve transport infrastructure performance, developed countries primarily make use of these tools for managing traffic demand.

Policy Recommendation IV: Utilizing contemporary collection (i.e. automated electronic tolls, onboard-units, and Global Navigation Satellite System) and enforcement systems for ensuring an effective transport infrastructure pricing.

Rationale:

The applied method and used technology are extremely vital for the better management of the pricing of transport infrastructure. An effective and efficient toll collection and enforcement system can leverage the abilities of the whole infrastructure pricing system. Collection can be done by employees, automatic machines, or a combination of both. Toll plazas and electronic tolls are two basic toll collection systems. Toll plazas consist of a series of toll gates, where each gate only opens once the driver pays the toll by cash, bank cards, vouchers, or others. On the other hand, electronic tolls allow toll payment without requiring vehicles to stop. Vehicles are required to carry an authorized on-board unit (OBU), electronic tag or transponder. Compared to toll plazas, electronic tolls do not require toll gates, which minimizes construction costs and this system can be implemented in high-density road networks. Some countries have a hybrid system where conventional toll plazas coexist with electronic tolling systems.

Instruments to Realize the Policy Advice:

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.