

MEDIA RELEASE

Paris, 20 January 2017

Improving transport cost-benefit analysis

The International Transport Forum releases a new study today on better ways to measure the benefits that transport investments create for society.

A commonly used quantitative measure of the extent to which a project, over its lifetime, will bring benefits that exceed its costs is cost-benefit analysis (CBA). However, CBA faces major challenges:

- ▶ There can be a mismatch between what a CBA delivers and the information most sought by decision makers (such as impacts on jobs and regional growth).
- ▶ The scope of benefits captured in a CBA is generally constrained by practical limitations of forecasting and valuation.
- ▶ Fundamental changes to the quantity or locations of businesses, investments, households and employment anticipated from transport investments are not captured within standard CBA.

The report, based on a roundtable meeting of 30 experts from around the world, describes efforts to improve decision making through improving the quality of transport CBA. Three areas are addressed in detail: strategies for making the most of CBA, valuing and forecasting reliability benefits, and capturing wider economic impacts of transport investments.

The report's recommendations include:

- ▶ **CBA guidelines can be expanded to include reliability** and some wider impacts: The current evidence base on the valuation and forecasting of reliability benefits, agglomeration benefits and labour supply benefits provides a sufficiently rigorous basis for inclusion within the core cost-benefit analysis of major transport projects.
- ▶ **Wider economic impacts should be examined** where they are expected to be significant: For any project, a strong and scrutinised case for the inclusion of wider benefits is required to overturn the traditional assumption that user benefits adequately account for the whole economic impact of a project.
- ▶ **CBA need not dominate decision making**: Cost-benefit analysis is valuable, yet imperfect. Supporting frameworks and alternative evidence may be useful to communicate possible project impacts – for instance the ex-post analysis of past projects, economic impact analysis or a qualitative explanation of non-quantifiable impacts. Presenting such diverse information to decision-makers is better than producing a single performance measure that includes bold and unfounded assumptions or ignores potential impacts altogether.

The report “Quantifying the Socio-economic Benefits of Transport” can be accessed [here](#)

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ABOUT THE INTERNATIONAL TRANSPORT FORUM

Who we are

The International Transport Forum is an intergovernmental organisation with 57 member countries. It acts as a think tank for transport policy and organises the Annual Summit of transport ministers. ITF is the only global body that covers all transport modes. The ITF is administratively integrated with the OECD, yet politically autonomous.

What we do

ITF works for transport policies that improve peoples’ lives. Our mission is to foster a deeper understanding of the role of transport in economic growth, environmental sustainability and social inclusion and to raise the public profile of transport policy.

How we do it

ITF organises global dialogue for better transport. We act as a platform for discussion and pre-negotiation of policy issues across all transport modes. We analyse trends, share knowledge and promote exchange among transport decision-makers and civil society. ITF’s Annual Summit is the world’s largest gathering of transport ministers and the leading global platform for dialogue on transport policy.

Learn more: www.itf-oecd.org