



**Economic and Social  
Council**

Distr.  
GENERAL

TRANS/WP.5/2002/7/Add.1  
9 July 2002

ENGLISH AND  
RUSSIAN ONLY

---

**ECONOMIC COMMISSION FOR EUROPE  
INLAND TRANSPORT COMMITTEE**

Working Party on Transport Trends and Economics  
(Fifteenth session, 2- 4 September 2002,  
agenda item 7 (a))

**EVALUATION OF INLAND TRANSPORT INFRASTRUCTURE PROJECTS**

DRAFT OF THE UNECE SOCIO-ECONOMIC COST BENEFIT ANALYSIS  
FOR TRANSPORT INFRASTRUCTURE PROJECT APPRAISAL

Note: Further to the document TRANS/WP.5/2002/7, the attached text of the Preamble will be incorporated in the final version of the Draft of the UNECE Socio-Economic Cost Benefit Analysis for Transport Infrastructure Project Appraisal.

The Working Party may wish to discuss and approve the attached text.

\* \* \*

**PREAMBLE**

The **T**(ransport) **I**(nfrastructure) **N**(eeds) **A**(ssessment) process identified links and nodes for the different transport modes as components for the future Trans-European Transport Network. It followed the principles of the Trans-European Transport Network guidelines as described in European Commission's Decision 1692/96.<sup>1</sup> Within this process, the Commission services, with the support of the EIB, the World Bank and the EBRD, produced in October 1999 the report "Socio-economic Cost Benefit Analysis in the context of project appraisals for developing a trans-European transport network", compiled by transport economic experts from the University of Leeds.

These "TINA Guidelines" were mostly aimed at EU accession countries and their main objective was to establish a common methodology for transport project appraisal that could be endorsed by the EU and the international financial institutions and, in particular, to enable national administrations to identify socio-economically and financially viable projects from the list of possible investment projects resulting from the TINA exercise.

Following discussions about the "TINA Guidelines" at the 2000 and 2001 sessions of the UNECE Working Party on Transport Trends and Economics, member Governments felt that they could have a wider application, outside of the EU accession countries, and asked the Russian Federation to provide comments on the report in view of its possible application in the Russian Federation and other countries of the Commonwealth of Independent States (CIS). After concrete and detailed comments by the Russian Federation were received, the UNECE asked Professor P. Mackie, who had prepared with his team at the University of Leeds, United Kingdom, the above mentioned TINA report, to adapt it to the specific context of the Russian Federation and CIS countries and the latest methodological developments in the area of the cost-benefit analysis. Relevant instructions were provided following an informal meeting convened on 4 June 2002 in Geneva with representatives from member Governments, the European Commission and the EIB.

The UNECE Appraisal Guidelines are intended to provide guidance, primarily but not only to CIS member countries, so that project proposals, for submission to the various donor countries, the EU, IFIs, etc., can be selected and appraised. The objective is to ensure a broadly comparable basis and present alternative projects in a way that facilitates review and analysis. It puts the socio-economic cost benefit analysis in the context of a necessary wider project and investment appraisal, which also covers safety and environmental and policy-related aspects. In the framework of such concept the wider economic impacts of a project are analysed, which may be of particular interest to the local, regional and national Governments of the country. These wider economic impacts are observed outside the transport sector: in other production sectors, in the labour market or in the land and property market. The report addresses these effects and outlines a step-by-step assessment procedure of wider economic impacts, sketches key elements of a quantitative analysis which can be applied to gain insight into the wider economic benefits and extends the area of use of Cost Benefit Analysis (CBA) in the transport sector beyond the scope applied in the TINA Guidelines. However, whilst providing a modular assessment

---

<sup>1</sup> Decision (96) 1692/EC, OJ L2 28 September 1996.

methodology for publicly funded projects, the UNECE report continues to emphasize the critical importance of socio-economic CBA.

As in the TINA approach, the UNECE report's prime target is the administrations in member countries and its main goal is to establish a basis for common appraisal methods. However, the intention is not to provide a set of obligatory rules, but to propose a common starting point. Further refinement and development may be required, so any criticisms will be appreciated and will contribute to further work towards a common method.

Under the guidance of the UNECE secretariat, the report was prepared by Professor Peter Mackie and his team, taking into account valuable comments by Mr. Viatcheslav Arsenov of the Institute for Complex Transport Problems of the Ministry of Transport of the Russian Federation, Mr. Ralph Kellermann of the German Ministry of Transport, Building and Housing, Ms. Kristina Geiger Weichbrodt of the European Commission, Mr. Paul Amos of the European Bank for Reconstruction and Development (EBRD), Mr. Ken Gwilliam of the World Bank and Mr. Mateu Turró of the European Investment Bank (EIB).

[The UNECE Working Party on Transport Trends and Economics (WP.5) at its fifteenth session (2-4 September 2002) considered and endorsed this report. It also recommended its distribution to all member countries, in particular CIS member countries, in order to facilitate appraisal and selection of transport infrastructure projects.]<sup>2</sup>

---

Prepared by the team	Prof. Peter Mackie Dr. Susan Grant-Muller Mr. John Nellthorp Prof. Alan Pearman
----------------------	--

Institute for Transport Studies  
University of Leeds  
Leeds LS2 9JT  
United Kingdom

---

<sup>2</sup> Text to be confirmed at the fifteenth session of the UNECE Working Party on Transport Trends and Economics.