



**Standing Committee
for Economic and Commercial Cooperation
of the Organization of Islamic Cooperation (COMCEC)**

Proceedings of the 13th Meeting of the COMCEC Transport and Communications Working Group

“Improving Transport Project Appraisals in the Islamic Countries”



COMCEC COORDINATION OFFICE

March 2019



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PROCEEDINGS OF THE 13TH MEETING OF THE
COMCEC TRANSPORT AND COMMUNICATIONS WORKING GROUP
ON

“Improving Transport Project Appraisals in the Islamic Countries”
(21st March 2019, Ankara, Turkey)

**COMCEC COORDINATION OFFICE
March 2019**

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Introduction

The Thirteenth Meeting of the COMCEC Transport and Communications Working Group (TCWG) was held on March 21st, 2019 in Ankara, Turkey with the theme of "Improving Transport Project Appraisals in the OIC Member Countries".

The meeting was attended by the representatives of 22 Member States, namely; Afghanistan, Azerbaijan, Cote d'Ivoire, Egypt, Indonesia, Iran, Iraq, Jordan, Kazakhstan, Mali, Mauritania, Morocco, Niger, Nigeria, Oman, Pakistan, Palestine, Saudi Arabia, Senegal, Sudan, Turkey, and Uganda. The meeting was further attended by the representatives of the Islamic Development Bank Group (IDB), Limak Group, SESRIC and COMCEC Coordination Office (CCO)¹.

During the meeting, the representatives of the Member States have shared their experiences, achievements, and challenges regarding the transport project appraisals in their respective countries. Furthermore, they have deliberated on the policy recommendations for enhancing the effectiveness of the transport project appraisals. The meeting has mainly considered the study titled "Improving Transport Project Appraisals in the Islamic Countries" which analyzes the state of affairs of the transport project appraisals in the OIC Member Countries and provides policy recommendations for enhancing the efficiency of appraisals of transport projects in this respect. The TCWG has also considered the "Transport and Communications Outlook of COMCEC 2018" prepared by the CCO which provides a general overview of transport sectors in the world and the OIC Member States.

¹ The list of participants is attached as Annex 4.

1. Opening Remarks

The Meeting started with a recitation from the Holy Quran. At the outset, Mr. Burak KARAGÖL, Director at the COMCEC Coordination Office, briefly introduced the COMCEC and its activities as well as underlined the importance of studying the theme of planning of national transport infrastructure.

Mr. KARAGÖL emphasized that reliable transport infrastructure is a prerequisite of economic development and a key pillar of international competitiveness. In this respect, transport project appraisals are particularly important for increasing the quality of national transport infrastructure and transport services.

Afterward, Mr. Katushabe WINSTONE, Commissioner Transport Regulation, and Safety, Ministry of Works and Transport of Uganda, was elected as the chair of the meeting. Mr. WINSTONE welcomed the participants and expressed his appreciations to the participants for electing him as the chairperson.

2. Transport and Communications Outlook 2018

Dr. İ. Çağrı ÖZCAN, Expert at the COMCEC Coordination Office, delivered a presentation on the main findings of the COMCEC Transport and Communications Outlook 2018. At the outset, Mr. ÖZCAN underscored the importance of the transport and communications sector as one of the six cooperation areas specified by the COMCEC Strategy. This followed by emphasizing the relationship between transport, logistics, and trade and how they affect each other.

Dr. ÖZCAN continued with providing figures with regard to the international trade and transportation, such as Logistics Performance Index (LPI), Liner Shipping Connectivity Index (LSCI), the burden of customs procedures, and quality of transport infrastructure. He emphasized that, with respect to the quality of transport infrastructure, both OIC overall and OIC-Sub-Saharan Africa averages fall below world averages in each measure. OIC-MENA performs better than world average except for the quality of railroad infrastructure. On the other hand, OIC-Asia underperforms than world averages in each measure except the quality of railroad infrastructure.

While explaining the LSCI scores Dr. ÖZCAN mentioned that Malaysia, UAE, Morocco, and Egypt are well connected to the global shipping network whereas Albania, Brunei, Guinea Bissau, and Guyana are the least connected. The best-performing countries have large transshipment ports (e.g. Malaysia, Morocco, and Egypt) and gateway ports (e.g. Malaysia, Saudi Arabia, and Turkey). On the other hand, the least performing countries are either not located on the main liner

shipping services or lack the physical and operational capacity to serve large container ships. In terms of average LSCI scores, OIC-MENA region performed better than OIC-Asia region as well as the world starting from 2008. However, average LSCI scores for OIC-Sub-Saharan Africa region remained well below the world averages throughout the same period.

Dr. ÖZCAN continued his presentation by demonstrating some important figures in terms of transport modes. He stated that there is a large variation in the density of road networks in the different OIC member countries. Albania, Bahrain, Bangladesh, Brunei, Comoros, Gambia, Indonesia, Kuwait, Lebanon, Malaysia, Maldives, Pakistan, Palestine, Qatar, Turkey, and Uganda have more dense networks compared to other member countries. The density of the road networks in the OIC member countries as a group and individually is quite low compared to that of the US and the EU. For the OIC member countries, the density of the road network is 0.12 while it is 0.67 and 1.34 in the US and the EU, respectively.

There is also a large variation in the density of rail networks in different OIC countries. A great majority of the OIC countries have less than 1,000 km of rail lines per 100,000 km² land area, while almost half of the OIC countries have no railway network. Average network density of the OIC member countries is equal to 426 km of railway per 100,000 km² land area.

Furthermore, he added that the container throughput of the OIC countries has reached 101 million TEU in 2014 up from 79.8 million TEU in 2010. However, the share of OIC member countries in the global container throughput had remained flat at around 15% during the period between 2010 and 2014.

Regarding the air traffic, Dr. ÖZCAN mentioned that high-income Gulf countries, such as Qatar, UAE, and Bahrain, and island states, such as Brunei Darussalam and Malaysia, have higher per capita air passenger traffic figures. Besides, the OIC member countries with dominant network airlines are more likely to experience higher per capita air passenger traffic.

Dr. ÖZCAN continued his presentation by highlighting the environmental effects of the transport sector. He stated that there is a positive correlation between transport-related CO₂ emissions and GDP per capita (PPP) in the OIC member countries. One reason for this tendency is the increased private car ownership with increasing per capita income, which eventually increases personal trips and accordingly GHG emissions. Another fact is that the countries with higher GHG emissions are mostly from oil-producing countries, which often corresponds with lower pump prices for gasoline and consequently more road sector energy consumption.

Dr. ÖZCAN concluded his presentation by emphasizing the importance of tailor-made solutions rather than generalized policies for the development of the transport sector in the member countries.

Question: How the outputs and recommendations of the transport outlook can be materialized?

Answer: The COMCEC Project Funding mechanism is a pertinent instrument to assist member countries to materialize the recommendations of the research reports and outlooks prepared by the COMCEC Coordination Office (CCO). Establishment of connection between the project purpose and one of the relevant policy recommendations articulated in the research reports is a prerequisite for submitting a project to the CCO within the framework of the COMCEC Project Funding mechanism.

3. Conceptual Framework for Transport Project Appraisal

Mrs. Vignetti, consultant of CSIL-Centre for Industrial Studies, delivered her presentation with a focus on the conceptual framework. The preliminary observation was that, despite the fact that transport project appraisals are generally performed ex-ante, the literature and international experience draws too many failures and shortcomings in project implementation. The question is then what is needed to strengthen the transport project appraisal systems in order to improve the performance of transport projects.

Mrs. Vignetti pointed to the need to look at the appraisal systems as a way to set up and enforce positive incentives among the key players in transport project planning, design, appraisal, selection and implementation to deliver good projects, minimizing the risk of misrepresentation and opportunistic behaviors. Thus the conceptual framework that has been designed for the study develops on this key idea and looks at different aspects, both technical and institutional, in a perspective of a full project cycle.

She highlighted that the objective of the study is to establish a framework to facilitate an overview of project appraisal systems in the OIC Member Countries in comparison with the selected international cases. It has been clarified that the designed conceptual framework has been used to develop a set of key questions, partly suggested in the ToRs and others indicated by the consultants, which were used in all the data collection activities (desk review, case studies, and survey). This leading to some good practices and recommendations on how to improve appraisal systems.

Conceptual Framework

The conceptual framework for project appraisal in the transport sector has been developed, based on the World Bank (WB) framework for assessing Public Investment Management further tailored for the purpose of the project. The framework is based on a number of institutional and technical aspects, influencing project appraisal practices in the transport sector. The presentation discussed each of the aspects and sub-items of the conceptual framework, also with

the use of statistics on current practices in selected OECD countries. The relevant aspects and related questions are presented below:

- **Legal basis:**
 - *Legal requirement:* which type of requirement is in place, if any? Is there a legal requirement to carry out transport project appraisal or is it simply a recommended practice? Does the obligation define appraisal objectives, features, and methodology to be used?
 - *The scope of application:* is the requirement for project appraisals common to all public investments (above a specific cost threshold) or is it specific for the transport sector? Is the project appraisal system diversified depending on the scale and typology of the project? is the appraisal performed on individual projects or on strategies?
 - *Timing:* during the project preparation phase when is project appraisal usually prepared? Is the project appraisal development performed 'early' enough in the process when project alternatives are still to be selected?
- **Governance:**
 - *Roles:* who is responsible for transport capital expenditure decisions? Is there a coordinating entity at a central level or project appraisal practices largely delegated to sectoral/local procurement agencies? Which activities are delegated at the sectoral/local level? Who performs the transport project appraisals? is project appraisal performed by a technical unit within the administration or by private consultants? How are the responsibilities and functions of procurement agencies, project promoter, and project appraisers specified?
 - *Quality review:* How are quality standards for project appraisal defined? Is there a system of independent quality review of project appraisal?
 - *Publicity:* are project appraisal reports publicly available? how are the stakeholders included in the appraisal process? Are project appraisal results systematically used to inform public consultations and debate?
- **Capacity and tools:**
 - *Capacity:* Is technical capacity constantly monitored and ensured? Is there a systematic training and dissemination programme to improve internal capacity (with periodic monitoring of the alignment to state-of-the-art methodologies)? Is training in project evaluation provided? If yes, by whom?
 - *Tools:* Are there standard tools such as models or templates that shall be followed for analysis and reporting? Are general and specific guidelines developed?
 - *Data sources:* Which kind of data is used in the analysis (reliable, weak)?
 - *Standards and guidelines:* Are there specific legal requirements on the content of the appraisal report or is there no clear standard required? Are there reference parameters (e.g. time horizon, discount rates) and unit values provided in a prescriptive way or does the project analyst enjoy flexibility in performing the analysis?

- **Content:**
 - *Methodology:* What types of analysis (CBA, CEA, MCA, qualitative analysis, macroeconomics , etc.) are required/recommended as part of the project appraisal development? Is there one specific suggested methodology for project appraisal? Is it complemented by other methodologies?
 - *Items:* What is the standard content of a project appraisal? Which are the typical items included in an appraisal report? Which benefits/impacts are considered? How are they calculated?
 - *Risk assessment:* How is the risk assessment incorporated it into the project appraisal? Are forecasts expressed by a baseline figure or are confidence intervals also provided? Is a quantitative and/or qualitative risk analyses carried out?
- **Demand analysis:**
 - *Forecasting techniques:* What kind of forecasting models (deterministic/stochastic, static/dynamic, analytical/simulation) and techniques are used?
- **The result of project appraisal:**
 - *Use of results:* How are the results of the project appraisals used? Is project appraisal used to provide a justification for individual project selection/decision in the feasibility phase or does it enable prioritization of projects?
 - *Selection criteria:* Is it possible to select a project with a negative economic result? How is alignment with strategies ensured? How are qualitative and quantitative evidence combined in the final assessment?
- **Follow-up and learning:**
 - *Monitoring:* Is basic completion review performed? Do rules exist regarding obligations and requirements of completion reviews to identify forecasting errors or managerial problems? Is project appraisal constantly updated as a monitoring and management tool to improve project resilience?
 - *Ex-post evaluation:* Is an ex-post evaluation of the project carried out? If yes, when it is usually carried out? Do rules exist on how many years after the project completion the ex-post evaluation should be carried out or is this left to occasional initiatives? Is ex-post evaluation carried out periodically on a sample of investments or rather on a selective basis? If ex-post project appraisal is performed, how are they used as a learning mechanism?

International cases

Based on the list of aspects identified in the conceptual framework some findings from the international experience was reported.

In the **Netherlands**, there is no legal requirement, but CBA is recommended by the government and used. CBA for public projects is outsourced to private consultants and subject to reviews by second opinions (mostly by the Bureau for Economic Policy Analysis) and specific guidelines for CBA have been developed and are routinely updated. The assessment of effects in a CBA is done

on the basis of well-identified steps and different traffic and transport models are used, whose quality is constantly monitored through actualizations and periodic independent audits. CBA results are not the only criterion in the decision making about transport projects. In recent years, however, projects with a low Benefit/Cost Ratio are not selected. Ex-post evaluations are an important source of information for the ex-ante assessment of similar projects.

In the **United Kingdom**, the obligation to carry out CBA for most capital investment projects does not derive from a legal requirement, but from government recommendations. The Treasury has a coordinating role and, in order to ensure an independent approach, appraisals should be performed by teams who have had no involvement in the project proposal. The “Green Book” provides guidance, methods, and recommended tools for developing options. Individual departments may develop specific methods for evaluations. Transport appraisal provides information on a wide range of impacts – on users and providers, but also on the environment, wider society and government. WebTag toolkit provides guidance for options analysis, modeling techniques and related assessment of effects. The appraisal is used to inform decision-makers throughout the development of a project, from the early stage of alternative generation to the final approval.

The **World Bank** (WB) has the obligation to assist governments in achieving their national objectives, primarily by making the best use of their own resources, to which WB lending is a supplement. For this reason, an emphasis is placed on the institutional and regulatory environment. It has developed Guidelines for project appraisal according to which a project appraisal should contain: 1. Strategic Context, 2. Project Development Objectives, 3. Project Description, 4. Implementation, 5. Key Risks and Mitigation Measures, 6. Appraisal Summary. A WB Handbook also describes analytical tools for the economic evaluation of the effects of transport projects.

The **European Union** (EU) has a strong legal basis on the appraisal of major investment projects (total cost exceeding 50 Million Euro). A formal review process is provided in major project appraisals in EU cohesion policy 2014-2020. The procedure can take two different forms. The first one is an assessment of the project by independent experts, followed by a notification to the European Commission. The second one is to send the project documentation directly to the Commission, which provides an internal assessment. The European Union has developed Guidelines for CBA of major projects, and set up the Jaspers initiative together with the European Investment Bank (EIB), providing technical assistance to member states and accessing countries in preparing high-quality projects. The European Union has developed Guidelines for CBA of major projects, and set up the Jaspers initiative together with the European Investment Bank (EIB), providing technical assistance to member states and accessing countries in preparing high-quality projects

Conclusions

The following aspects are highlighted by the conceptual framework as a possible 'ideal type' of transport project appraisal system:

- a legal requirement to evaluate all investment initiatives;
- a system of "checks and balances" defining clear and separate roles;
- multistage evaluations with various filters and supervisory and quality control mechanisms;
- a system of norms, procedures and methodological support including the centralized definition of accounting prices;
- ex-post evaluation to identify forecasting errors or managerial problems.

Questions and Answers

Question: Interplay among the different stakeholders is a relevant aspect in project appraisal systems, what is the exact meaning of the incentive perspective in this context?

Answer: The consultant highlighted that the incentive arguments relate to the need of the institutional framework in place to provide the right and strong motivation to individual players (i.e. public decision-makers, project promoters, independent consultants, and funding agencies) not to strategically misrepresent the project and adopt opportunistic behaviors. The promotion of good quality project appraisal report and the actual use in the decision-making process is a matter of norms and checks conducive to virtuous behaviors.

Question: How can we ensure that the perspective of the private investor is sufficiently reflected in the project appraisal of PPP schemes?

Answer: In a PPP scheme due consideration shall be given to the incentive of the private operator to invest in the project without ensuring an undue profit which results in a waste of public resources. This can be done by the complementary use of financial and economic analysis ensuring that the project is good for the society and, at the same time, appropriate financial resources are provided to make it sustainable. Different discount rates can be suggested for the financial and economic analysis to reflect the different opportunity costs of the private investor and the society.

Question: How can we ensure that good project appraisal are actually used by the decision makers and not only political considerations are reflected in the project selection?

Answer: Technical experts have the duty to appraise the decision-makers and show the advantages of adopting forward-looking perspective and evidence-based decision-making in selecting and implementing transport projects. Although technical and objective arguments may be more complex and difficult to manage in the public debate, educating the power and citizens

to confront ideas basing on evidence can improve the quality of the public debate and policy decision-making.

Question: How can we ensure that good project appraisal are actually used by the decision makers and not only political considerations are reflected in the project selection?

Answer: Technical experts have the duty to adequately inform the decision-makers and show the advantages of adopting forward-looking perspective and evidence-based decision-making in selecting and implementing transport projects. Although technical and objective arguments may be more complex and difficult to manage in the public debate, educating the power and citizens to confront ideas basing on evidence can improve the quality of the public debate and policy decision-making.

4. Status of Transport Project Appraisal in the OIC Member Countries and Lessons Learnt From the Selected Case Studies

Mr. SMIT and Mr. Mehmood delivered their presentation with a focus on the status of Transport Project Appraisal in OIC Member Countries and lessons learned from case studies. At the outset, they presented the results of the desk research and survey conducted.

Results of the desk research, the survey, and the case studies

- **Desk research** provides the ingredients for developing a framework for appraisal of transport projects, based on international best practices. Desk research also includes a review of the appraisal of transport projects in OIC member countries.
- A **survey** has been carried out focused on project appraisal in OIC member countries. The survey was sent out to the 38 Member States of which 12 countries responded. Some interesting results were found from the survey, which substantiates our conclusions of the case studies.
- A total of six **case studies** has been selected which I will discuss in the following slides. The case studies are Afghanistan, Iran, Jordan, Mozambique, Nigeria, and Saudi Arabia.

Case study Afghanistan

Afghanistan has been facing a number of challenges in the last few decades. In order to address these challenges, Afghanistan has embarked on a number of international collaborations to restore the country's industry. For example, the Asian Development Bank has been working closely with Afghanistan's public institutions in developing a strategy-course to be implemented through a number of significant investments and development measures. To this end, the ADB assisted in developing the Afghanistan Transport Sector Master Plan Update (ATSMPU) 2017-

2036. The proposed strategy presents a comprehensive list of infrastructure projects to be developed and capacity-expanding measures to be implemented across all prevailing transport sectors.

Although there have been financial and capacity constraints, projects have been thoroughly screened and prioritized in the updated master plan. This is an important first step and it is essential to building further on this firm fundament. Therefore, it is recommended to:

- Establish an **enabling legal and institutional framework**. The current legal framework for the development of infrastructure projects is limited to the planning and budgeting phases. This framework should clarify the legal requirements of project appraisals. Furthermore, it should also specify technical requirements such as the methodology to be used and the timing of the appraisal. Finally, the institutional basis must identify those parties responsible at each stage of the appraisal process.
- Second, the **master plan should be applied**. These plans must identify future capacity needs to be based on projects and their respective priorities. Based on these requirements, public institutions will be able to plan both short and long-term allocation of resources for the development of future infrastructure projects.
- Finally, in order to address the difficulties related to capacity constraints, **close cooperation with development organizations and private partners** is required.

Case study Iran

The Iranian transport project appraisal system is well-developed. Good practices are: systematically performing projects appraisal and making use of guidelines, the quality review system and finally (some sort of) monitoring and follow-up activities.

Despite the relatively well-developed appraisal system, some recommendations can be stated:

- A **common system of project appraisal** in the transport sector should be developed, detailing the procedures, methodologies and a set of reference parameters (e.g. the discount rates, the thresholds for IRR) for all the agencies in charge of project planning and financing.
- The starting point for the development of such a framework can be a detailed **screening of the practices currently in place and of the models in use**. Such screening could serve as an analytical basis for further steps.
- **The use of CBA should be expanded beyond the focus on financial aspects**. The project's acceptability in terms of economic efficiency and social merit should become standard practice as well. To this end, the development of CBA guidelines for transport infrastructural projects would be recommended.
- Furthermore, Stakeholder consultation practices should be enhanced. Stakeholders involvement reflects the extent to which project appraisal and selection includes the view and voices of stakeholders external to the public administration, including the wider public

- Finally, The role of **ex-post evaluation** should be increased by introducing obligations for MRUD-affiliated organizations to carry out such in-depth studies on a sample of investments after 5 or/and 10 years since their entry into operation, with the goal of detecting deviations from the initial projects and learn from experience.

Case study Jordan

Project appraisal is firmly embedded in the transport sector in Jordan. Although there is no law stipulating that project appraisal is to be carried out for all projects, the PPP Law describes the technical requirements that must be presented for any PPP project, which include the financial feasibility of the project, the updated Sustainability Report, and the cost-benefit analysis.

Recently, the transport sector strategy (LTNTS) has been developed, resulting in a multi-modal implementation pipeline of transport projects, based on the feasibility analysis of different scenarios of implementation, evaluated and prioritized through a multi-criteria analysis (MCA), including cost-benefit analysis (CBA).

Our recommendations are to:

- Take full benefit of the **transport strategy** and its pipeline of projects.
- It is recommended to **standardize input parameters** (see the recommendation on transport project appraisal manual).
- **Make use of the PPP Unit** in matching supply and demand. Closer interaction could be established between the PPP Unit and the relevant ministries and authorities in transport to jointly develop a common approach on project appraisal
- Creating a **transport project appraisal manual**. It is recommended to develop a project appraisal manual, with standardized input parameters, including amongst others discount rate, the value of time, the value of statistical life, project duration.
- Build further **appraisal capacity** in the transport sector. It is recommended to further capacitate the relevant ministries and authorities in transport project appraisal. Although basic knowledge and experience are certainly present, enhanced capacity in this field would enable the ministries and authorities to be a stronger counterpart to the private sector consultants, carrying out the feasibility studies, and be better equipped to carry out quality control.

Case study Mozambique

To maximize the economic utilization of Mozambique's geographical position, and to support regional integration within the Southern African Development Community (SADC) region, the Government has placed the development of regional corridors as one of its key developmental priorities. To this end, Mozambique has been cooperating with partners such as the African Development Bank to develop the Nacala Road Corridor. Furthermore, a Transport Master Plan for the area of Maputo has been developed.

It is recommended to:

- Execute a transport project appraisals along the entire **project design cycle**. Project appraisals can be conducted at a very early phase of the project preparation when project alternatives are still to be selected or carried out at later stages when the appraisal becomes a justification for choices which have already been taken rather than instrumental for policy learning and future planning. It is recommended to have project appraisal going along the entire project design and preparation cycle, such that it can better inform and assist the entire decision-making process
- **Establish a legal requirement** for transport project appraisals. It is recommended to establish a well-defined legal requirement and methodology for transport project appraisals. A legal requirement stating the principles, procedures, and methodologies for all the agencies in charge of project planning and financing, will contribute to more effective project appraisal and selection practices.
- In many Mozambican transport projects, a reference is made to the UK's WebTag guidelines and the JICA guidelines. This indicates that there is a lack of national guidelines on transport project appraisals. Therefore, it is recommended to create a **project appraisal manual**, with standardized input parameters, including amongst others discount rate, the value of time, project duration, etc.

Case study Nigeria

The Road Sector Development Team (RSDT), supported through a number of IFIs, functions as a knowledge center in the road sector, providing a sound methodological basis for project appraisal, including HDM-4, and contributing to building capacity in the sector in project appraisal.

Also, the EGRP focus lab is developed to fast-track private sector investments in the transport sector.

Some lessons we learned during the case study:

- **Broadening the scope** of transport project appraisals. It is recommended to apply project appraisal for a broader set of transport projects. The rationale for this should be the ambition to use public funds in such a way that it provides maximum benefit to the Nigerian society.
- Further, **develop the capacity** in transport project appraisal. Capacity in project appraisal needs to be further developed, also to facilitate the above-mentioned ambition related to the wider application of project appraisal. The knowledge and experience, which has been created through the project appraisals of internationally funded and larger domestically funded projects, can be used for other projects.
- **Create standards and a harmonized approach**. Standardization can focus on the process steps to follow in the appraisal process, or on how to carry out a feasibility study. In addition, it is recommended to standardize input parameters. If for a similar type of projects, input values, such as discount rates or evaluation periods, are similar, results of the appraisal

process can be compared. In order to support this standardization process, it should be considered to develop a **project appraisal manual(s)**, including process steps and input values.

- Apply and use a project appraisal as part of a **full project cycle**. The appraisal process is now used as an ex-ante evaluation of a project, mostly for justifying an investment decision. It could be considered to broaden the use of the appraisal process, not only for justifying an investment decision but also to prioritize those projects that yield best results. The appraisal process can then be extended towards prioritizing transport projects.

Case study Saudi Arabia

In Saudi Arabia developments are underway with regard to standardization of methodologies. The results are expected in the future, as a result of a study currently planned by the Public Transport Authority on the subject of cost-benefit analysis, cost-risk analysis, and wider economic benefits.

Practices of knowledge transfer from consultants to public officials are also in place. Despite these indications of improvement, there are a number of recommendations that can be stated:

- **Clearer legal obligations on the scope, content, and methodologies** should be envisaged. In this regard, it is recommended to establish a set of rules at the central level (under the responsibility of the Ministry of Transport) clearly stating how for which type of projects and when to perform project appraisals.
- An in-depth **review of the approaches currently adopted across different transport modes** and of the software in use could be carried out, serving the following needs: a) having a detailed overview on current practices across transport sub-sectors; b) exchanging information on appraisals and possible good practices across transport modes, with the identification of potential areas of cooperation; c) preparing an operational roadmap (indicating milestones to be achieved and responsibilities) for a comprehensive enhancement of transport project appraisals in the country.
- The **quality review** should clearly identify the responsibilities in project appraisals. Clear responsibilities should be identified for the quality review of project appraisals conducted by external consultants. Furthermore, formal quality standards for project appraisals could be established, facilitating the task of a project reviewing.
- Emphasize the socio-economic dimension of project effects. Emphasis should be put on the **socio-economic dimension** of project effects. To this end, a reference document could be prepared to list the socioeconomic effects that shall be mandatorily considered within project appraisals (with variations depending on transport mode and project features), and with indications on how to compute them correctly using state-of-the-art methodologies based on a benchmarking of international good practices.

- Ensure the availability of **updated data for forecasting** (i.e. a transportation statistics system). A comprehensive transportation statistics system should ensure the availability of updated data for forecasting traffic according to state-of-the-art methodologies.

Conclusions and recommendations

Mr. SMIT presented the general conclusions of the study, in line with the seven defined aspects of the conceptual framework, as indicated below.

Legal basis:

- Although in many cases there may not be a specific law, which requires project appraisal to be carried out, often some kind of legislation is in place that (indirectly) calls for project appraisal to be implemented as a pre-condition for funding. For example procurement Law or PPP Law.
- Despite the lack of a specific legal provision, project appraisal is often mainstreamed in the development of new transport projects in OIC countries.
- Whereas the need to carry out project appraisal is often in place, a description of how to carry out project implementation is mostly lacking.

Governance:

- A combination of public and private sector representatives are involved in transport project appraisals: the public sector manages the appraisal process and, in most cases, contracts private consultants for providing supporting inputs, such as demand studies and feasibility studies.
- In most OIC member countries, such as Jordan and Nigeria, a broad range of stakeholders is involved, often mobilized early in the process to identify project needs.
- The development partners and IFIs form an important part of the institutional landscape.

Capacity and tools

- All countries have organized themselves to manage the project appraisal process, often relying on relevant lead institutions, such as Ministries of Transport, or mode-oriented agencies or authorities, which are part of these ministries.
- Training on project appraisal does not take place on a large scale. This finding is supported by a result of the survey, where 67% of the respondents pointed out that training programmes to build capacity in the country are not available.
- Guidelines, if any, mostly focus on rather general process steps to apply in project appraisal. Specific guidelines or manuals on how to carry out project appraisal is mostly lacking.

Content

- Cost-benefit analysis (CBA) is mentioned in most of the cases as the reference methodology for project appraisal, although other types of analyses, such as multi-criteria analysis (MCA) and cost-effectiveness analysis (CEA) are also applied.
- Variation is shown on the methodology and approach per project since a clear methodological framework is often lacking.
- The costs and benefits included in project appraisal are mostly clearly structured.

Demand analysis

- The assessment of future traffic flows is part of the project appraisals reviewed. This assessment is in many cases outsourced to a private sector consultant, often as part of a broader support package, including the feasibility study.
- Transport models are more often run in the frame of masterplan or strategy development to select among different options rather than for individual projects.

Results of the appraisal

- Project appraisal is in the vast majority of cases used for justification of a transport infrastructure project
- Results are expressed in Net Present Value (NPV) or Internal Rate of Return (IRR) when a CBA is a methodology
- MCA is used to prioritize projects and to develop an action plan.

Follow-up and learning

- Monitoring of project implementation is taking place in most cases.
- However, ex-post evaluation is often not carried out. Half of the respondents to the survey indicated that the ex-post evaluation of projects is not carried out.
- In most cases, there is no clear project cycle approach, which links subsequent steps (identification, selection, appraisal, design, tendering and contracting, implementation, monitoring, and evaluation).

Next, Mr. SMIT presented the general recommendations of the study, also in line with the seven defined aspects of the conceptual framework, building on the conclusions, as presented above.

Legal basis:

- Develop a clear framework for project appraisal, indicating for what type of projects appraisal is needed and when the appraisal is needed.
- The legal framework should refer also to general guidance on how project appraisal is to be carried out, the main principles and methodological references.

Governance:

- The governance structure should be established, with clear roles and responsibilities for all stakeholders involved and for all the programme and project phases.
- In the case of outsourcing of project appraisal to the private sector, sufficient capacity should be with the public sector authorities to manage the process and check the quality of the work.
- Appropriate measures for stakeholders consultation and involvement should be put in place.

Capacity and tools

- Capacity building activities should be developed on a structural basis to capacitate the public and private sector in carrying out project appraisals.
- The development of operational manuals is recommended to guide the project appraisal process.
- Also recommended is to bundle knowledge and experience in expertise centers.

Content

- The items to be included in the appraisal must be specified in order to create a more harmonized approach.
- The methodological basis should be firmly established and specified for each of the content items and where possible laid in manuals.
- Risk assessment should be integrated into the project appraisal process, including identification of main risks; description of preventive and mitigating measures; and sensitivity analysis on the key parameters of the project appraisal.

Demand analysis

- Traffic projections, as key carriers of the project's benefits, should be well developed.
- The use of transport models should be encouraged, contributing to the quality of the traffic projections.

Results of the appraisal

- The use of project results should be clearly established and the results of the appraisal should be shared with the stakeholders involved.
- As far as possible project appraisal reports must be made available to the general public as an accountability measure. Derogation can be defined as politically or economically/financially sensitive data or information.

Follow-up and learning

- Project appraisal should be seen from a project cycle perspective (and not in isolation).
- Implementation should be monitored and evaluated. Lessons learned from this should be incorporated in next project appraisals

Finally, Mr. SMIT presented the specific recommendations, in line with the defined policy recommendations, as presented in the room document.

Recommendation 1: develop a systematic framework to transport project appraisal

The recommended transport project appraisal framework must indicate:

- Types of project appraisal;
- The objective of the appraisal and how the appraisal is expected to inform the decision-making process;
- Type of analysis (CBA, MCA, CEA) with specific references;
- Detail level that is used (a simple analysis or a tailor-made analysis).

One of the main aims of project appraisal should be to demonstrate the social desirability of the project. CBA (economic evaluation) is considered the preferred methodology.

Recommendation 2: creating project appraisal manuals, resulting in standards and a harmonized approach

Clear guidelines should be provided on how to carry out project appraisal by developing mode specific appraisal manuals.

These manuals should provide clear guidance on how project appraisal is to be carried out, including:

- A description of the appraisal process.
- Methodological standards, i.e. costs and benefits to be included, etc.
- Standard input parameters, i.e. project duration, discount rate, values of time, etc.

Recommendation 3: use of appraisal and applying project appraisal as part of a full project cycle

It could be considered to broaden the use of appraisal process to prioritize projects that yield the best results. In order to improve the quality of the appraisals it recommended to:

- Collect the project data and make the data available for monitoring purposes.
- Monitor the implementation and operation of the project.
- Carry out an ex-post evaluation of a project

Recommendation 4: improve project appraisals capacity through a system of official certification of competences, exchange of experience, training programs, seminars, conferences, and workshops, etc

- Developing and implementing training programs, seminars, conferences and workshops for public officials and private sector representatives. It is encouraging to develop a system of official certification of competences.
- Consolidating project appraisal knowledge and experience in expertise centers.
- Encourage and facilitate the exchange of good practices in project appraisal.

5. Roundtable Policy Debate Session

Mr. Mehran WINSTONE moderated the roundtable session. At the outset, Mr. Selçuk KOÇ, Director at the COMCEC Coordination Office, made a short presentation on the responses of the member countries to the Policy Questions circulated by the CCO.

After fruitful discussions and deliberations, the Working Group has come up with the following policy recommendations² to be submitted to the 35th Ministerial Session of the COMCEC for their adoption.

- **Policy Recommendation I:** Developing guidelines for the preparation and implementation of national transport master plans by taking into consideration international best practices towards having more integrated and sustainable land and transport plans and solutions.
- **Policy Recommendation II:** Identifying comprehensive and relevant Key Performance Indicators for the effective monitoring and evaluation of the performance of transport plans and their outcomes, and sharing the results with the relevant public and private sector stakeholders.
- **Policy Recommendation III:** Improving the planning capacity of the OIC member states by applying contemporary methods such as setting a vision with a set of social and economic objectives.
- **Policy Recommendation IV:** Improving national transport infrastructure planning process and encouraging public-private partnerships (PPPs) particularly for needs assessment, encouraging investments, well-functioning operations and maintenance.

6. Utilizing the COMCEC Project Funding (CPF)

Mr. Burak KARAGÖL, Director at COMCEC Coordination Office delivered a presentation on utilizing the COMCEC Project Funding (CPF) for the transport-related projects of the member countries as well as the OIC institutions.

In the beginning, Mr. KARAGÖL informed the participants about the essentials of COMCEC Project Funding. He explained the two instruments of COMCEC Strategy, namely Working Groups and Project Funding. Then, he stated the relationship between Ministerial policy recommendations, Strategy's principles and objectives. He gave details about the activity-based projects and research projects. Lastly, the main characteristics of COMCEC Project Funding such as membership to the WGs, partnering with at least two member countries and meeting the Project Preparation and Submission Guidelines were touched upon.

² The Room Document is attached as Annex 3.

Mr. KARAGÖL emphasized the importance of Sectoral Themes, which should also be considered while submitting project proposals, published on the COMCEC website. He enumerated the supported topics in transport and communications cooperation area as follows:

- Preparing national broadband strategies
- Enhancing digital literacy
- Achieving high-speed Internet coverage in rural and isolated areas
- Enactment of financial incentives to operators for deploying 4G infrastructure
- Reducing the cost of broadband services through targeted public policy initiatives
- Lowering the cultural and linguistic barriers through the development of local platforms, content, and applications
- Supporting broadband usage of disadvantaged segments
- Transforming transport routes to transport corridors
- Developing a Corridor Treaty template for enroute countries along the transnational transport corridors
- Establishing national committees for trade and transport facilitation
- Promoting simplification of business processes among the enroute countries along the transnational transport corridors
- Increasing awareness of stakeholders about the potential economic benefits of transnational transport corridors
- Promoting “through railway tariff” among the countries along the transnational transport corridors
- Preparation of a master plan for the development of transport corridors
- Engaging the private sector to develop, finance and manage transport corridor infrastructure in partnership with the public sector
- Encouraging trade and investments along transnational transport corridors
- Facilitating visa issuance for business people and visa stickers for drivers
- Implementing the security-building measures throughout transport corridors
- Enhancing experience sharing on road safety
- Promoting multimodal legal liability
- Improving the design standards of road and rail infrastructure
- Ensuring the sustainability of transport corridor infrastructure
- Harmonization of the vehicle and operational standards
- Improving rail interoperability including a common driver licensing/certification and common conditions of carriage
- Improving communications along the corridor including fiber optic cable and cargo tracking
- Increasing the number and quality of logistics centers along the transport corridors
- Promoting intermodal transport
- Stimulating the use of more environmentally friendly vehicles and vessels

- Developing a data collection system along the transport corridors
- Developing an enabling legal, institutional and regulatory framework for enhancing cooperation among the enroute countries along the transport corridors
- Establishing a dedicated corridor coordination unit for facilitating corridor governance
- Promoting the development of transport corridor governance
- Planning of national transport infrastructure in the OIC member states
- Improving transport project appraisals in the Islamic Countries
- Improving risk management in transport PPP projects in the OIC member countries

Mr. KARAGÖL continued his presentation with the implementation statistics, both yearly and in sectoral basis, for the last 5 years. Also, he gave the details of the contents and activities of the Transport and Communications projects implemented in 2019 by the Gambia, Iran, and Jordan.

Lastly, Mr. KARAGÖL gave general information about the relevant pages of the COMCEC Project Funding website and mentioned about the timeline for the project submission. He indicated the relevant reference materials in the Online Project Submission System to be used during the project submission period.

7. Presentations of the Member States

a. Azerbaijan

Mr. Vugar ORUJOV, Senior Adviser, Transport Policy Division, Ministry of Transport, Communications and High Technologies of the Republic of Azerbaijan, made a presentation on Azerbaijan's experiences concerning the improving transport project appraisals.

At the outset of the presentation, Mr. ORUJOV touched upon the task sharing among the relevant national authorities. He stated that if the project covers an area, the responsible Governmental Organization specifically carries out the project appraisal for the project in question. In this respect, the project appraisals in terms of railway projects are carried out by the Azerbaijan Railways (CJSC) and road projects are appraised by the State Agency of Automobile Roads.

Mr. ORUJOV continued her presentation by giving some information regarding the decision-making process during the acceptance of a project to be implemented. He underscored that first of all a feasibility study is prepared for the project idea. Then this feasibility study is submitted to the Cabinet of Ministers. This followed by the circulation of the document among relevant authorities for giving their recommendations. After summarizing all proposals the Cabinet of Ministers sends to the President of the Republic of Azerbaijan to make a decision. If the document is approved by the President, he decides the allocation of necessary fund and projects implementation.

Then, Mr. ORUJOV touched upon the implementation phase of a project. He stated that after the decision of the President the relevant state authority, The State Customer, announces and opens a tender that is followed by signing a contract with the entity which wins the tender. Control over the implementation of the project is carried out by The State Customer.

Lastly, Mr. ORUJOV touched upon the completion phase of a project. He said that construction works are regulated by the “City Planning and Construction” Code of Azerbaijan. According to the said Code, projects should be assessed in terms of their environmental impact. After completion of the constructions work, the object is re-examined by the Ministry of Emergency Situation.

b. Mali

Mr. Mamadou KONE, Director, Ministry of Transportation of Mali, delivered a presentation titled “Mali: Transport Policy Summary”. At the beginning of his presentation, he gave some information about population, GDP growth and geographical location of Mali. Then he attracted the attention to the data and information of the transport sector and touched upon the current situation of each mode of transport in Mali. He also mentioned the transnational transport corridors passing away from Mali and their potential. He stated that annually approximately 5.6 millions of tons of imports and exports were carried through these transnational transport corridors. Concerning the urban transport in Mali, Mr. KONE expressed that approximately 2 millions of displacement are realized per day whose 1,5 million motorized and 500 000 walks a day.

Mr. KONE continued his presentation by giving some information concerning the National Policy Paper on Transport, Transport Infrastructures, and Accessibility (PNTITD). He said that PNTITD is adopted by the Government in 2015. PNTITD envisages strategies and action plans that would be implemented to improve the transport capacity of Mali. In line with the PNTITD, the priority projects can be listed as followings;

- Construction of dry ports,
- Rail interconnection Cote D’Ivoire, Burkina Faso, Guinea,
- Rehabilitation of the Dakar – Bamako railway line,
- Renewal of road transport fleet,
- Implementation of an efficient urban transport system in the Bamako,
- Construction and rehabilitation of roads and bridges

At the end of his presentation, Mr. KONE stated that concerning the establishment of an efficient urban transport system in Bamako, an urban public transport organization and regulation

agency will be established, urban transport parks will be renewed and a study will be carried out for adaptation of the urban road network.

c. Turkey

Ms. İlksen TAVŞANOĞLU, Head of Department, Ministry of Transport and Infrastructure of Turkey, delivered a presentation on Turkey's experiences regarding transport project appraisals.

At the outset, Ms. TAVŞANOĞLU emphasized the principle of her ministry in terms of transport as providing accessible, economic and safe services in the fields of transport to increase the quality of public life and contribute to the development of the country.

Concerning the decision making and appraisal processes of transport investment in the Ministry, Ms. TAVŞANOĞLU explained that short, medium and long-term plans and programs are prepared to provide permanent solutions to transport problems and to set-up effective transport systems. Then, conceptual projects are prepared, the investment cost and economic benefits of the projects are assessed. Once the feasibility of the project is envisaged, the preliminary design, technical specifications, feasibility study, and environmental impact evaluation report are prepared and the approval process commences.

After the approval of the project by the relevant organizations of the Ministry, an investment application is made to the Presidency of Strategy and Budget under the Presidency of Turkey. Following the permission of the Presidency, the project is included in the investment program and the tender process is commenced. After the tender stage and the signing of the contract the construction stage commences.

Ms. TAVŞANOĞLU continued her presentation by mentioning that the construction period of a transport project is generally 3-5 years and safe, reliable systems that comply with international standards and particularly with European norms, are produced for an optimum cost. The construction process is undertaken under the monitoring and supervision of our Ministry. Upon completion of the construction work, the safety-related issues are given the highest priority, testing, and commissioning activities are conducted for a period of 1-6 months in accordance with international standards. Once the testing and commissioning period is successfully completed the investment is ready to be put into service. Commissioning of the investment is followed by a 2-year Defects Notification and Warranty period. This process continues under the monitoring and supervision of our Ministry.

Furthermore, Ms. TAVŞANOĞLU stated after the investment service has been realized without defects, the Ministry's monitoring of the completed project continues to ensure if the experiences gained in the project are utilized in other planned projects. If necessary, the

technical specifications, design and implementation principles are revised and technical criteria are updated.

Ms. TAVŞANOĞLU continued her presentation by touching upon the cornerstone projects realized under the supervision of the Transport and Infrastructure of Turkey. First, she gave some information about the Marmaray Project. She expressed that the Marmaray Project is the prestige project of Turkey which connects Asia and Europe and provides continuous railway from Pekin to London. The Project includes upgrading of a commuter system at Asian and European sides in İstanbul and construction of its central element is a railway tunnel under the Bosphorus. She stated that the Ministry has worked with three separate contracts to realize this Marmaray Project as followings;

- Contract BC1: Constructing ~1.4 Km immersed tube tunnel under the Bosphorus with 12. 2 Km approaching tunnels and 3 underground and 2 at-grade stations. (Üsküdar, Sirkeci, Yenikapı & Kazlıçeşme)
- Contract CR3: Upgrading the 62.7 Km existing at-grade commuter rail system with completely new electrical and mechanical systems including the installation of a new third track for the inter-city railway system. 38 at-grade stations have been designed in accordance with the international metro station standards.
- Contract CR2: Provision of 440 train cars for CR operations (Fixed fleet consist of 10-car, 5-car, and 2 coupled 5-car EMU (Electrical Multiple Unit) trainsets).

Concerning the historical background of the Marmaray Project, Ms. TAVŞANOĞLU mentioned that the Marmaray Project is not the first project conceived for an underwater crossing of the Bosphorus. The idea was first introduced in the Ottoman Empire in 1860 during the reign of Sultan Abdulmecid. A preliminary design was prepared for a submerged tube through the sea that rests on columns. Similar ideas were produced during the following years and in 1902, during the reign of Sultan II Abdulhamit, a design similar to the first one was produced for a tube tunnel that crosses the Bosphorus(Tünel-i Bahrî). However, the means of the time and technology did not permit the construction of this Project.

Furthermore, she explained that in 1985 the first transport and feasibility study for the Bosphorus Railway Tunnel Crossing were prepared. In 1995, the transport feasibility studies were updated with the aim of renewing the existing commuter lines between Gebze-Haydarpaşa and Sirkeci-Halkalı, increasing their capacity and integrating them with the Bosphorus Railway Tunnel Crossing, thereby providing a wide-reaching public transport system. This approach formed the basis of the Marmaray Project. In 1999, a loan agreement between Turkey and the Japan International Cooperation Agency (JICA) was signed for the Marmaray Project, and in 2000 with a Cabinet Decision, the project was entered in the investment program.

In 2004 the tender was concluded and the contract signed with the Joint Venture consisting of the Japanese company Taisei and the Turkish companies Gama and Nurol. In 2010 the land tunnels and sea tunnels of the Marmaray BC1 Section, which consists of the Bosphorus tube crossing, 13.6 km long railway line and 5 stations, were connected to each other. As the project alignment passed through the Historical Peninsula and archaeological and urban protected areas, archaeological excavation works were the biggest concern during the construction work due to the delays they caused to the project. In 2012 the track works, station civil works, and archaeological excavations were completed. On 29 October 2013, the Marmaray BC1 Section which consists of the Bosphorus Tube Tunnel Crossing and 5 stations was opened to operations. With the successful completion of the construction, testing and commissioning periods of the CR3 section, the 63 km long Commuter and High-Speed Train lines and 38 stations were opened to operations on 12.03.2019.

Moreover, Ms. TAVŞANOĞLU expressed that the Marmaray Project has a 100-year design life. Immersed Tunnel, TBM Bored Tunnel, NATM Tunnel, and Cut & Cover Tunnel methods were used together in the Marmaray Project. The Electrification System is provided by a 25 kV AC Overhead Catenary System. CBTC and ETCS Level 1 were used in the Signalling System. The speed of the trains online used by High-Speed Trains is 100 km/h and on the commuter line 80 km/h. The design, construction, and testing processes under the Marmaray Project have been conducted in accordance with European and American standards, providing quality and safety.

Lastly, Ms. TAVŞANOĞLU briefed the main benefits of the Marmaray Project as followings;

- Providing long-term, sustainable solution to the transportation problems of Istanbul,
- Direct connection of the railway system between Asia and Europe; uninterrupted passenger and freight transportation across the Bosphorus,
- Reducing impacts of Traffic in the Historical Peninsula,
- Reducing congestion on the existing Bosphorus Bridges,
- Supporting intercity railway transportation by providing an additional track reserved specifically for intercity trains,
- Decreasing pollution and CO2 release,
- Decreasing travel time for more than 1 million people every day.

8. Private Sector's/International Organizations' Perspectives

a. IsDB: "Improving Transport Project Appraisal in OIC Member Countries: IsDB Perspective"

Mr. Tolga YAKAR, Senior Project Management Specialist, IDB Group delivered a presentation with the theme "Improving Transport Project Appraisal in OIC Member Countries: IsDB Perspective".

At the beginning of the presentation, Mr. YAKAR outlined the transport operations of the IsDB. He mentioned that the development of international transport corridors such as Trans-Sahara Highway (TSH) and CAREC Transport Corridor are among the priority of the IsDB. Also, improving transport infrastructure in terms of roads, railways, airports, and seaports, and increasing the accessibility in terms of rural networks and urban transport are key focus areas of the IsDB in the field of the transport sector. He also mentioned the development impact of the transport operations of the IsDB such as improved interstate transport, reduction of travel costs, increased traffic safety as well as new employment opportunities, etc.

Then Mr. YAKAR briefed the participants on the project cycle pursued in the IsDB. He explained that first of all the concept of the project is determined. Then, the appraisal process is initiated. Mr. YAKAR emphasized that appraisal is key for IsDB Operations. Within this framework, a special team for each project appraisal is established which consists of team leader, sector specialist, legal counsel, procurement specialist, country manager (liaison officer) and other specialists (e&s, urban transport, financial management, etc.) - if needed. He underscored that appraisal includes detailed information, analysis, and clear outputs. It is a critical step for the rest of the project cycle and for the successful implementation. Therefore, special appraisal missions are realized through the meetings with all stakeholders (Ministry of Transport, EA, IsDB Governor Office, Consultants, etc.).

Furthermore, Mr. YAKAR briefed the august house about the main components of the projects appraisals as followings;

- Background: Strategic context and rationale as well as info about the transport sector
 - Economic background
 - Sector description, transport sector policies of the country
 - Key sector issues/challenges; possible solutions
- Project Info:
 - The Project
 - Project Objectives and Key Indicators
 - What are the main project objectives?

- How will these objectives contribute to broader member country partnership strategy?
- Does the project depart from MCPS in context or other aspects? Why?
- Key monitoring indicators
- Project Scope/Components
 - A brief description of project components; scope coverage, location, proposed capacity, etc.
- Past Lessons Learned
- Alternatives Considered and Reasons for Rejection
- Project Costs
- Financing Arrangements/ Lending Instruments
- Implementation Arrangements:
 - Executing Agency/Agencies
 - Project Implementation Program (Readiness)
 - Procurement Arrangement
 - Financial Management
 - IDB Project Monitoring and Implementation Support Plan
 - Monitoring and Evaluation of Outcomes/Results
 - Critical Risks and Possible Controversial Aspects
- Project Justification
 - Technical Feasibility/Alternatives
 - Economic Financial Analyses
 - Environment/Safeguard
 - Sustainability

Mr. YAKAR mentioned that during the preparations for implementation arrangements the estimated time period for project implementation and administrative arrangements for its implementation are discussed. Also, project management, procurement, and the roles of various executing and implementing agencies are clarified. It should also be clarified who will be responsible for project oversight and coordination and describe arrangements for monitoring and evaluation during this process.

Mr. YAKAR continued his presentation by demonstrating some sample projects implemented together with General Directorate of Turkish Railways (TCDD) and İLBANK in Turkey as followings;

- Ankara-Konya High-Speed Railway Project with General Directorate of Turkish Railways (TCDD) (EUR 174 million),
- Ten High-Speed Train Sets with TCDD (EUR 312 million),
- Electric Locomotives Project with TCDD (USD 275 million),

- Urban Transport Program with İLBANK (EUR 150 million).

Lastly, Mr. YAKAR elaborated the way forward for the IsDB. He stated that the IsDB Appraisal process is updated with feedbacks, implementation assessments, etc. He listed the IsDB's expectations from member countries as followings;

- Only good project preparations conclude with good projects and desired output
- Quality of Feasibility Report is a must
- With good quality of data and project related analysis (economic, financial, social analysis...)
- Open communication is the key to have better transport projects to support the development of MCs

He also stated the readiness of the IsDB to continue its support to member countries through its Regional Hubs and Operations Teams.

b. Limak Group: "Private Sector Perspective on Transport Project Appraisals: LIMAK's Experience"

Mr. Volkan KURT, Deputy Project Manager, LIMAK GROUP, made a presentation with the theme "Private Sector Perspective on Transport Project Appraisals: LIMAK's Experience".

At the beginning of his presentation, Mr. KURT introduced Limak Group and its operations in the fields of transport and construction. He mentioned that Limak established in 1976 and its total revenues in 2018/06 was 2.1 bn\$ and its total assets in 2018/06 were 6.86 bn\$. Besides the numerous dam, irrigation plants, hotels, cement and electricity generation assets Limak Group has constructed several highways, airports, ports, railways, pipelines in Turkey as well as in abroad. He stated that for the time being, except the American Continent, Limak is operating almost all over the world. In order to reveal the construction capacity of the Limak Group, Mr. Volkan KURT demonstrated the participants some sample projects implemented or being implemented by the Limak Group as followings;

- **Recently Awarded Projects**
 - Ufa City Highway Construction, Russia,
 - South Abdullah Al Mubarak Project, Kuwait,
 - Jubail - Riyadh Water Transmission System, Saudi Arabia,
 - Chelyabinsk International Airport, Russia,
 - Khabarovsk International Airport, Russia,
- **Major Ongoing Projects Country**
 - Istanbul Airport (New) Turkey,
 - Northern Marmara Highway (Kurtköy-Akyazı & KınalıOdalı) Turkey,

- TANAP (Trans Anatolian Natural Gas Pipeline Project),
- 1915 Canakkale Bridge and Malkara-Çanakkale,
- Devoll Hydropower Project 1-2, Albania,
- Kuwait International Airport, Kuwait,
- CPEC Western Route, Hakla-D.I.Khan Motorway, Pakistan,
- Iraq Gali-Zakho Tunnel Construction Project, Iraq,
- Volgograd Int. Airport New Terminal Building Phase 2, Russia,
- Subway Construction, Ukraine.

Mr. KURT continued his presentation by further elaborating the Northern Marmara Motorway Project, as a Build-Operate-Transfer (BOT) project, implemented in Turkey. He expressed that by providing the transportation of the Thrace region to Istanbul, with the help of the Yavuz Sultan Selim bridge and connection roads, the city traffic will be relieved and the July 15th Bridge will reduce the traffic density on Fatih Sultan Mehmet Bridge. In addition, transportation to the Istanbul New Airport will be quickly and comfortably. This project will also ease transportation within the city by providing access to Istanbul and reducing the traffic density in the existing transportation axles. In addition, Transit Traffic, which passes through Istanbul, will shorten the transportation of Bursa-Izmir with Osmangazi Bridge and facilitate transportation to Central and Eastern Anatolia regions with Izmit-Akyazi sections.

Moreover, Mr. KURT highlighted the general organization of the Northern Marmara Motorway Project and the roles and responsibilities shared among the relevant state authorities and private sector contractors. Then he briefed the participants on the general itinerary, expropriation and main components of the project.

Lastly, Mr. KURT underlined the conclusions derived from the implementation of the project as followings;

- The construction period for the 1st phase is 28 months,
- The total construction period is 36 months (for Section 4),
- Approval of alignment, expropriation, basic design and relocation of underground facilities in a similar period,
- Executive number of manpower and equipment to catch the tight work program,
- Less productivity due to late court decisions, late relocation of underground facilities and permits/provisions of dumping areas,
- Working in/and close proximity of crowded areas of Istanbul & Kocaeli (including industrial zones),
- Working in/near main highways of Turkey (D100 State Highway, TEM Motorway and Gebze-İzmir Motorway).

In the end, Mr. KURT demonstrated a video with respect to the Northern Marmara Motorway Project.

9. Closing Remarks

The Meeting ended with closing remarks of Mr. Burak KARAGÖL, Director at the COMCEC Coordination Office. He thanked all the representatives for their attendance and precious contributions. Mr. KARAGÖL informed the participants that the 14th Meeting of the COMCEC Transport and Communications Working Group will be held October 3rd, 2019 in Ankara with the theme of “Risk Management in Transport Public-Private Partnership Projects in the OIC Member Countries”. He stated that a research report is also being prepared on this theme and will be shared with the focal points and other participants in advance of the meeting.

Finally, he brought the participants’ attention that the policy recommendations formulated by the delegations during this working group meeting will be submitted to the kind consideration of the Ministers during the 35th COMCEC Session.

Mr. WINSTONE, the Chairman of the Meeting, also thanked all the participants for their participatory attitudes and contributions.



Annex 1: Agenda of the Meeting



13TH MEETING OF THE COMCEC TRANSPORT AND COMMUNICATIONS WORKING GROUP
(March 21st, 2019, Ankara, Turkey)
"Improving Transport Project Appraisals in the OIC Member Countries"

Opening Remarks

1. COMCEC Transport and Communications Outlook 2018
2. Global Trends in Transport Project Appraisal Systems
3. Transport Project Appraisal Systems in the OIC Member Countries and the Lessons Learnt from the Selected Case Studies
4. Policy Debate Session on Improving Transport Project Appraisals in the OIC Member Countries
5. Member State Presentations
6. Private Sector's/International Organizations' Perspectives
7. Utilizing the COMCEC Project Funding

Closing Remarks

Annex 2: Program of the Meeting



COMCEC PROGRAMME

13TH MEETING OF THE COMCEC TRANSPORT AND COMMUNICATIONS WORKING GROUP (March 21st, 2019, Crowne Plaza Hotel, Ankara, Turkey)

“Improving Transport Project Appraisals in the OIC Member Countries”

08.30-09.00 Registration

09.00-09.05 Recitation from Holy Qur’an

09.05-09.15 Opening Remarks

09.15-09.40 Transport and Communications Outlook of the OIC Member Countries

- Presentation: *Dr. İsmail Çağrı ÖZCAN*
Consultant, COMCEC Coordination Office

09.40-09.50 - Discussion

09.50-10.25 Conceptual Framework for Transport Project Appraisals and Global Trends

- Presentation: *Ms. Silvia VIGNETTI*
Director, CSIL-Centre for Industrial Studies

10.25-10.50 - Discussion

10.50-11.05 Coffee Break

11.05-11.45 Current Situation of the OIC Member Countries in terms of Transport Project Appraisals and the Lessons Learnt from the Selected Case Studies

- Presentation: *Mr. Geert SMIT, Manager, ECORYS*
Mr. Umair MEHMOOD, Expert, ECORYS

11.45-12.30 - Discussion

12.30-14.00 Lunch

14.00-14.10 Policy Debate Session on Improving Transport Project Appraisals in the OIC Member Countries

There will be a policy roundtable under this agenda item. The main inputs of the roundtable will be the findings of the research report and the member states' responses to the policy questions



circulated by the COMCEC Coordination Office. At the outset, CCO will make a short presentation introducing the responses of the Member Countries to the policy questions as well as the Room Document.

- Presentation: *"Member Countries' Responses to the Policy Questions on Transport Project Appraisals"*
Mr. Selçuk KOÇ
Director, COMCEC Coordination Office

14.10-15.15 - Policy Discussion

15.15-15.30 Utilizing the COMCEC Project Funding

- Presentation: *Mr. Burak KARAGÖL*
Director, COMCEC Coordination Office

15.30-15.45 - Discussion

15.45-16.00 Coffee Break

16.00-17.00 Member State Presentations

- Presentation(s)
- Discussion

Private Sector's/International Organizations' Perspectives

17.00-17.15 - Presentation: *"Transport Infrastructure Development: IDB Group's Experiences Regarding Transport Project Appraisals"*

Mr. Tolga YAKAR
Senior Project Management Specialist,
IDB Group

17.15-17.30 - Presentation: *"Private Sector Perspective on Transport Project Appraisals: Limak Group's Experiences"*

Mr. Volkan KURT
Deputy Project Manager,
Limak Group

17.30-17.45 - Discussion

17.45-18.00 Closing Remarks and Family Photo

Annex 3: The Policy Recommendations

THE ROOM DOCUMENT FOR POLICY DEBATE SESSION OF 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 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.



Annex 4: List of Participants

LIST OF PARTICIPANTS
13TH MEETING OF THE COMCEC TRANSPORT AND COMMUNICATIONS
WORKING GROUP
21 March 2019, Ankara

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- Mr. LHOUSSAIN ESSARHIR
Head of Management Control Service, Ministry of Equipment, Transport, Logistics and Water
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