

8-9 December 2010

THE PEP Steering Committee, 8th session

Agenda item 1

THE PEP 2010 Symposium:

Green and health-friendly investment and jobs in transport

Concept note for a project on the economic potential of investments in cycling

A. Background

1. Transport is an important part of the economy. Investments in transport infrastructure for example are usually analyzed for their economic impact. There are various models available that by now have been sufficiently tried and tested and are precise enough to quantify, monitor and evaluate the financial return and overall impact of such investments. However, they often lack a comprehensive approach, considering only direct economic impacts and job creations, and disregarding the economic effects for the environment, health and broader social goals. THE PEP has promoted the development of more comprehensive approaches to consider the health implications of transport policies and interventions and has also promoted pioneering work to estimate the health effects of cycling and walking in economic terms.

2. While there are models available to evaluate specific aspects of the impact of investments in cycling, there is no unified method currently available to summarize the extent of their economic potential. Therefore, the economic soundness of investments into more cycling remains largely unexplored, resulting in comparatively lower priority being afforded to investments in cycling promotion, both in the context of urban transport, and in that of sustainable tourism development.

B. Proposed objective

3. This project would aim at developing and testing in 2-3 pilot applications a comprehensive methods for assessment of the economic output of investments into cycling, taking into consideration the broad effects for local communities in terms of job creation, industry development, cultural and natural heritage preservation and valorization, environmental effects, and the health benefits for the population.

C. Proposed approach and expected outcome

4. It is proposed that the evaluation of the economic potential should cover the direct, indirect and induced effects in the economic, environmental, health, social and cultural dimensions, looking at positive as well as negative aspects:

- a. economic impacts, for example: physical construction and maintenance of cycling routes, improvement of the conditions and increased income of the affected economy, infrastructural investments, increased tax revenues, increased property values, return on the provision of services, development of cycling routes and branches, sponsorships, etc;

- b. environmental impacts, for example: reduction of emissions, increased sustainable mobility etc;
- c. health impacts, for example: reduced health effects from air pollution, noise and road traffic injuries, improved health through increases in physical activity levels in the population etc
- d. social impacts, for example: growth/improvement of living standards, impact on employment, possible growth of the touristic appeal of the affected area etc;
- e. cultural impact: participation in cycling events, enhanced exploitation of cultural and historic centres, improved cultural standards along cycling routes etc.

5. Existing tools for assessing the above impacts in monetary terms will be identified and combined into a comprehensive method to estimate and quantify the economic potential of investments in cycling. The project will also aim at identifying possible gaps in available approaches, which could be the subject for future research.

6. The main steps would include:

- a. Collecting, analyzing and comparing existing case studies and methods of economic valuation of cycling, as well as existing methods for modeling indirect and induced returns.
- b. Designing a sound and transferable method of analysis suitable for assessing broad economic impacts of investments in cycling, building on existing methods and identifying possible gaps that would require the development of new approaches
- c. Applying the method in 2-3 pilot cases, possibly from different European contexts (e.g. urban cycling policy/infrastructure development; tourism applications)
- d. Publishing the results as an integrated method.

D. Proposed partners and estimated budget

7. The Steering Committee may wish to consider this project for endorsement and as a first activity under the to-be-established THE PEP partnership. The project is open to participation by interested Member States, technical institutions and other stakeholders such as cycling interest groups.

8. The project is estimated to require a total budget of approximately USD 600,000, with a 70% share for staff and consultant costs, and will last 24 months.