



CCO BRIEF ON TRANSPORT

BRIEF ON TRANSPORT COOPERATION

Transport is a multifaceted and complex system composed of infrastructure, logistics and information systems and has an intensively interdependent network system via which millions of passengers and millions of tons of goods are moved. Today, transport systems and related markets become more internationalized and involve more international actors. This trend naturally requires an increasing coordination of activities in and among countries.

Despite the international character of transport, countries differ considerably in the procedures and practices used to deal with transport issues and cope with transport related problems. Nonetheless, the common concern for all countries is to ensure the sustainability of transportation.

In the last three decades, the concept of sustainable development has been given great importance all over the World and identified as a global priority. As a sector affecting environment, international trade and quality of life, transportation has been increasingly gaining attention from all sides. Without a regular and efficient transportation system, ensuring sustainable development will not be achieved in any country.

Although transportation infrastructure has developed dramatically during the last century in line with the developments in technology and increasing globalization, there is still a wide diversity among countries in terms of the quality of transport infrastructure and cost of transport services. It is quite clear that countries which have a well-established transport infrastructure system gain more benefits from the global economy.

Transport in COMCEC Region

The general picture of the transport sector in the OIC countries is quite uneven. The state of transport infrastructure differs across the OIC Member Countries. While some Member Countries have relatively more advanced and efficient transport infrastructure, many Member States have underdeveloped transport infrastructure and services hindering their economic and social development.

Figure 1 below indicates the quality of transport infrastructure in the World and in OIC Region as well as Sub- OIC Regions¹. There are 5 indexes²demonstrating the real state of transport infrastructure in these sub-regions in comparison to world average. The indexes range from 1 to 7 where 1 represents the extremely underdeveloped infrastructure and 7

¹For the analyses of the quality of transport infrastructure in the OIC Region, 42 OIC Countries (16 from OIC Sub Saharan Africa, 16 from OIC MENA, and 10 from OIC Asia) have been selected.

²These indexes are namely quality of overall infrastructure, quality of roads, quality of rail-road infrastructure, quality of port infrastructure and quality of all transport infrastructure.

indicates the extensive and efficient infrastructure by international standards. It can be observed from Figure 1, the OIC and OIC Sub-Saharan Africa averages fall below world averages. Furthermore, the OIC-MENA performs better than world average in each index except in the quality of railroad infrastructure, while the OIC-Asia underperforms world averages in each index except the quality of railroad infrastructure.

Figure 1: The Indexes for the Quality of Transport Infrastructure

Region	Quality of overall infrastructure	Quality of roads	Quality of rail-road infrastructure	Quality of port infrastructure	Quality of all transport infrastructure
World Average	4.30	4.00	3.10	4.30	4.60
OIC Average	3.93	3.72	2.45	3.97	4.31
OIC Sub-Saharan Africa	3.26	3.00	1.89	3.79	3.73
OIC MENA	4.56	4.48	2.59	4.44	4.89
OIC Asia	4.00	3.68	3.11	3.52	4.31
OIC Maximum	6.4 (UAE)	6.5 (UAE)	4.9 (Malaysia)	6.4 (UAE)	6.6 (UAE)
OIC Minimum	2.1 (Guinea)	2 (Guinea)	1 (Lebanon)	1.5(Kyrgyz Republic)	2.7 (Sierra Leone)
OIC Median	3.7 (Indonesia and Tajikistan)	3.3 (Algeria and Tajikistan3.2)	2.1(Brunei Darussalam)	3.9 (Egypt 4 and Uganda 3.8)	4.2 (Indonesia and Tajikistan)

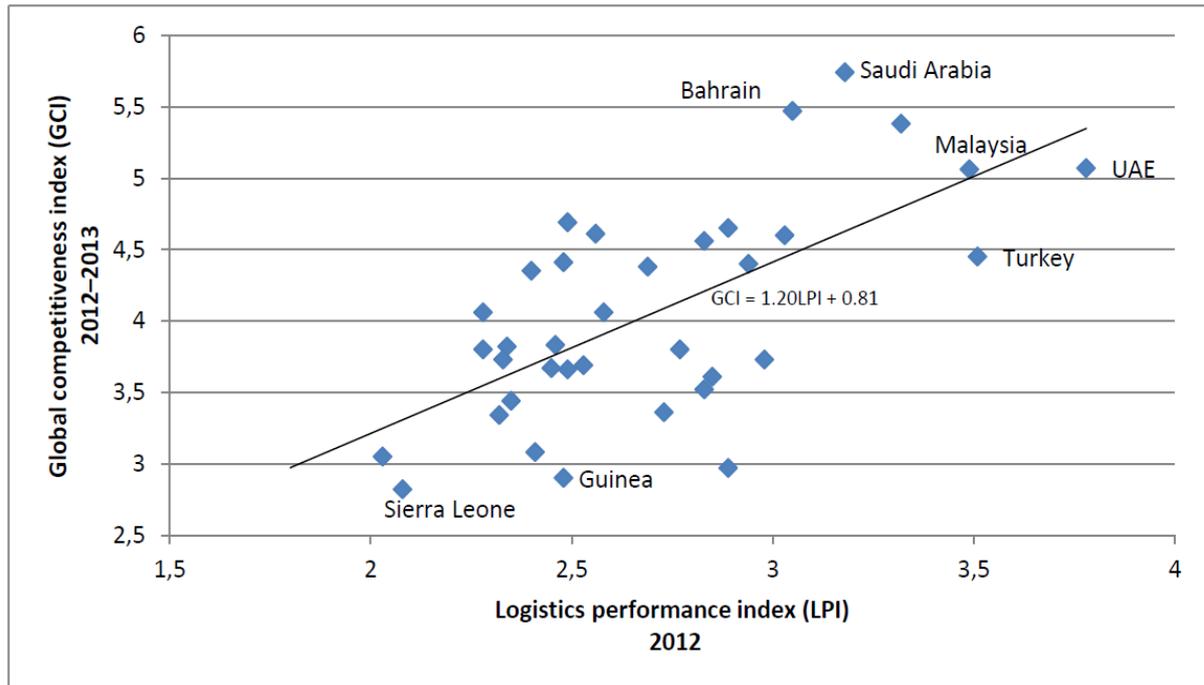
Source: COMCEC Transport Outlook 2014.

In parallel with the quality of transport infrastructure, there is a great diversity among the Member States in terms of their logistics performance and global competitiveness.

Figure 2 below illustrates the linear relation between Logistics Performance Index (LPI) and Global Competitiveness Index (GCI). In the Figure, the horizontal axis exhibits the 2010 LPI scores and the vertical axis presents their Global Competitiveness Index (GCI) scores.³ According to Figure 2, high LPI score countries are more likely to gain competitive advantage over those having lower LPI scores due to their advanced logistics infrastructure and services. It should be noted that a 1 unit increase in LPI score of an OIC country increases the GCI score of that country by 1.2 units.⁴

³World Economic Forum (2012)

⁴COMCEC Transport Outlook 2014

Figure 2: 2012 LPI scores and 2012-2013 GCI scores of the OIC countries

Source: The World Bank World Development Indicators and World Economic Forum (2012) and COMCEC Transport Outlook 2014.

Cooperation Exertions Under the COMCEC

Given the importance of an efficient transportation system for ensuring sustainable development in the Member States, considerable efforts have been made under the COMCEC umbrella. The Economic Summit in 2009 and the Ministerial Exchange of Views Session of the 27th Session of the COMCEC in 2011 under the theme “*Impact of Transport Networks on Trade and Tourism*” are among the important steps in this regard. The preparatory workshop and an Expert Group Meeting (EGM) which were held in İzmir, Turkey in 2011 and the COMCEC Strategy on Transport and Communications are other concrete developments for increasing cooperation in this field among the Member States.

The EGM and the workshop identified some of the major challenges faced by the Member States in the area of transport as follows:

- Inadequate transport infrastructure,
- Poor maintenance services,
- Underdeveloped logistic services,
- Limited financial resources and funding opportunities,
- Poor progress in signing and implementing relevant international conventions,
- Cumbersome procedures and facilities in border crossings and
- Underdeveloped regulatory framework.

▪ **COMCEC Strategy on Transport and Communications**

The Transport and Communications is defined as one of the six cooperation areas by the COMCEC Strategy, which is adopted by the 4th Extra-ordinary Islamic Summit Conference held on 14-15 August 2012 in Makkah. The strategic objective of cooperation in transport and communications is defined as *“Improving the functioning, effectiveness and sustainability of transport and communications in the Member States”*.

The Strategy has identified the output areas for transport and communications as follows:

- Regulatory Framework
- Institutional and Human Capacity
- Transport Infrastructure Policies
- Information and Communication Technologies

To reach its strategic objective, the Strategy brings two new implementation instruments, namely Transport and Communications Working Group and Project Cycle Management (PCM). According to the Strategy, Working Group Meetings are held regularly twice a year. The Transport and Communications Working Group aims at bringing together the technical experts from the Member States towards exchanging experiences, disseminating knowledge, developing common understanding and approximating policies on the important transport and communications issues. The PCM brings a clear and well defined financial framework for the implementation of the COMCEC Strategy. The COMCEC Coordination Office provides grants to the projects in the field of transport and communications proposed by the member states which have registered to COMCEC Working Group.

▪ **Transport and Communications Working Group Meetings**

- **The First Meeting of the Transport and Communications Working Group**

The First Meeting of the COMCEC Transport Working Group was held on March 28th, 2013 in Ankara, Turkey under the theme *“Transport Infrastructure Financing Modalities: Public Private Partnerships (PPPs) in the OIC Member States”*.

The Meeting considered the financing modalities in transport infrastructure investments and the Study entitled *“Bridging the Gaps: Implementation Challenges for Transport PPPs in the OIC Member States”*, which is a valuable reference for implementing PPPs as well as COMCEC Transport Outlook 2013 which gives a general state of transport in the OIC Member Countries.

The presentations and deliberations made during the meeting highlighted the fact that implementing the PPP projects are more complex and costlier than the traditional budget financing. However, PPPs provide additional financing, additional human resources and expertise, promote modernization of technology and practices, improve investment environment and enhance the efficiency of infrastructure. They also noted that institutional and regulatory reform, development of human resources in relevant authorities, risk identification and allocation, transparency in tendering procedures are important factors to be taken into consideration for the success of the PPPs.

The Proceedings of the Meeting as well as the Analytical Study entitled “Bridging the Gaps: Implementation Challenges for Transport PPPs in the OIC Member States” and COMCEC Transport Outlook 2013 are available on the COMCEC website (www.comcec.org).

- The Second Meeting of the Transport and Communications Working Group

The Second Meeting of the COMCEC Transport Working Group was held on October 8th, 2013 in Ankara, Turkey under the theme “*Developing Multimodal Freight Transport (MFT) Among the OIC Member Countries*”.

The Representatives of the Member States shared their experiences, achievements and challenges in multimodal freight transport in their respective countries. The Meeting has considered the Studies “Global Trends and Policies in Multimodal Freight Transport (MFT)” commissioned by the COMCEC Coordination Office and the “COMCEC Transport Outlook 2013” prepared by the COMCEC Coordination Office.

During the meeting, participants discussed the definition of MFT, which is a relatively new concept in transport sector despite its usage as synonym for Combined Transport in Europe or Intermodal Transport in UK, North America and India. Along with this concept, the key success factors of MFT in North America and Western Europe were discussed by the participants. Presentations made by the delegates of the Member States and representatives of the private sector enriched the discussions and paved the way for further cooperation. By these deliberations, the participants also seized an opportunity to observe the current situation, geographical and institutional capacity of their countries regarding the MFT and evaluate the global trends and policies in terms of MFT. The requirement for strong cooperation among the Member States to catch up with the global trends and policies in MFT came to the agenda. The strong relation between trade and transportation was also highlighted in the Meeting.

The Proceedings of the Meeting as well as the Analytical Study entitled “Global Trends and Policies in Multimodal Freight Transport (MFT)” and COMCEC Transport Outlook 2013 are available on the COMCEC website (www.comcec.org).

- **The Third Meeting of the Transport and Communications Working Group**

The Third Meeting of the COMCEC Transport Working Group was held on March 13th, 2014 in Ankara, Turkey under the theme “Developing Multimodal Freight Transport (MFT) Among the OIC Member Countries: Current Implementations and Policy Recommendations”.

The Meeting considered two Studies: The first one was entitled “Developing Multimodal Freight Transport (MFT) among the OIC Member Countries: Status of the Implementations of MFT among the OIC Member Countries” commissioned by the COMCEC Coordination Office. The study aims at describing and assessing the state-of-affairs of MFT practices in the OIC Member Countries and provides an outlook for future developments. The second one was “COMCEC Transport Outlook 2014”, prepared by the COMCEC Coordination Office which aims at providing a general overview about the situation of transportation in the OIC Geography. Delegates found an opportunity to discuss and share their views on the findings and recommendations of these studies regarding the MFT services throughout the meeting,

During the meeting, the representatives discussed the current state of multimodal freight transport of their respective countries within the perspective of regulatory framework, operational practices, implementation challenges and institutional and geographical capacity. The discussions were also enriched by presentations of some delegates of Member States and representatives of the private sector. The representatives also exchanged their views, achievements and experiences on incentive mechanisms in the field of MFT in their respective countries.

Additionally, the participants were informed by the COMCEC Coordination Office of the Fourth Meeting of the Transport and Communications Working Group Meeting which will be held on 11th September, 2014 in Ankara, Turkey under the theme “ Developing Air Linkages to Sustain Tourism among the Member States”.

The Proceedings of the Meeting as well as the Analytical Study entitled “Developing Multimodal Freight Transport (MFT) among the OIC Member Countries: Status of the Implementations of MFT among the OIC Member Countries” and COMCEC Transport Outlook 2014 are available on the COMCEC website (www.comcec.org).

▪ **The COMCEC Project Funding**

Within the framework of the implementation of the COMCEC Strategy, the Project Cycle Management (PCM) mechanism was introduced by the COMCEC Strategy. Under the PCM, the first project call was made in September 2nd, 2013. 98 projects were proposed by Member Countries and relevant OIC Institutions in all cooperation areas, and 12 projects in the field of transportation. The final-list of projects was announced on 9th March, 2014. 2 Projects in the

field of Transport and Communications have been on the final list and a signing ceremony for the successful projects was made on 2nd April, 2014 in Ankara. The projects have become operational as of April 2014. The second project call under the PCM will be made in September 2014.

