

 **TRANSPORT AND COMMUNICATIONS**



CCO BRIEF

ON

TRANSPORT and

COMMUNICATIONS

COOPERATION

COMCEC COORDINATION OFFICE
May 2022

BRIEF ON TRANSPORT AND COMMUNICATIONS COOPERATION

I. Introduction

The transportation industry is growing rapidly due to the increasing per capita income and mobility needs of households, trade globalization, deregulation, and privatization of the transportation infrastructure and services, as well as technological progress.

Transport infrastructure is crucial for both the economic and social development of nations and quality infrastructure is a key pillar of international competitiveness.¹ According to the 'Infrastructure to 2030' report, global transport and infrastructure investment needs would exceed USD 11 trillion over the 2009-2030 period. In order to effectively plan and implement transport infrastructure, countries need to have sound national policy frameworks and ensure the necessary funding.

Furthermore, with regard to the surface transport, worldwide road and rail passenger travel is expected to grow approximately from 120% to 230% by 2050, while this growth is expected to range from 240% to 450% for non-OECD economies. Moreover, global road and rail freight transport is projected to increase between 230% and 420% in the same period.²

Similarly, the Information and Communications Technologies (ICTs) industry is also growing and it continues to be a key industry of growth, innovation, economic and social development. The share of the ICT sector in GDP is around 6 % in the OECD member countries and relatively less in developing countries. With the rapid diffusion of digital technologies into developing countries, this number could rise in the future. Besides, the indirect contributions of the ICT investment to economic growth, through improvements in total factor productivity, could also be large as well.

Within this framework, transport and communications infrastructure is a critical component of the economic and social development of countries. The economic and productivity growth of a given region is tied closely to its transport infrastructure and transport systems, which enable higher productivity through lower logistics costs, inventory savings, and access to larger supply and labor markets.

Besides, the COVID-19 has had unusual implications on the transportation systems and services of the countries. The responses to COVID-19, from implementing social distancing to lockdown policies for affected areas, have huge implications for the mobility and connectivity of people and goods, the continuity of transport services, and therefore the entire sector. This will also have cumulative impacts on the economic activity of cities, regions, freight logistics, as well as related industries, markets and supply chains. This crisis is being felt primarily in public transport and commercial aviation; and, as city, regional and country borders close, the impact on goods, services and production nodes will become more apparent with shortages of products, made worse by stock-piling. Measures to contain the outbreak have resulted in a

1 OECD, 2012

2 International Transport Forum (ITF)

dramatic reduction in transport activity. The global passenger demand in aviation decreased by 80% in 2020 compared to 2019. According to the International Union of Railways (UIC), the total passenger revenue loss of the railway operators reached \$60 billion in 2020. Furthermore, the road passenger transport activities declined globally in almost every city to between 40% to 80%. These figures are also valid in OIC member countries.³

However, after the acceleration and dissemination of vaccination, especially as of the second half of 2021, the openings brought a positive effect quickly. In fact, rather than pickup in demand, there has been a great increase in supply. The value of maintaining the functionality of transportation services and ensuring that supply chains are always durable during the pandemic has become quite clear. Therefore, the effective implementation and even renewal of transport infrastructure investment projects in the medium term cannot be neglected.

In this respect, the existence of a functional transportation system is a prerequisite for economic growth as well as for all segments of society to enjoy the benefits of national economic development. Both direct and indirect impacts of transport infrastructure can be transformative in terms of economic and social development of countries. Alongside its direct impact, the indirect impact of infrastructure arises through a variety of channels, including the enabling of productive private investment, the creation of new supply chains, or the reshaping of economic geography. However, how much, exactly, does transport infrastructure support economic development and wealth creation? What determines the magnitude of that impact? are two main questions to be comprehensively answered.

Considering the importance of assessing the economic and social impacts of transport infrastructures in the Islamic countries, the COMCEC Transport and Communications Working Group (TCWG) has devoted its 18th and 19th meetings to "Economic and Social Impacts of Transport Infrastructures: An Overview of OIC Member Countries". Enhancing the cooperation among the member countries on this theme through sharing experiences and the best practices would directly contribute to the realization of related output areas of the COMCEC Strategy.

II. Transport and Communications Cooperation under the COMCEC

Improving the functioning, effectiveness, and sustainability of transport and communications in the Member States is the main objective of the COMCEC Strategy in the field of transport and communications. Within this framework, since the 37th COMCEC Session, the COMCEC TCWG elaborated on economic and social impacts of transport infrastructures in its 18th Meeting.

³ Mitigation Strategies for Transport Service Providers during and after COVID-19 in OIC Member Countries, COMCEC Coordination Office, May 2021

A. Economic and Social Impacts of Transport Infrastructures: An Overview of OIC Member Countries
(18th Meeting of the Transport and Communications Working Group)

The 18th Meetings of COMCEC Transport and Communications Working Group was held virtually on May 17th, 2022 with the theme of "Economic and Social Impacts of Transport Infrastructures: An Overview of OIC Member Countries".

In order to deepen the discussions and contribute to the debates during the meetings, a research report with the same theme will be prepared for two consecutive COMCEC TCWG meetings (18th and 19th). While the preliminary findings of the report was submitted to the 18th TCWG meeting, the final version of the report will be submitted to the 19th TCWG meeting. The main objective of the study is to determine the economic and social impacts of the transport infrastructures in the OIC Member Countries, qualitatively and quantitatively, by making global comparisons, and to put forward suggestions to ease negative impacts of transport infrastructures. The study is expected establish a conceptual framework, provide global best practices for the assessments of economic and social impacts of transport infrastructures, identify the key success factors and challenges in the OIC Member Countries, and come up with concrete policy recommendations to address these challenges.

The study is also expected to draw attention to the current and future impacts of different transport infrastructure models on service users and providers, as well as trigger a serious discussion on the identified issues and how to better address them. In addition to its strong theoretical background and analysis, it is expected that the study will provide a versatile and applicable guide to the Member States in terms of revealing the economic and social impacts of transport infrastructures.

The 19th Meeting of COMCEC Transport and Communications Working Group will be held in October 2022 with the same theme of 18th Meeting.

B. The COMCEC Project Funding Mechanism

COMCEC Project Funding (CPF) is the other important instrument of the Strategy. Projects financed under the CPF need to serve multilateral cooperation and must be designed in accordance with the objectives and the expected outcomes defined by the Strategy in the finance section. Projects also play important roles in realization of the policy recommendations formulated by the member countries during the TCWG meetings.

Under the 7th and 8th Calls for Project Proposals, two projects were selected to be financed by the CCO. The projects completed during the 2021 implementation period are as follows;

The project titled “Monitoring Lagos-Abidjan Transport Corridor” was implemented by Nigeria in partnership with Benin, Togo and the Gambia. The objective of this project was to facilitate the movement of people and goods and improve governance along the corridor. A training program and an international conference were organized under the framework of this project.

Moreover, Türkiye implemented the project titled “Implementation of International Maritime Conventions” with two partner countries, Lebanon and Tunisia in 2021. This project aimed at ensuring effective coordination and cooperation among selected countries through establishing an implementation committee and capacity building. A workshop and training program were implemented under this project.

Under the 9th Call for Project Proposals, 2 projects were selected to be financed by the CCO in 2022.

The first project, titled as “Improving Human and Institutional Capacity for the Development of Key Performance Indicators in the Transport Sector of the OIC Countries”, will be implemented by the Gambia. The project aims training transport sector officials on developing Key Performance Indicators.

The second project, titled “Improving the Regulatory Framework for PPPs in Transport Sector in the OIC Member Countries”, will be implemented by SESRIC. The projects targets to provide capacity building training to the staff of dedicated national PPP authorities in order to increase the human and institutional capacities to leverage PPPs as an alternative public services delivery and financing tool in the transport sector.

C. COMCEC COVID Response

The COMCEC COVID Response (CCR) is mainly about alleviating the negative impacts of the pandemic on member country economies with a particular focus on agriculture, trade, tourism, financial cooperation, poverty alleviation and transport & communications sectors. The program is based on financing certain types of projects, which would focus on needs assessment, sharing expertise, providing direct grants to final beneficiaries.

Within the framework of the 2nd Call for Project Proposals of the COMCEC COVID Response, the Gambia will implement a sharing expertise project called “Alleviating the Negative Impacts of the Coronavirus Pandemic on Air Transportation Sub-Sector of the Gambia and OIC Countries.” The main objective project is to learn from the experiences of the partner country, Türkiye in order to achieve the results of making the air transport sub-sector of the Gambia more resilient to the pandemic, over the short, medium and long-terms.