



TRANSPORT AND COMMUNICATIONS

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COMCEC

CCO BRIEF ON TRANSPORT and COMMUNICATIONS COOPERATION

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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 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, and 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 ICT investment to economic growth, through improvements in total factor productivity, could 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, COVID-19 has had unusual implications on the transportation systems and services of the countries. Measures to contain the outbreak have resulted in a dramatic reduction in transport activity. In the post-pandemic period, the crisis could provide viable opportunities for our countries to formulate and implement sound policies for uninterrupted and seamless transportation. During the post-pandemic period, it seems that countries having a functional transportation system are more likely to get out of the COVID-19 pandemic trap and feel less about its negative impacts.

¹ OECD, 2012

² International Transport Forum (ITF)

Furthermore, 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. Transportation infrastructure investments bring about improvements in the transportation system in terms of capacity, efficiency, and reliability components. In this context, as a result of decreasing transportation costs and travel times, it is ensured that economic activities could be sustained more efficiently and competitively. However, not all infrastructure projects have the same impact. Some provide high economic and social returns while stimulating economic and social activity, employment, and government revenue as well.

Other projects, on the other hand, produce insufficient returns and dump scarce public resources. Therefore, both direct and indirect impacts of transport infrastructure investments can be transformative. 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.

In this respect, it is extremely critical to evaluate the effects and importance of transportation investments and improvement in the transportation system on the economy within the scope of economic performance and efficiency.

Considering the importance of assessing the economic and social impacts of transport infrastructures in 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 the economic and social impacts of transport infrastructures in its 18th and 19th Meetings.

A. Economic and Social Impacts of Transport Infrastructures: An Overview of OIC Member Countries (18th and 19th Meetings of the Transport and Communications Working Group)

The 18th and 19th Meetings of COMCEC Transport and Communications Working Group were held virtually on May 17, 2022, and October 11, 2022 respectively with the theme "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 has been prepared for two consecutive COMCEC TCWG meetings (18th and 19th). While the preliminary findings of the report were submitted to the 18th TCWG meeting, the final version of the report was 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 putting forward suggestions to ease the negative impacts of transport infrastructures. 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 provides a versatile and applicable guide to the Member States in terms of revealing the economic and social impacts of transport infrastructures.

The Report puts forward a conceptual framework, provides global best practices for the assessments of economic and social impacts of transport infrastructures, identifies the key success factors and challenges in the OIC Member Countries, and comes up with concrete policy recommendations to address these challenges. In addition, the linkage between the economic impacts of transport infrastructures and their appraisals is examined.

The Report examines various case studies based on in-depth research and the field visits conducted including three field visits carried out to Uganda, Qatar, and Türkiye. In addition, three mega projects from China, The United Kingdom, and The United States are investigated.

The Report also reveals important findings in terms of the methodologies applied for the economic and social impact assessments in the world as well as in the member countries. The findings of the quantitative analyses stated that transportation infrastructure and services, which are measured by a group of variables such as rail freight traffic, merchant shipping fleet, air passenger traffic, and total values added in transport, storage, and communication have a strong and statistically significant effect on a group of economic and social indicators, which measured as GDP per capita, FDI inflow, human development, and employment.

The Report reveals that the cost-benefit analysis is the most widely used methodology in transport project appraisals in the OIC countries, followed by multi-factor criteria analysis and expert opinion. More sophisticated methodologies, like Input-Output and computable general equilibrium analyses, are less frequently employed.

The Report concludes that high-quality transport infrastructure is crucial; however, not all infrastructure projects have the same impact. Some provide high economic and social returns while also stimulating economic and social activity, employment, and government revenue. Other projects, on the other hand, produce insufficient returns and dump scarce public resources. The report also concludes that performance measurements (such as those on on-time flights, waiting times in the airports, ports, and other terminals, logistics costs, price levels, travel times, reliability, frequency, volume/capacity, the financial performance of the transport operators, etc.) are not widely applied in the OIC member states.

The Report suggests that increasing efforts for transparency and accessibility of the transport project appraisals can be a significant public policy action to improve the quality and objectivity of the relevant procedures and decision-making. Based mainly on the findings of the research

report, the following policy recommendations were discussed and adopted in the 19th Meeting of the COMCEC TCWG;

- Developing/Improving a comprehensive strategy including the components of development, planning, and programming capacity for better economic and social impacts of transport infrastructure.
- Integrating the transport infrastructure projects with the higher national policies to serve the needs at best.
- Promoting the prioritization of transport infrastructure projects in line with high-quality economic and financial analyses.
- Strengthening the conditions for better risk assessments of transport infrastructure projects.
- Enhancing the quality of transport infrastructure projects' statistics and ensuring transparency in information disclosure.
- Making better use of alternative financing and procurement mechanisms including Public Private Partnerships (PPPs) and implementing ex-post analysis for enhancing the economic and social impact of transport infrastructure.

The report is available on the COMCEC website. (www.comcec.org)

B. COMCEC Project Funding Mechanism

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

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

The first project, titled "Improving Human and Institutional Capacity for the Development of Key Performance Indicators in the Transport Sector of the OIC Countries", is being implemented by Gambia. The project aims to train 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", is being implemented by SESRIC with sixteen beneficiary countries. The project 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. The program is based on financing certain types of projects, which would focus on needs assessment, sharing expertise, and providing direct grants to final beneficiaries.

Within the framework of the 2nd Call for Project Proposals of the COMCEC COVID Response, the Gambia implemented 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 was to learn from the experiences of the partner country, Türkiye, in order to achieve the results of making Gambia’s air transport sub-sector more resilient to the pandemic, over the short, medium, and long-terms.
