Strengthening Capacity in Developing Bankable Transport Infrastructure Projects for Enhanced Connectivity

Regional development frameworks and status of transport connectivity challenges including impact of COVID-19

Mr. Bekhzod Rakhmatov
Transport Division
ESCAP
18 May 2021

LLDCs connectivity challenges

- LLDCs generally rank poorly in global and regional transport facilitation and logistics performance indicators.
- The ESCAP Transport Connectivity Index places the North and Central Asia at the bottom of the region.
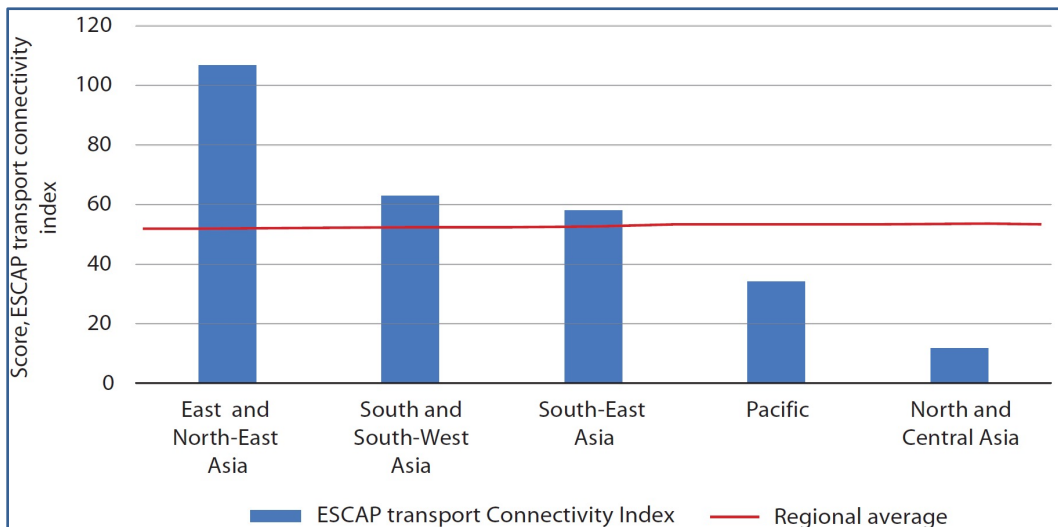
ESCAP supports countries in special situations

a) Support to a coordinated development of transport infrastructure through engagement in the Asian Highways, Trans-Asian Railways and Dry Ports.

b) Promote operational connectivity through policy and capacity building work and dissemination of best practices

c) Strategic regional cooperation: encourage the convergence of national/sub-regional/corridor initiative to achieve tangible results

d) Encourage coordinated approach by development actors: MDBs, think thanks (ITF), UN system (ECE, UNCTAD, OHRLLS, etc).
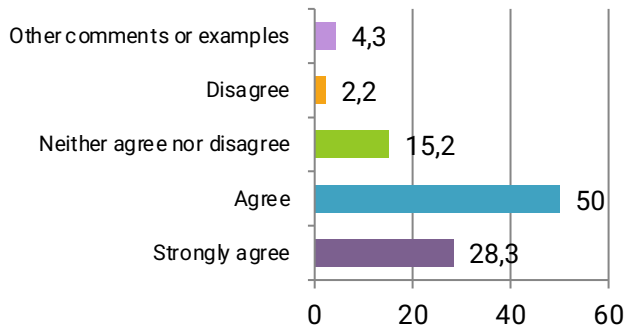
For example:

- United Nations Special Programme for the Economies of Central Asia (SPECA)
- Transport facilitation frameworks, tools and models for cross-border transport operations
- Support to Kazakhstan and Turkmenistan in connecting to the seaports of the Islamic Republic of Iran
- Harmonization of regional standards for international road transport, i.e. weights, dimensions and emissions of road vehicles
- Intergovernmental Agreement on International Road Transport along the Asian Highway Network (Mongolia)
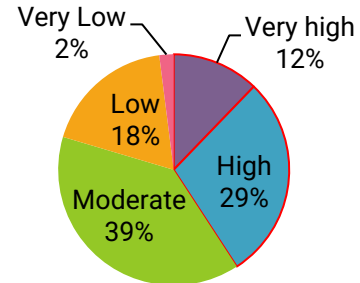
COVID-19 impact on trade and transport

- Great economic losses and much higher precarity in international freight transport, due to the contracted demand and introduced restrictions

- ITF estimates that global freight transport (tkm) is projected to be 36% less in 2020

- World trade recorded a drop in value of about 9%, with trade in goods declining by about 6%in 2020 (UNCTAD)

- World merchandise trade volume fell by 5.3%. Asia was the sole exception, with export volumes up 0.3% and import volumes down a modest 1.3%. (WTO)

- Widened connectivity gap, especially for LLDCs and other vulnerable countries

Increased time and cost of cross-border freight operations

Category	Value
Other comments or examples	4,3
Disagree	2,2
Neither agree nor disagree	15,2
Agree	50
Strongly agree	28,3

Level of disruption on freight transport services

- Very Low 2%
- Very high 12%
- Low 18%
- High 29%
- Moderate 39%

Source: UNESCAP survey on Freight Transport Policy Responses to COVID-19, 2020.
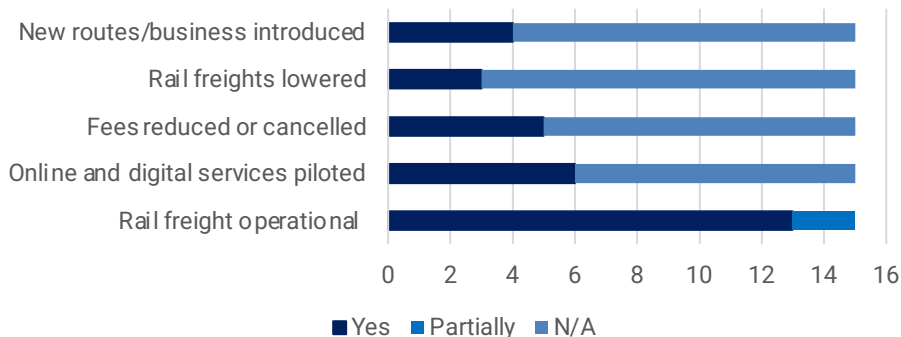
Preserving transport connectivity during COVID-19

- Overall, great efforts by the countries to keep their borders open for freight, piloting digital/contactless solutions, creating green lanes and readjusting transport operations

- The response capacity was often undermined by pre-existing issues (lack of facilitation and digitalization, road-centric freight system)

- Insufficient coordination in the response, both at the national and international levels

ROAD
- Health and safety measures introduced
- Borders open (fully or partially) for freight
- Facilitated cross border road operations

PORTS
- Ports open for freight
- Compulsory health certificate for sea crews
- 14 Days quarantine introduced
- Ban landing, including crew shifts

RAIL
- Borders open (fully or partially) for freight
- Online and digital rail services piloted
- Rail fees reduced or cancelled
- New rail routes/business introduced
- Rail freight rates lowered

■ Percentage of surveyed countries, who implemented the measure

Source: UNESCAP survey on Freight Transport Policy Responses to COVID-19, 2020.

Example: Boost to promoting international rail transport along the Trans-Asian Railway Network

Chart: Yes / Partially / N/A

- New routes/business introduced
- Rail freights lowered
- Fees reduced or cancelled
- Online and digital services piloted
- Rail freight operational

(Axis: 0, 2, 4, 6, 8, 10, 12, 14, 16)

■ Yes ■ Partially ■ N/A

Online and digital services piloted	Fees reduced or cancelled	Rail freight rates lowered	New routes/business introduced
China	China	Kazakhstan	China
Kazakhstan	India	Kyrgyzstan	India
Kyrgyzstan	Kazakhstan	Uzbekistan	Kyrgyzstan
Russian Federation	Kyrgyzstan		Uzbekistan
Turkmenistan	Uzbekistan		
Uzbekistan			

The China-Europe Railway Express saw steady growth in 2020, with a total of 10,108 trips run by freight trains carrying 927,000 TEUs (twenty-foot equivalent units) of containers, increasing 54 percent year-on-year (as of 5 November 2020).

Source: www.gov.cn

COVID-19 crisis showed an important degree of resilience of the network and agility in responses

Legal instruments during COVID-19

Asia and the Pacific is covered by numerous transport and trade international conventions, subregional as well as bilateral agreements.

During the pandemic ad-hoc policies and domestic regulations were introduced, without consulting with neighbors, often in breach of the international legal instruments.

Rapidly changing requirements, lack of clarity and limited information, resulted in increased cross-border transport waiting time and costs.
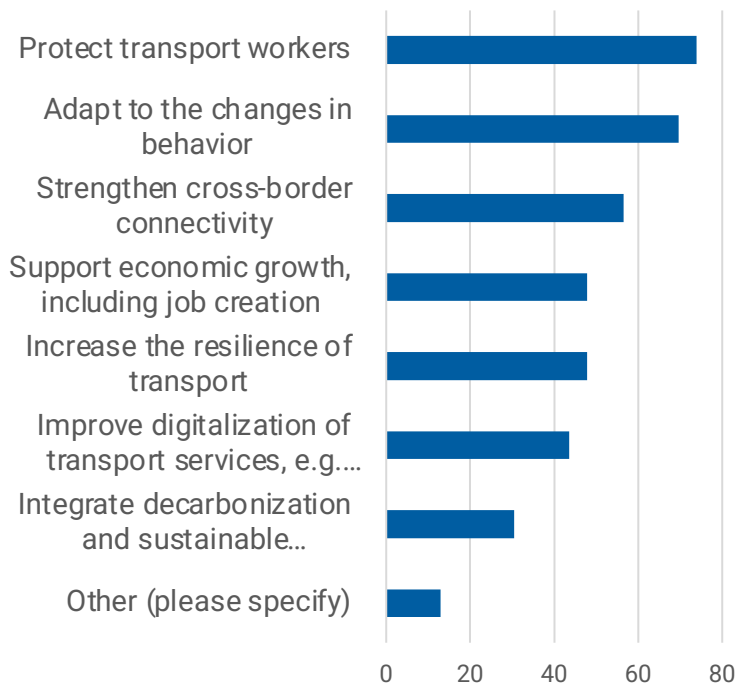
Existing legal instruments on international carriage of goods and passengers may lack provisions on cooperation during current crisis or other potential extraordinary situations.

The five UN regional commissions, UNCTAD and UNDESA are implementing a new joint UNDA project "Transport and trade connectivity in the age of pandemics". It seeks to equip governments in developing and least developed countries to adapt to new post-COVID-19 conditions by tapping into UN expertise, standards, tools and guidance, while considering their specific and local conditions.
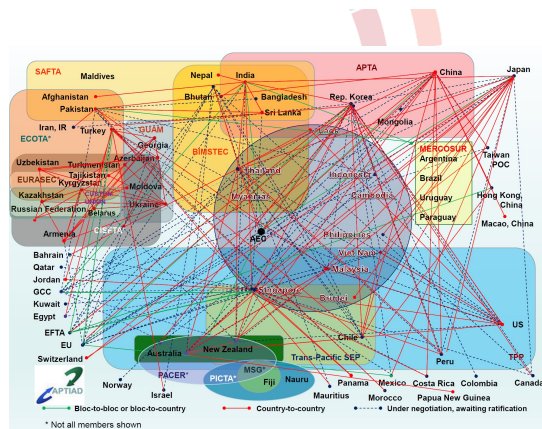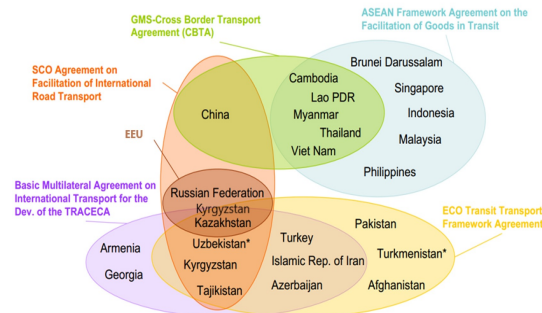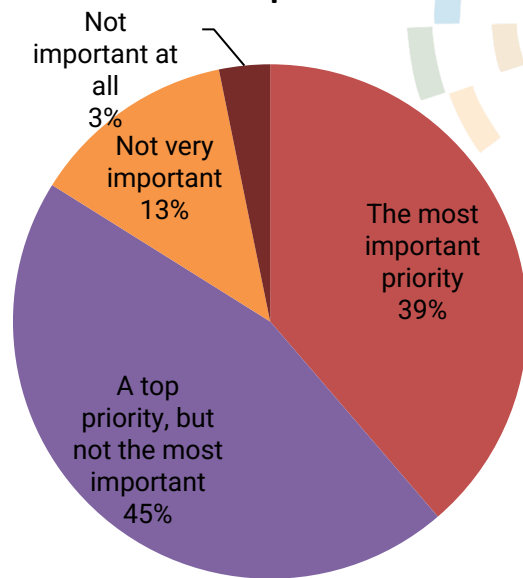
Recovery policies in Asia and the Pacific

Stated priorities in the recovery policies

Priority	
Protect transport workers	
Adapt to the changes in behavior	
Strengthen cross-border connectivity	
Support economic growth, including job creation	
Increase the resilience of transport	
Improve digitalization of transport services, e.g….	
Integrate decarbonization and sustainable…	
Other (please specify)	

0   20   40   60   80

Priority given to regional cooperation

- The most important priority 39%
- A top priority, but not the most important 45%
- Not very important 13%
- Not important at all 3%

Source: UNESCAP survey on Freight Transport Policy Responses to COVID-19, 2020.

Building Back Better: Reshaping transport connectivity in Asia-Pacific (1/2)

Pre COVID-19

- Infrastructure shortages
- Lack of digitalization
- Disbalanced freight modal split (road, rail, maritime)
- Inefficient or fragile transit arrangements
- Manual practices/checks at the border crossings
- Divergent standards on vehicles, drivers and international transit
- Connectivity gaps across the region

During COVID-19

- Restrictions
- New controls
- Market inefficiencies

But also

- Transit/green corridors
- Electronic platforms for transport operations
- No/reduced charges or penalties for storing cargo and other associated services
- Emergency Response Centers for shippers and transport operators

Aftermath

?

- **Impact on infrastructure connectivity (investments)**
- **Impact on operational connectivity (facilitation)**
- **SDGs and sustainability targets**

Building Back Better: Reshaping transport connectivity in Asia-Pacific (2/2)

DIGITALIZED	**RESILIENT**	**GREEN/DECARBONIZED**
• Smart infrastructure • Paperless trade • Intelligent transport/logistics	• Multimodality • Operational connectivity • Transport facilitation	• Rail • Waterborne transport • Energy efficiency • Renewable energy

Intergovernmental Agreements on the Asian Highway and Trans-Asian Network and Dry ports

ESCAP Resolution 76/2: Regional cooperation to address the socioeconomic effects of pandemics and crises in Asia and the Pacific

Next Regional Action Programme on Sustainable Transport Connectivity (2021-2026)

Example: Accelerating digitalization and smart connectivity along the intermodal regional network
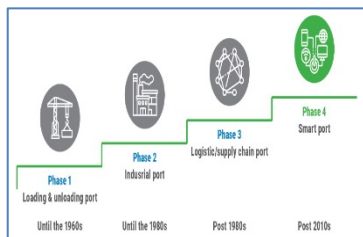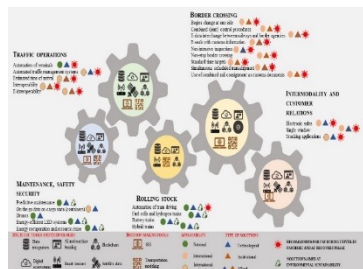

- ❑ **Smart Asian Highway, Trans-Asian Railways and Dry Ports networks**

- ❑ **Focus on awareness raising and capacity building**

- ❑ **Levelling the playing field across modes but also regions**

- ❑ **South – South Cooperation and exchange of lessons learned and best practices**

Conclusions

- There is a need for more resilient and efficient cross-border transport connectivity

- Stronger bilateral, subregional and regional cooperation to maintain trade flows and improve connectivity by coordinated legal and technical/operational efforts

- Better institutional framework at the national and regional level for coordinating pandemic response and recovery

- Stronger efforts for higher digitization and intermodality along transport networks

- Stronger coordinated regional, subregional or even bilateral response to maintain the freight flows with focus on:

  - risk sharing,
  - early responses and
  - rapid alerts mechanism

THANK YOU

WWW.UNESCAP.ORG

UNESCAP

UNESCAP

UNESCAP

UNITEDNATIONSESCAP

UNITEDNATIONSESCAP