**ADB**

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Greater Mekong Subregion: Capacity Development for Economic Zones in the Border Areas

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Abbreviations

ACDP Agriculture Cluster Development Project

ADB Asian Development Bank

AEBR Association of European Border Region

ASEAN Association of Southeast Asian Nations

BDS Business Development Services

BEZ Border Economic Zone

CBC Cross Border Cooperation

CBEZ Cross Border Economic Zone

CBTA Cross Border Transport Agreement

CDP Cluster Development Policy

COAC Advisory Committee on Commercial Operations

ESC Economic Service Center

GMS Greater Mekong Subregion

JPPSCC Joint Public Private Sector Consultative Committee

MLC Malaysia Logistics Council

NCI National Coordinating Institution

NESDB National Economic & Social Development Board

NTTFC National Trade & Transport Facilitation Committee

OSCE Organization for Security and Cooperation in Europe

PPD Public Private Dialogue

PPP Public Private Partnership

SAGCOT Southern Agriculture Growth Corridor of Tanzania

SEZ Special Economic Zone

TFA Trade Facilitation Agreement

TLPQM/NLF Transport & Logistics Partners Quarterly Meeting/National Logistics Forum

UNECE United Nations Economic Commission for Europe

UNESCAP United Nations Economic & Social Commission for Asia Pacific

US AID United States Agency for International Development

WCO World Customs Organization

WEF World Economic Forum

WTO World Trade Organization

**Executive Summary**

1. Government and business both benefit from economic zones in border areas when there are established and functioning institutions for planning within and across borders. Border management is defined and constituted in many forms throughout the world. However, there are common principles and guidelines provided by international organizations and by country examples of national coordinating institutions (NCI) for cooperation, coordination and collaboration. Essentially, government and business entities together meet on a regular basis of at least every three months with agendas and together solve policy, operation and infrastructure problems. Cooperation evolves over many years and is an incremental and bottom up approach and progresses from the informal to the formal rules-based for planning and governance at the national, provincial, local and cross-border international levels.

2. There are numerous international practices of national and cross border coordinating institutions. In fact, the Association of European Border Regions (AEBR) has a list of one hundred and sixty-eight Euro-regions and similar structures in thirty-eight border regions as defined by the European Commission. However, there are frameworks and guidelines from the UNESCAP that this report will outline as well as from a recent World Trade Organization (WTO) Trade Facilitation Agreement report: “Trade Facilitation: Experience Sharing Series, National Committees on Trade Facilitation: Current Practices and Challenges, Summary of Experience Sharing Workshop 8 June 2016 and Results of e-Survey.” These examples and guidelines will offer support for NCI reforms in the seventeen border crossing points and thirty four border towns in this ADB TA: GMS: Capacity Development for Economic Zones in the Border Areas for spatial and trade logistics developments for capturing markets, attracting investors and moving up the value chain in the border areas and along their corridors.

3. The second part of this progress report will assess and rank the six border towns of Vietnam and the People’s Republic of China (PRC) as well as their status in cross border cooperation along the corridors from recent field visits by meetings, documents collected and observations from photographs. The dates of the field visits were in Lao Cai, Vietnam on May 22, 2017; Lang Son on May 23rd; Ha Long (for Mong Cai visit) on May 24th; and Hanoi meetings: Vietnam Logistics & Business Association (VLA), Zhen Yang Logistics, Overland Total Logistics on May 26 & 30; Vietnam Shippers Council on June 27; Gemadept Logistics and Vietnam Customs General on June 29; and Mong Cai on July 6th. In the PRC, Hekou on July 3rd; Pingxiang on July 4th; Dongxing on July 5th and Nanning on July 7th.

4. The criteria for assessing and analyzing the Vietnam and PRC BEZs are four indicators based on the report, “Scoping Study for the SBEZs in Indonesia-Malaysia-Thailand Growth Triangle, ADB, May, 2014 with rankings of 1 to 5 (highest) based on the information available at the time of the field visits.

Public Private Cooperation Institutions (National and Cross Border)

Introduction

1. Many of the officials met in the field visits described various forms of meetings and cooperation within and across the borders with mostly government entities and all expressed an interest in knowing the benefits of forming joint government and business meetings within and across the borders. There are clear benefits to forming joint border agency and business cooperation bodies with concrete examples in countries throughout the world. Moreover, in order to effectively implement master plans and government resolutions, there needs to be functioning and long term national public and private consultation mechanisms. Vietnam, Cambodia and the PRC and all GMS countries have recent resolutions with detailed actions plans for improving business investments, trade logistics and border areas.

2. Border Economic Zones (BEZ), Special Economic Zones (SEZ) and Cross Border Economic Zones (CBEZ) have the common purpose of attracting business investment based on adequate infrastructure to conduct profitable corridor and border area commerce. Similarly, there are numerous nomenclatures of national and cross border coordinating institutions: Joint Public-Private Sector Consultative Committees (JPPSCC), Public-Private Dialogue (PPD), and National Trade and Transport Facilitation Committees (NTTFC). In addition, international organizations go into details in describing border area management: Integrated Border Management (European Union), Collaborative Border Management (World Bank), Comprehensive Border Management (Organization for Security and Cooperation in Europe), Coordinated Border Management (World Customs Organization),Border Agency Coordination (World Trade Organization) which are all based on common principles to bring harmonization to numerous border agencies within and across the borders in consultation with business as well as with research, development and training institutions.

3. University-government-industry relations in the border areas is proven as an effective mechanism in many international examples found in Asia (Thailand), North America, and Europe (Euro-regions). “Tripe-helix cooperation is a term used to denote cooperation among three societal sectors: the public sector, the business community and the educational establishment at the regional, national and multinational levels. Research revealed that most but not all Euroregions have adopted the ‘triple helix’ principle.”[[1]](#footnote-1)

4. Limited resources and lack of funds require better organization of business and government objectives to set priorities intra-nationally and cross-border for possible public-private partnerships (PPP). There is also the need to prove the case to potential investors or multinational corporations in their site selection due diligence procedures and to implement master plans together to avoid overlap and redundancy for better focus on public goods infrastructures and to coordinate constructing urban infrastructure and trade logistics holistically. There is a need to categorically and systematically together solve issues of: infrastructure, operations, and strategies on a regular basis.

Natational Coordinating Institutions

5. In 2012 and in 2016-17, the UNESCAP and WTO TFA, respectively, provided excellent guidelines to establishing and functioning national coordination institutions. These are evolving institutions subject to change based on the domestic conditions of each country and are adaptable to the GMS countries’ economic zones in the border areas. Moreover, the bottom up approach is most effective. “The workshop discussion also highlighted that one country’s institutional framework model cannot simply be transplanted to another country. That is because the appropriate mechanism needed to improve coordination among national stakeholders varies depending on domestic circumstances.”[[2]](#footnote-2)

6. The basic components to establish and parameters to function national coordinating institutions, or for the WTO TFA, national trade (transport) facilitation committees are: a defining mandate from a strong political leader with a terms of reference; an institutional and legal framework; membership (“not a discussion forum”); private sector participation:

*“Engaging the business community is crucial. In particular, the involvement of representatives*

*from the small and medium-sized enterprises (SMEs) is extremely important. The private sector’s*

*participation is a critical factor in determining the success level of national committees,*

*particularly as they can help to bolster a committees credibility, as well as its ability to deliver*

*results. Active participation allows the private sector not only contribute to the identification of*

*solutions, thereby increasing its sense of ownership of the new measures, but also to understand*

*and support the proposed changes to be implemented.”[[3]](#footnote-3)*

As well as having a chairperson; regional integration efforts; funding; technical secretariat; roadmap; showing accountability and communicating results; operational procedures; long term adaptability; international organization assistance. Moreover, coordination institutions are advisory and have a coordination role whereas the regulatory role is by appropriate line ministry or agency based on UNESCAP guidelines. This may be useful to defuse any potential friction among participating public and business stakeholders.

7. The UNESCAP Guidance report finds that the role of national facilitation committees became important in 1965. This was by the adoption of the Convention on Facilitation of International Maritime Traffic (FAL). Specifically, it was Resolution 3 on Creation of National and Regional Committees adopted at the International Conference on Facilitation of Maritime Travel and Transport in 1965. The Contracting Governments created national and regional committees for recommendation and implementation of facilitation measures.

8. The GMS countries can consider three types of national coordination mechanisms for possible institutional reforms: permanent, temporary or case-based**.** The permanent coordination institution is called a national trade and transport facilitation committee. Cambodia, Malaysia, Thailand and Vietnam set up National Transit and Transport Coordination Committee under ASEAN Framework Agreement on Facilitation of Goods in Transit. Similarly, Nepal and Pakistan set up National Trade and Transport Facilitation Committees, Laos has a National Trade Facilitation Committee and a National Transport Committee. Mongolia was an international example a few years ago when they established a National Transport Facilitation Committee in 2003; a Trade Facilitation Committee MONPRO in 2005 as a public-private organization and in 2006 a joint National Committee for Trade and Transport Facilitation for an integrated approach. Mongolia will be discussed later in this section.

9. A **temporary** coordination body is for a specific program or project**.** In Cambodia, there was a Special Inter-ministerial Task Force for Investment Climate Improvement and Trade Facilitation. This approach has a task force, working groups or units with the business sector invited. Similarly, the Philippines set up a National Single Window Task Force for Cargo Clearance. Another approach is **case-based** to coordinate specific institutions such as opening a new border-crossing when many agencies and businesses are involved. The **permanent** coordination institution has a long-term mandate and organization structure for broad and specific issues in line with its charter terms of reference objectives. The temporary and case-based can spring from the permanent coordination institution or can change to a permanent one.

10. International examples prove that successful national public-private transport and logistics coordination institutions have a **legal mandate.** “Experience has shown that without an appropriate legal basis, these institutions may have difficulty in sustaining themselves for a long period of time.”[[4]](#footnote-4) Many countries rally around an important topic of national importance such as physical infrastructure needs of a port or road by public-private partnership investments or for a technological improvement such as the Single Electronic Window that calls for a legal proclamation to establish a national coordination institution. Singapore, Thailand, Japan, South Korea, the United States and other ASEAN countries have such legal basis in order to implement their Single Window programs. It is useful to know that the National Single Window initiative is not the same as the Single Stop Inspection.

11. At present, Vietnam, Thailand, PRC and Cambodia have various high level government resolutions with action plans in addition to their WTO TFA requirement for a NCI. These include for Vietnam: Decision Number 1012, in 2015, “Approval for Nationwide Logistics Center System Development Planning by 2020 and Orientation Towards 2030,” and Decision 200, in 2017, “On Approval of the Action Plan for Enhancement of Competitiveness and Development of Vietnam’s Logistics Services by 2025.” Specifically, Decision 200, action plan items 51-53 that call for “business and government advisory and dialogue mechanisms.” Cambodia appointed a director general of the general department of logistics in the Ministry of Public Works and Transport in February 2017 for a National Logistics Master Plan to be completed by the end of 2017. In addition, Cambodia is establishing a National Logistics Council, chaired by Prime Minister Hun Sen with a Steering Committee chaired by the Ministry of Public Works and Transport. The Prime Minster called for, “the government needs to improve cooperation and coordination between key agencies and ministries, as well as strengthen consultation and partnership with the private sector to develop transport and logistics.”[[5]](#footnote-5) Thailand also has industrial policies such as improving SEZs, border logistics ports and clusters that will require established and functioning national coordination institutions. Finally, the PRC State Council announced logistics as an economic sector needing reforms that will require public and private consultation mechanisms, especially for border area development.

12. There are four agreements that can be used by GMS countries**.** (1) Given the importance of effective coordination at the national level, Article 23.2 of the WTO Trade Facilitation Agreement (TFA) requires members to establish a national committee on trade facilitation (NCTF) to take charge of facilitating both domestic coordination and implementation of the provisions of the agreement.(2) The ASEAN Framework Agreement on Facilitation of Goods in Transit. As per Article 29 ‘Institutional Arrangements,’ the Contracting Parties are required to set up a National Transit Transport Coordination Committee (NTTCC) to implement provisions of the Agreement. (3) The Agreement on Facilitation of Cross-Border Transportation of Goods and People in the Greater Mekong Sub-region (GMS CBTA) to facilitate cross-border transport of goods and people and to promote multi-modal transport. Article 28 calls for National Transport Facilitation Committees (NTFC) under Chairmanship of the Minister or Vice Minister to gather all representatives of parties for implementation of the Agreement. The fourth basis for GMS countries to consider to establish one national coordination institution is from the (4) ASEAN Trade in Goods Agreement entered into force in 2010. Article 50 provides for establishing a Trade Facilitation Coordination Committee at the national level.

13. The UNESCAP Guidance recommends the country have “a written document specifying the salient features of the coordination institution**.** The composition of members (public sector and business sector) and the terms of reference for scope and focus areas for the coordination institution. The need for a Secretariat for the administrative functions and a possible source of funding to set up the institution can also be in the government mandate.”[[6]](#footnote-6)

14. The organizational structure is a feature of the national coordination institution that depends on the institutional environment in the country and their unique transport and trade facilitation regimes. The evolution of the coordinating institution is expected, but “frequent changes in the organizational structure can be detrimental to attainment of objectives and disruptive to the sustainability of the coordination institution.”[[7]](#footnote-7) In addition, will send a wrong signal to businesses that rely on a modicum of predictability within the country in the dynamic global marketplace.

15. The first indicative structure is a joint inter-agency institution made up of stakeholders from trade, transport and other related government agencies and representatives from the business sector**.** This is called the National Trade and Transport Facilitation Coordination Institution where issues have one platform to be discussed, debated and with actions taken. Sub-bodies are established for Trade and Transport to hammer out their issues to report to the main body where overlapping issues can be resolved in a clear work agenda. Also, ad hoc working groups can be created based on focus issues as required by the main national organization.

**Figure 1 Organizational Structure**

Ad hoc

Working Groups

Trade Facilitation

Sub-body

Transport Facilitation

Sub-body

Secretariat/Office

National Trade & Transport Facilitation Coordination Institution

16. The main body is supported by the office of the Secretariat. This mechanism is crucial to the smooth flow of information among stakeholders, organizing meetings, and setting agendas or for all operations of the coordinating institution. A team of professional staff is led by one full time chief and others drawn from various ministries or associations. These functions can be the following:

* Preparing and organizing the meetings
* Preparing and disseminating meeting documents
* Reporting on meetings and disseminating meeting results
* Following up the implementation of decisions
* Supporting the working groups or task forces
* Organizing the studies as decided by the institution
* Providing information on facilitation to members
* Organizing seminars and workshops
* Institutionally promoting the national coordination mechanism[[8]](#footnote-8)

17. The second indicative structure may require two national inter-agency facilitation institutions for transport and for trade**.** Membership can be from ministries, agencies and the business sector. This type of structure may suit a country where a joint trade and transport facilitation coordination institution is not possible or where there are strong intra-ministerial sectors (Inland waterways, road, sea, air), yet it is still necessary to have joint meetings to discuss overlapping issues. The results of the joint meetings will be actionable results for the two inter-agency institutions.

**Figure 2 Organizational Structure**

Information Exchange

Representation from agencies and businesses/associations

National Trade Facilitation

Institution

National Transport Facilitation

Institution

18. A good cross section of membership from the public and business sectors is useful for effective meetings and for transport and trade facilitation measures to be actionable. The exact composition will depend on the ability to manage the institution and to make decisions. Leadership of the national coordination institution is paramount and may require more than one at the national level and in the subnational level to report into the national body. The chair of the national body could be the minister of the ministry with the largest stake in the facilitation issues such as transport or commerce. Alternating or sharing leadership by the Ministry of Transport and Ministry of Industry and Trade may work and if not, then the deputy Prime Minister may have good coordination skills for inter-agency challenges to take the chairperson responsibility. A deputy chair from the business sector or association could also be installed from a vote by the members of the national coordination institution.

**Table 1 Membership by Key Partners in the Coordination Institution**

|  |  |
| --- | --- |
| **Public Sector** | **Private Sector** |
| * **Transport**   **-**Ministry of Transport   * **Commerce**   **-**Ministry  **-**Foreign trade agencies  **-**Banking and Insurance Supervisors   * **Finance**   **-**Ministry  Customs Administration   * **Plant/Health/Food Safety**   -Ministries of Agriculture and Health   * **Border Control**   -Ministry of Defense  Border Guard   * **Visa Issuance**   -Ministry of Foreign Affairs   * **Police, Immigration** | * **Transport**   -professional associations   * **Commerce**   -Chambers of Commerce & Industry  -Customs brokers  -Import/Export associations   * **Finance**   -Banking and Insurance associations |

Source: UNESCAP, Guidance report, p. 34

19. The sustainability of the coordination body needs to be addressed once the type, legal basis, function and organizational structure are in place. Hence, the financial support and operational success will determine the long term status of this institution. Government support is essential for the start-up capital and operating budget for the Secretariat office, meetings and studies, seminars, workshops. The lead Ministry has to budget for the national coordination institution’s staff, office and other expenses as part of their budget or in a separate budget with assistance from other ministries as needed. The business sector and international donor organizations can be a source of financial assistance on a project or voluntary basis. Contributions from the ministries, businesses and donor institutions can be in the form of extra office space and staff to fulfill the mission, goals and operations of continuing the work of the national coordination institution.

20. Operational success is the value proposition needed for not only tangible benefits for the public sector, but also for the business sector to be compensated by results for their time required for participation**.** At the beginning, the meetings of the NCI may take up a few activities to keep focus and not be overwhelmed by all the issues. In this environment, “clear establishment of the objectives together with achievable time frames and performance indicators will help in evaluating the efficiency and effectiveness of the coordination institutions. Periodic reporting to stakeholders may be necessary as the facilitation measures may not yield immediate results in most cases.”[[9]](#footnote-9)

This is a go slow approach and keeps expectations low to gain confidence by all participants.

21. Loosely structured public and business sector meetings have difficulty in controlling the myriad issues and their time allotted for discussions. The coordinating institution provide a forum where different and sometimes conflicting views of stakeholders can be considered, debated and resolved. It is necessary to create a sense of joint ownership among stakeholders and once a decision is taken, then all should take necessary steps to implement it. In this way, results will be evident and the purpose of the coordination institution will become self-sustaining to bring on more issues to resolve for the benefit of all participants. The UNESCAP Guidelines summarize a few more important points to consider for the long term sustainability of the institution:

* International assistance for facilitation projects and activities;
* Proactive and supportive public and business sectors’ participation;
* Promotion at national, regional and international forums;
* Competent technical team in the office/secretariat;
* Appropriate lead agency and chairs; and
* Involvement of high-level decision makers.

International Practices for National Coordinating Institutions

**Malaysia and Mongolia**

22. Malaysia and Mongolia are examples of national logistics, transport and trade coordination institutions that experienced difficulties**.** In 2008, Malaysia found some legal basis in the Third Industrial Master Plan, 2006-2020 (IMP3) to establish the Malaysia Logistics Council. This body would involve a strategic partnership with the private sector in directing Malaysia development in the logistics sector.

23. The Ministry of Human Resources saw the importance of logistics to the economy by publishing a report, “Occupational Structure for Integrated Logistics Services Industry,” Department of Skills Development**.** “The Malaysia Logistics Council (MLC) provides a structured platform for the private sector to work with government agencies. The private sector needs to assume a lead role in the MLC and its sub-groups. The MLC membership includes leading industry figures, academicians and technocrats. The MLC is results-oriented and steers Malaysia towards a fully integrated logistics supply chain network by implementing measures for improvement of policies, procedures and regulations in areas that impede the operations of logistics and to integrate transportation modes.”

24. However, in 2010 the MLC stopped functioning and was not until December 16, 2013 for the national logistics coordination institution to be reconstituted**.** The government formulated a logistics sector master plan and reorganized the MLC. Some of the thrusts were towards greater ASEAN integration and the need to increase connectivity between rail and road networks with seaports to decrease congestion and with multimodal network linking land-sea-air.

25. The reorganizing of the MLC changed from one chairperson by deputy minister of Ministry of International Trade and Industry (MITI) to a co-chair by the secretary’s general of the MITI and by the Transport Ministry**.** In addition, the organizational structure of the MLC changed to a Steering Committee with four focus groups: (1) transport and infrastructure; (2) institutional framework and regulatory; (3) industry best practices and development initiatives; and (4) trade facilitation. This marked improvement was to recognize the importance of not just the modal transportation in logistics, but the whole supply chain with trade and the institutions that support them. The old structure was a separate focus group for sea, land, and air and one group for ancillary logistics and supply chain management.

26.In 2008, the government of Mongolia (GOM) followed a 2007 UNESCAP guideline for establishing a national coordination institution for transport and trade. As a result, the National Committee on Trade and Transport Facilitation (NCTTF) started. This National Committee worked with the Ministry of Road, Transportation and Tourism, other ministries and the private sector to present to the government a Resolution 183 on May 14, 2008. Contained in the Resolution was the National Program ‘Transit Mongolia’ with detailed projects Action Plan to 2015 to improve transport and trade.

27. NCTTF revised its structure to separate the focus on transport and trade. The purpose was also to better represent the private sector as well as to provide high level government leadership for smoother implementation of the Transit Mongolia Action Plan. The new structure would have duties for the Prime Minister’s (PM) secretariat to improve program implementation and any policies from the National Committee.

**Figure 3 Mongolia National Committee on Trade and Transport Facilitation (revised)**

PM’s Secretariat

MONPRO council at

the MNCCI

Secretariat

Members

Chairman of

MNCTTF

Vice Chairman

(Public)

Vice Chairman

(Private)

Secretary

(Transport)

Secretary

(Trade)

Secretary

General

MONPRO council at

the MNCCI

28. This structure assigned main duties of the Chairman of the National Committee. They would be to provide a budget, organize meetings every quarter, to implement any programs, to coordinate action plans of sectors and to liaise with international donor organizations. The PM appoints the vice chairman and provides coordination. The responsibility of the vice chairman, public would be for program implementation, to draw up rules and regulations and introduce changes to bilateral and international contract and provide bilateral cooperation of infrastructure. The vice chairman, private would increase private sector participation and be the main representative for them as well as create an information database. Finally, the vice chairmen are offered by the PM’s secretariat and head of the National Committee and elected by the member vote.

29. The members are central to the MNCTFF**.** They are responsible to submit sector action plans to the program and propose ideas to the National Committee for approval by the State Parliament. The members have direct contact to vice chairmen and to the Secretary General as well as oversight of the Secretary General. All members are approved by the Chairman of the National Committee. The Secretary General supervises activities of trade and transport secretaries, informs members of trade and transport activities and supports the action plan. The Chairman of the National Committee and the PM appoint the Secretary General and is elected by members’ vote. The Transport and Trade Secretaries collect logistics and trade law documents, coordinate with members for data and opinions to submit to the National Committee.

30. The Secretariat works under the instructions of the Secretary General. The Secretariat implements the National Committee action plan, performs the daily activities of the National Committee and writes the opinion from MONPRO Council under the Mongolian National Chamber of Commerce and Industry (MNCCI). The MONPRO Council is a mechanism to link the business sector to the MNCTTF. Further private sector linkages are also from including the Industry and Information, Communications Technology Administration and the vice chairman of private is by the Chairman of the MNCCI.

31. Mongolia was the model for East Asia by its MNTTFC**.** As a landlocked country, border and corridor management with the public and private sector participation is paramount and in great demand from both sectors of this economy. In 2013, an inter-ministerial coordination structure for Border Port Authority was recommended to the Cabinet Secretariat. At present, the MNTTFC is not in operation or practically disbanded and there is a basic structure in place for Border Ports to implement a September 2014 agreement between the PRC and Mongolia to open five border ports for exports to access PRC seaports to worldwide markets. The main reason is that the national and aimag (provincial) election process disrupts any continuity to institutions since newly elected officials reorganize the government and related national coordination institutional structures or abandon them.

**Thailand**

32. Thailand offers a good example for their 30 or more interagency coordination and collaboration mechanism. In this case, Thailand rallied the public and business sectors for the government mandate to build a single electronic window platform. This can be instructive for institutional reforms in GMS NCI implementation efforts.

33. The National Coordination institution is successful in Thailand based on three main issues. They are: (1) a national commitment is the most critical factor; (2) the political will needs to be institutionalized by transferring the policy mandate into routine management mechanisms among all stakeholders involved in implementing and operating of any projects under a national logistics strategy; (3) inter-agency collaboration and coordination mechanisms among government and transport, logistics and trade is one of the most challenging factors.

34. Thailand established a National Logistics Committee (NLC) chaired by the Prime Minister**.** Membership is inclusive by the following ministries: Finance, Industry, Commerce, Transport, Education, Agriculture, ICT, Labor and a key pivotal and central role by the Office of National Economic and Social Development Board (NESDB) as well as executives from the business sector. A National Committee on Thailand Logistics Development reports to the Cabinet. Three sub-committees are: industrial logistics development, agriculture logistics development and data harmonization work with the Committee. The lead agency for the Single Window effort is the Customs Department, Ministry of Finance and further legal basis is found from the ASEAN Agreement to establishing the ASEAN Single Window of 2008 and 2012.

35. In addition to the NLC, partnerships are with other national committees and working groups**.** These include: National Sub-committees on Data Integration for Import, Export and Logistics; Steering Committee on National Single Window Development; Committee on Regulatory Framework and Quality Assurance of Thailand Single Window; Inter-Agency Technical Working Group; Inter-Agency Legal Working Group and committees on working groups within each agency. There is also business process analysis and reforms by group discussions and consultations to simplify and streamlining business process among government and business sectors as well as workshops focus groups. ASEAN meeting and working bodies are also to be included.

36. Thailand finds that the complexity of the coordination and collaboration can be best organized at three levels**:** (1) political will: national committee chaired by the head of state and cabinet decree to provide legitimacy and budget. (2) strategic: subcommittees and designated lead agencies (MICT, Customs, NESDB) for regular meeting to drive progress as well as final meeting and dialogue to create mutual trust and understanding. (3) operational: a Task Force from a lead ministry allocating budget to 12 government departments and for the Single Window effort by Customs’ 2 sub-working groups to streamline business processes and align data required and technical communication protocols. This enforces cooperation via budgeting and procurement along with the process reforms forcing other agencies to join.

37. The NESDB is pivotal and central for its monitoring and reporting working mechanism. The NESDB interfaces with all ministries and agencies to send “logistics development reports” to the executives in government agencies, the Thailand Shippers Council, Federation of Thai Industries, Thai Chamber of Commerce, other business associations, the general business community and relevant academic and research community. This creates a sense of all working stakeholders in government held accountable for their own performance.

38. Some useful lessons can be found from the Thai approach which is centered on their Single Window effort**.** The planning and approval is very technical and policy makers had trouble keeping up. So, it is important for key policy makers to understand quickly and to establish a strong core team for leadership with constant communications. Also, problems with budgets arose and partnership with the private sector helped. Some problems with implementation occurred based on: lack of knowledge, long term commitment was highly demanding with fragmentation at times and also a lack of momentum because of other priorities. These issues were resolved by having a budget embedded in each project for capacity building for mid-level officials, by holding partnership forums to keep everyone accountable and by a very persistent core team (NESDB) to continue monitoring and reporting.[[10]](#footnote-10)

**Singapore**

39. International experience shows that change management for national coordination institution is evolutionary, but benefits are measurable to transport and trade competitiveness**.** Singapore is a prime example of improving logistics efficiencies because of better collaboration among the public and business sectors. In 1987, Singapore established three working groups for sea, air and government sectors to embark on implementing TradeNet, a single platform and single document for electronic transmission of all trade and transport formalities. This endeavor had high-level government commitment, involved the private sector and multiple (35) agencies and implemented in phases. TradeNet results in savings to traders of $1 billion per year. The TradeNet structure is in Figure 4:

**Figure 4 Singapore Coordination Institution for TradeNet**

TradeNet Steering Committee

Sea Community

Sub-Committee

Government

Sub-Committee

Air Community

Sub-Committee

Implementation Team

*Integrated Procedures and Business Processes Proposed*

40. Singapore’s success is evident by the top rankings in the World Bank’s *Logistics Performance Index* (LPI) of number 2 behind Germany in the 2014 report and overall from 2007-14. Singapore ranked the highest in the *Doing Business Report* out of 166 and 183 countries, respectively of these two reports. The LPI six components are: Customs, infrastructure, international shipments, logistics quality and competence, tracking and tracing and timeliness. The *Doing Business* report has eleven topics such as Trading Across Borders. By comparison, Vietnam ranked 48 and the USA 9 in the LPI and 78 in the *Doing Business* report and the USA was 7. “Comprehensive reforms and long term commitments from policy makers and private stakeholders will be essential.”[[11]](#footnote-11) Since 2014, Vietnam moved to 64 in the LPI of 2016 and to 82 in the *Doing Business* report, 2017. Rankings of the other GMS countries are as follows for the LPI of 2016 and *Doing Business* report of 2017, respectively: PRC, 27 and 78; Thailand, 45 and 46; Cambodia, 73 and 131; Laos, 152 and 139 and Myanmar, 113 and 170.

**Japan**

41. Japan found an early legal basis to reform transport and trade procedures. They built national coordination institutions from the 1977 Special Act of Customs Procedures to establish the Nippon Automated Cargo and Port Consolidated System, Inc. (NACCS) and from the Shiokawa Initiative (Plan for Reform of International Logistics), August 2001 and from the FAL Convention (Convention on Facilitation of International Maritime Traffic), November 2005. This international experience demonstrates the evolution since 1978 from numerous paper documents to electronic to the Single Window platform in 2003 in a phased approach.

42. The NACCS Center is a corporation authorized by the Ministry of Finance in October 1977. It was privatized in October 2008 to improve corporate management by better serving both public agencies and business users by the computerized platform across sea and air modes of transport for both import and export. This ‘One Stop Service’ platform computerized all related administrative procedures beginning in 1977 with interfaces to all related Ministries (Ministry of Health, Ministry of Agriculture, Forestry and Fisheries: Animal and Plant Quarantine Inspection).

43. The success factors can be attributed to all relevant parties joined in coordination to improve international logistics based on the Japanese government policy for a Single Window Service**.** As a result, coordination and budgets among all Ministries occurred to overcome any problems. The coordination mechanism was found in “Liaison Conference on NACCS among the Ministries related to Import/Export and Port” in which membership was by directors of each Ministry. Also, several working level conferences were set up for detailed issues jointly by the Ministries.

44. The Ministry of Finance coordinated among the Ministries since they are the Head Office of Japan Customs Administration and supervises the NACCS Center. Budgets were allocated among the Ministries based on their ratio of the traffic of their systems and procedures and the Ministry of Finance had over 90 percent of those costs. The private sector user participation was also crucial. These included economic organizations such as the Japan Federation of Economic Organizations and by the government of Japan establishing conferences for joint coordination by both private and government sectors. There is not a mandate by the government to the private sector to use the new computer systems nor for their participation in the national coordination institution. The stakeholder management involves the private sector in a consensus of changes to systems. Finally, the NACCS Center coordinates by holding forums, explanatory meeting working groups and updates information on the website for hammering out details with the private sector.[[12]](#footnote-12)

**WCO**

45. Public-private partnerships are becoming more important to solving transport and trade infrastructure problems since national and subnational budgets are limited**.** Therefore, stable national and subnational coordination institutions are needed to plan, prioritize, finance and implement projects. The political mandate to form national coordination institutions requires governance and allocation of roles and responsibilities. The World Customs Organization (WCO) offers some guidance that are useful before the Unites States is discussed as an international experience for NCIs.

46. The political mandate creates a Governing Body as the Lead Agency to run the legal entity which is headed by an Executive Director who formally reports to the nodal ministry (Ministry of Finance). The Governing Body has members from major stakeholders and empowered to make all policy decisions. It has defined financial powers along with allocating in the public budget. Furthermore, it is assisted by an Executive Secretariat for administrative and technical support. The Executive Secretariat has direct control over projects, but indirect supervision over projects by other respective agencies.

47. The World Customs Organization (WCO) finds that the organizational structure to govern a national project such as the Single Window would be different in countries. However, there are three general layers: Consultative Layer involving representatives of the private sector and agencies, the Decision Layer involving the governing body running projects and making consultation happen and the Executive Layer is responsible for project execution. Responsibilities within the structure need to be clearly specified. For any structure to be sustainable over a long period of time, the fine balance between authority, competence, responsibility and accountability needs to be maintained.[[13]](#footnote-13)

**United States of America**

48. In the United States, two national coordination institutions are effective in bringing the public and business sectors together on a routine basis (quarterly) for concrete results to improve borders, transport, logistics and trade competitiveness. They are the Advisory Committee on Commercial Operations (COAC) and the Border Interagency Executive Council (BIEC). The COAC of Customs and Border Protection (CBP) found its legal authority and governance principles in the Omnibus Budget Reconciliation Act of 1987. In 2003, the Department of Treasury specified that COAC will be administered jointly by the Department of Treasury and the Department of Homeland Security. Furthermore, COAC abides by rules of order and reporting in meetings from the Federal Advisory Committee Act (FACA) of 1972.

49. One document defines the COAC in detail by headings: Official Designation, Authority, Objectives and Scope of Activities, Description of Duties, Officials to Whom the COAC Reports, Agency Responsible for Providing Necessary Support, Estimating Annual Operating Costs and Staff Years, Designated Federal Officer (DFO), Estimated Number and Frequency of Meetings, Duration, Termination, Member Composition, Subcommittee and Record Keeping.

50. Some salient issues from this COAC scope of work document are the Objectives, Designated Federal Officer, Member Composition and Subcommittees**.** The COAC meets four times a year to advise the Secretary of the Treasury and the Secretary of Homeland Security (DHS) on commercial operations of U.S. Customs and Border Protection (CBP) and related DHS and Treasury functions. COAC considers issues such as: global supply chain security and facilitation, CBP modernization and automation, air cargo security, customs broker regulation, “One U.S. Government” approach to trade safety of imports, agriculture inspection. The DHS (Office of Trade Relations, CBP) is responsible for providing financial and administrative support to COAC. The Designated Federal Officer (DFO) is the key leader to the success of the meetings and coordination outside of meetings. This person is appointed by the Commissioner of CBP for full time employment to call for meetings, set agendas for the meetings, attend all COAC subcommittee meetings and chair all meetings (quarterly). COAC consists of twenty members and two government co-chairs. One chair is filled from the Department of Treasury and one from the DHS and presides over all COAC meetings without any voting on COAC actions. The co-chairs assist the DFO to set COAC agenda and ensure COAC operates in accordance of the law. COAC membership is representative of individuals and firms affected by the commercial operations of CBP and are appointed by the Secretary of Treasury and the Secretary of Homeland Security.

51. The Subcommittees are the working mechanism that brings the issues of transport, logistics and trade to discussion in an open public forum meetings for government and business discussion in details**.** There are many hours of preparation by the Subcommittee leaders from the public and business sectors to make the quarterly meetings constructive. The co-chairs may establish Subcommittees in consultation with the DFO. Subcommittees present their work to COAC for discussions and voting, but do not have authority to make decisions for COAC nor report directly to the Federal Government or any other entity.

52. The COAC meeting of February 11, 2015 was from 8 a.m.-12 noon and was the final quarterly meeting of the two year term for the COAC business representatives**.** The 13th term of COAC established six Subcommittees: Exports, One U.S. Government at the Border, Trade Enforcement and Revenue Collection, Global Supply Chain, Trusted Trader and Trade Modernization. Each COAC Subcommittee has 30 minutes to present agenda items to the meeting for discussion and the voting on the recommendations to the COAC. A ten minute public comment period is allowed after each Subcommittee presentation. Under each Subcommittee, are formed Working Groups and sub-Working Groups based on individual topics of importance to transport and trade facilitation.

53. For example, the Exports Subcommittee has the Export Process Work Group and seven sub-Work Groups designated by the following two: Air Manifest sub-work group and Commodity Licensing sub-work group**.** A representative from a USA manufacturing company leads the Subcommittee in the COAC presentation and works outside of the meetings between the quarterly meetings to collaborate with the Bureau of Industry and Security’s (BIS/U.S. Department of Commerce) Advisory Committee and the USA President’s Export Council Subcommittee on Export Administration (PECSEA). Finally, it is worth noting that the evolution over the years of business and government partnership is evident by other government agencies (OGA) changing their designation to partner government agency (PGA) for purposes of improving transport, logistics and trade facilitation and for a more amenable environment.

54. The second interagency government body is the Border Interagency Executive Council (BIEC)**.** Moreover, the BIEC interacts with the One U.S. Government at the Border Subcommittee (1USG) of the COAC. The BIEC established on February 19, 2014 by an Executive Order (U.S. President Obama) to streamline the Export/Import Process for America’s Businesses. The Executive Order has two main requirements: (1) the completion and government-wide utilization of the International Trade Data Systems (ITDS) by December 31, 2016 and (2) the establishment of a two-tiered governance structure to manage implementation. Upon full implementation the ITDS will allow businesses to submit the data required by U.S. Customs and Border Protection and its Partner Government Agencies (PGAs) to import or export cargo through a “Single Window” concept.

55. The BIEC is chaired by DHS (U.S. Customs and Border Protection is within the DHS) and provides strategic leadership and policy guidance to improve: (1) coordination among agencies with border responsibilities and (2) between the U.S. Government and the Trade community. The BIEC includes executives from the following Departments (Ministries) of Agriculture, Commerce, Defense, Health and Human Services, Interior, National Economic Council (NEC) staff, and representatives from the Office of Management and Budget (OMB) and the United States Trade Representative (USTR) also attend. There are three committees: Risk Management; Process Coordination; and External Engagement.

56. Each Subcommittee of the COAC has a statement of work document similar in format to the COAC statement of work document. The one of the 1USG subcommittee is instructive. This Subcommittee is a working mechanism to champion interagency coordination and collaboration on an active basis. The Objectives and Scope of Action contains a mission statement for this Subcommittee and is “That CBP pursue interagency partnership programs following the principles set forth in the One U.S. Government Master Principles Document and progress toward completion can be measured via CBP reporting quarterly back to COAC on progress being made to implement programs that align with the principles, principally through the Border Interagency Executive Council (BIEC).”[[14]](#footnote-14)

57. Some of the main Subcommittee priorities are:

* Drive and support a government-wide approach to partnership programs by reviewing existing partnership programs, analysis of best practices, and identifying obstacles and possible solutions to ensure an effective, consistent and one government approach to partnerships
* Identify and determine steps to overcome regulatory and policy obstacles which prevent greater information sharing between partner government agencies (PGA)
* Leverage COAC to obtain Trade Community feedback via a survey on how other government agency holds are impacting cargo processing and trade facilitation efforts

58. The purpose of the above stated priorities are to lower costs, increase competitiveness and increase ease of doing business**.** The COAC Subcommittee on One U.S. Government at the Border will advise the COAC in these areas and will make recommendations that are helpful to industry and Government and be supported by a broad range of stakeholders. The U.S. CBP Office of Trade Relations is responsible for providing administrative support for the COAC Subcommittee.

59. The 1USG Subcommittee is comprised of COAC members and Federal government officials and led by one government and one trade co-chair. Each Subcommittee will have designated Working Groups to address specific tasks and provide recommendations to the Subcommittee. The 13th term COAC Subcommittee co-chairs are from CBP, Office of International Trade and COAC members are from and international logistics company and from a U.S. pharmaceutical company.

**Indonesia**

60. Indonesia’s implementation of a national economic and logistics development strategy is the final international example of how GMS countries can establish a national coordination institution. Here there is high level government leadership with task forces, expert groups, and working groups with a bottom up approach. Foremost is the lead policy: Committee on Acceleration and Expansion of Indonesia’s Economic Development 2011-2025 chaired by the Coordinating Minister of Economic Affairs. The next level has three task forces: increasing the economic potential through economic corridors; strengthening human resource capabilities and national science and technology; and strengthening national connectivity. The Connectivity Task Force is for logistics and led by the Vice Minister of National Development Planning with coordination of logistics, transport, information and communication technology (ICT) and development areas. The National Logistics Team is headed by the Deputy Minister for Coordinating of Industry and Trade Policy Affairs and responsible for implementation of the National Logistics Blueprint. Members of the Team are from an Expert Group of academicians and practitioners along with a Secretary General. The final level is comprised of six Working Groups similar to the call in Vietnam by the private sector for focus groups. They are: human resources, ICT, logistics service providers, infrastructure, harmonization of regulation and policy, and key commodities. The members of the Working Group are from ministries/agencies, academicians and practitioners (businesses).[[15]](#footnote-15)

**Figure 5 Indonesia National Logistics Blueprint Coordination Institution**

Committee on Acceleration and Expansion of Indonesia’s Economic Development 2011-25

Executive Chairperson:

Coordinating Minister of Economic Affairs

Chairperson for Connectivity Task Force:

Vice Minister for National Development Planning  
Vice

Head of National Logistics Team

Deputy for the Coordinating of Industry and Trade Policy Affairs

Supported by: Expert Group & Secretary General of National Logistics Team

Working Group for Six Key Drivers

Members: ministries/agencies, academicians, practitioners

Subnational Coordination Institution

61. It is possible for GMS countries and their border points to consider subnational coordination institutions to support or channel their results into the national coordination institution. This is also instructive for continuing reforms to Vietnam’s Transport and Logistics Partner’s Quarterly Meeting/National Logistics Forum (TLPQM/NLF) as well as for other GMS BEZ institutional reforms. The use of Vietnam’s existing institutional structures can be from the Vietnam Automobile Transportation Association (VATA), Vietnam National Chamber of Commerce and Industry (VNCCI) and the Haiphong Port Authority. Each one has effective working mechanisms at the commune, district and provincial levels for effective grassroots interfacing with the central government and to the national coordination institution. “International experience has shown that inclusive institutional arrangements can facilitate multidisciplinary decision making in logistics—and that without it projects tend to continue to be managed in silos. Typically set up at the national level, logistics councils may also be established at the subnational level and be complemented by mechanisms to systematically promote and facilitate public-private avenues of engagement, consultation and collaboration, such as logistics flora.”[[16]](#footnote-16)

62. The Vietnam Trucking Association of VATA is separated into three regions with members in Haiphong in the north, Danang in the central and Ho Chi Min city in the south. Member representation is from government and shippers and could be an important channel of information and recommendations into the TLPQM/NLF national coordination institution or similar ones in GMS countries. In addition, the VATA has working mechanisms that can interface with the TLPQM/NLF. They include: General Meeting, Executive Committee, Standing Committee, Supervision Committee and Administrative Office. These can be useful since the volume of information, data, and issues are highest for road transport comprising 74 percent of all traffic in Vietnam. Similarly, the Haiphong Port Authority is advanced in their inter-agency and business collaboration and is the lead agency for e-administration projects. They have authority from the central government by various Decrees such as Decree 160 of 2003 and Decree 21 of 2012 to improve e-administration and inter-agency coordination for maritime, respectively. The “One Stop” program in Haiphong of seven agencies on one electronic platform can be useful to the national coordination institution and serve as a model or working mechanism to the TLPQM/NLF and for GMS border institution building.

63. In North America, there are numerous subnational government and business bodies to improve transport and trade infrastructure, policies and operations. Some of these are cross-border cooperation institutions. Trade across the 5,525-mile northern border of the U.S.A. with Canada and in the 1,933-mile southern border with Mexico is facilitated by building better infrastructures such as ports of entry (POE), residences for border agency workers, warehouse operations, industrial parks and customs offices. The efforts to improve cross-border cooperation and communication cannot be accomplished without established institutions to grapple with the commercial and security concerns. In the forming of the joint cross-border organizations, “building coalitions at the regional level can permit the border regions to join forces in opposition to (U.S.) federal actions, or to press for changes. Border stakeholder groups seek to reduce miscommunications and improve information flows between the central government and the border.”[[17]](#footnote-17)

64. The International Mobility and Trade Corridor Project (IMTC) is an excellent example of a subnational institutional framework. The IMTC has effective mechanisms for facilitating cross-border coordination, cooperation and communication among the different entities found in business and government. The IMTC is a forum organized by the Whatcom County, Washington state municipal government and comprised of U.S.-Canada (Cascade Gateway) coalition of business and government for the four border crossings of that region. This serves as an international example for GMS border points. This subnational coordination institution of the IMTC interfaces with the provincial/state and national governments from both U.S.A. and Canada for border management.

65. The IMTC evolved over 18 years and in the first years met on a regular basis prior to being recognized and then started to receive funding to operate**.** Over this time, trust built up and agencies and businesses saw the benefits. IMTC recommends that chambers of commerce and industry associations (trucking, freight forwarders, etc.) are best to invite for attending regular meetings. The three mechanisms are:

• *General Assembly* comprised of over 200 business organizations and agencies from both sides and all levels of government that meets periodically. A suggestion for the GMS border towns is that IMTC organizers go to the border crossing and literally look at who is crossing the border and make a contact list of businesses to invite to attend the annual meeting and also conduct surveys of local businesses for meeting attendance. This mechanism provides feedback on policies and operations.

• *Steering Committee* made of 30 agencies from both sides to work in details on all issues and that meet monthly to make suggestions to the Core Group.

• *Core Group* Including the Steering Committee, is comprised of over 50 agencies and organizations meets twice a year (formerly quarterly) and is the decision-making body of the IMTC.

In fact, trade moving across these four crossings represents 3% of the total U.S.-Canada trade of US$441 billion in 2009. Since 1997, the IMTC helped to collect US$38 million from U.S. and Canada partners for projects designed to achieve the following goals:

• Organize communication between agencies that affect regional, cross-border transportation, safety and security

• Coordinate planning of the Cascade Gateway as a transportation and inspection system rather than as individual border crossings

• Improve and distribute traffic data and information

• Identify and pursue improvements to infrastructure, operations, and information technology[[18]](#footnote-18)

**Figure 6 Subnational Coordination Institution, U.S.-Canada Border Crossing**

International Mobility and Trade Corridor (IMTC)

(Subnational coordination)

*General Assembly*

200 business organizations and agencies meets periodically

*Core Group*

50 agencies, meets twice/year

*Steering Committee*

30 agencies, meets monthly

66. In this section, there are clear principles for countries establishing self-sustaining and dedicated national and subnational coordination institutions for the long term in order to improve transport, logistics and trade.The basis is found in a legal and political mandate followed by strong leadership, working mechanisms that are well structured to be inclusive to government and businesses and a lead authority responsible for monitoring and reporting the progress and results of the meetings. Malaysia and Mongolia experienced difficulties, but continue to move forward to reform their coordination institutions. Many countries found that national logistics development is best accomplished by forming national coordination institutions such as in Indonesia. At present, Cambodia is moving down this path. Also, countries see the need to improve national and international economic competitiveness by planning and implementing improved interagency and trader information systems such as in Singapore, Thailand, Japan and the United States in their Single Window programs. The United States shows that subnational coordination between business and government can bring results by improving cross border transport and trade. These national coordinating institution examples are ample proof to GMS border towns to continue to establish their national and subnational transport, logistics and trade institutions. “Improving only two key components of trade facilitation—border administration and transport and communication infrastructure—would lead to an increase of some $2.6 trillion (4.7 percent) in global GDP and $1.6 trillion (14.5 percent) in global trade. A complete worldwide tariff elimination would only add a further $400 billion (0.7 percent) to global GDP, or $1.1 trillion (10.1 percent) to global trade.”[[19]](#footnote-19)

International Coordination Institution

67. The GMS countries’ efforts to build public-private cooperation institutions for developing economic zones in the border areas need to understand the distinction between three levels of cooperation as outlined by the OSCE under their Integrated Border Management (IMB). These are: intra-service cooperation; inter-agency cooperation; and international cooperation. **Intra-service cooperation** is internal cooperation and management of processes, information and resources conducted *within* a ministry or agency among the central, regional and local (border) authority levels (vertical cooperation). **Inter-agency cooperation** is cooperation conducted at the local level or border. This is horizontal cooperation and coordination between officers of different services *within* various levels of hierarchy. **International cooperation** is at the local level between officials on each side of the border; cooperation between neighboring states; or cooperation at the multinational level. The interagency cooperation between different border agencies is the core element of IBM and a politically mandated and powerful agency to lead such cooperation is needed.[[20]](#footnote-20)

68. In theory and practice, there is a progression of cross border cooperation among business, government and academic/research over many years. This progression from domestic to international cooperation balances security issues with those of trade and transport facilitation and the overarching issues of sovereignty which involves trust building between business and government and between the two border towns. Cross border or international cooperation and coordination among the myriad entities progresses from the informal coexistence and collaboration to more formal rules based bodies. “Trans-border cooperation adopts distinct modalities of convergence—collaboration-- co-management and integration. Convergence involves day to day activities. Collaboration occurs with flexible arrangements within committees, tasks forces or working groups. Co-management implies pooling of resources of land, labor and capital and then integration with formal transnational governance formalities and more rules with enforcement.[[21]](#footnote-21) It is the transaction costs of increasing trade flows across the borders that pull business and government together to form cross border institutions for better planning on the two border towns.

69. The GMS countries’ laws, decrees, regulations and policies allow for the development and management of economic zones and special economic zones which have similar functions and objectives as the CBEZs. CBEZs build on SEZs in their respective border towns or along their corridors. As such, the CBEZs are best viewed and developed at the beginning and over time in terms of dry ports and restricted access sites operating as one system rather than as two separate border crossings.

70. The new institutions can be shaped and managed in the beginning phases for dry ports with restricted access areas. The following provide a guideline to the policies and institutions involved and respective roles and responsibilities:

|  |  |
| --- | --- |
| Ministry of Transport  (focal point) | Project proponent & implementing agency |
| Ministry of Finance & Planning | Appraise and approve projects with all fiscal policy planning |
| Ministry of Ports & Aviation | Provide policy to Ports Authority on handling of operations |
| Ministry of Defense | Provide secure area for operation of containers |
| Ports Authority | Facilitate container handling |
| Department of Railway | Provide effective transport linking Port and the ICD |
| General Customs Administration | Provide efficient customs clearance at the Dry Port |
| Urban Development Authority | Prepare land use plan |
| Road Development  Authority | Provide good road connectivity to Dry Port |
| Municipal Council | Provide measures to discourage use of city roads by containers |
| Provincial Council | Provide policy directives to Provincial authorities |
| Board of Investment | Provide support for investment by private sector |
| Freight Forwarders | Support for functioning of Dry Port |
| Chambers of Commerce | Give leadership for private investment in Dry Port |



Exhibit 1: UNESCAP, November 2010

source: Institutions involved in dry port development and

their roles, UNESCAP, November 2010

71. In 2010-2012, ADB technical assistance in Yunnan, Hekou-Lao Cao, Vietnam border crossings and in Guangxi Zhuang Autonomous Region (GZAR), Pingxiang-Lang Son, Vietnam resulted in the latter border points agreeing to a Memorandum of Understanding (MOU) to jointly develop as CBEZs. In 2016, ADB began a “Project Multi-tranche Financing Facility Guangxi Regional Cooperation and Integration Promotion Investment Program” to improve various issues in economic corridor and BEZ development among which are:

* Further improving the consultation mechanism between GZAR and Vietnam border provinces to coordinate policies and actions to border area development.
* Reforming public investment policy for border services by introducing public-private partnership, which will be pilot tested to selected border crossing points by 2018.

In 2016, ADB also began: “Mongolia: Regional Improvement of Border Services Project” of which the following is of note for GMS Economic Zones in the Border Areas TA:

* The interagency nature of the single window requires extensive engagement and coordination of stakeholders from both public and private sectors, which can pose a challenge. International experience suggests to adopt a pragmatic and incremental approach to the development of a single window. Therefore, preparatory work is highly relevant to build trust and understanding between agencies and establish an appropriate legal framework before launching a single window system.

These two ADB projects are notable for demonstration effect for the GMS countries.

72. The legal basis for European cross-border regions and cooperation is rooted in the Madrid Convention of 1980 (Outline Convention on Transfrontier Co-operation) by the Council of Europe (CoE) ratified by 20 CoE member states. As a result, many inter-state and local agreements occurred and are possible as cross-border cooperation (CBC) arrangements, but the national laws always take precedence over the Convention. Also, the Single European Act of 1986 and the European Single Market in 1993 as well as the Schengen Cooperation Agreement of June 1985 paved the way for greater cross-border cooperation institution building.

73. Financial support for CBC initiatives comes from the Commission of the European Union in guiding non-central governments to co-operate across borders. The first cross-border agreements were the BENELUX Cross-Border Convention of 1989 and the German-Dutch Cross-Border treaty of 1991. These are called Euroregions with participants from local authorities or from regional district authorities as well as from development agencies, associations, and chambers of commerce. The institutions of the cross-border regions take on various degrees of formality and can be informal depending on the involvement of local border participants and municipalities and the frequency of collaboration and by documented joint strategies.

International Practices for Cross-Border Economic Zone Coordinating Institutions

74. PRC and Vietnam as well as Cambodia among other GMS countries in this BEZ technical assistance expressed concerns and lack of knowledge of international practices in forming government and business coordinating mechanisms. The main concerns were sovereignty, trust building between government and business and across borders, the need for third party help as “honest broker”, more business involvement and a lack of communications from the central government to the border areas.

75. The building of trust and a sense of bipartisan partnership are best engendered by informal institution building. There are many issues and facts that are best known by the local stakeholders to communicate to the higher levels of government in the form of policy statements and by particular projects. Transaction costs are a good example of how local actors at the borders can best gather information and communicate their infrastructure and system needs to the central governments for better cross border business and for regional investments and economic development.

76. Formal approval of a CBEZ involves matters of national sovereignty which are far too difficult to achieve in the short term. Hence, informal new joint institutions are best suited for the two CBEZs that can evolve and develop together for short and medium term gains in economic growth and urban construction. There are many examples of designed and functioning local level cross border institutions in Europe, North America and Asia that can be adapted to the GMS CBEZ situation and will be examined in the next section.

**Europe**

77. Two European cross-border regions are good examples of institutional arrangements with their local-regional-national interactions that can be useful in adapting to the GMS BEZs. The first is French-Belgian border encompassing the largest border-metropolis of the Schengen area, the Lille Eurodistrict. The second is the Swedish and Danish border-crossing known as the Oresund Region which has economic asymmetries worth noting in GMS uneven border developments.

78. A paramount concern of the national authorities over any cross-border integration is that of security and the policing of borders and that of the twin concern of commerce and customs administration for cross-border trade. The Lille Eurodistrict is a transnational metropolis between France and Belgium at the border crossing within a secure perimeter. The central authorities manage the police and border cooperation in a joint manner by sharing the same offices.

79. “The common Customs and Police Cooperation Center (CPCC) of France and Belgium began in September 2002 comprised of police and border controllers from both countries who work together in one building. There are 24 French: 14 policemen, 5 gendarmes, 5 customs controllers; and 13 Belgians: 11 policemen and 2 customs controllers. These personnel are managed by a bi-national management team. This CPCC creation is mainly working for information exchanges and does not change substantially the police and customs management in both sides of the border…”[[22]](#footnote-22) The local actors can express concerns through the CPCC Strategic Committee meetings. Prior to the CPCC there were many French and Belgian border patrollers and customs collaborations. The Schengen Agreement of the EU and the Tournai Treaty of March, 2001 between Belgium and France led to the CPCC.

80. The second good example for possible application to the GMS BEZ institutional situation is that found in the cross-border region between Denmark and Sweden of the Oresund Region. How the new institutions developed and their relationship with the older institutions at the regional and state levels can be instructive. This transnational area is populated by 3.6 million of which 2.4 million live on the Danish side on 9,782 square kilometers and 10,914 sq. km. on the Swedish side of the territory.

81. The driving force for integration was the economic crisis and the need to devise a regional economic growth strategy, jointly to better position both sides to be competitive in the region and globally. The common cause brought the two sides together for cross-border cooperation. In the process of “rescaling,” both sides identified at the local levels the structures and actors for their new institutional arrangements. Both central governments condoned the integration process and supported transport infrastructure investments to improve conditions for traffic flows.

82. It is the institutions of the Oresund Region of both traditional and formal at the national and regional levels and the new informal institutions that are important to the integration process. Traditional institutions include the parallel regional and local municipalities and organizations from both sides. The new cross-border institutions are the Oresund Science Region, Oresund Business Council, Oresund Chamber of Commerce and the Business Bridge in order to facilitate communication between enterprises across the border. The Oresund Science Region is important to identify and develop new industries for a niche in the global market and is comprised of co-operation between industry, public institutions and universities with platforms in: IT, Medico, NANO, Logistics, Environment, Food and Diginet.

83. These new cross-border institutions have no formal authority and serve to better

organize the issues and articulate them to those authorities that can change laws and regulations at the regional and national levels. This bottom-up or networking approach is effective in that the new institutions provide input to the regional authorities such as the Oresund Committee of elected county politicians from both sides. The Committee writes the policies, strategies and formulates the identity of the cross-border territory (Oresund Region) and has the relations with the EU financing program for CBC. “In time, these new institutions will be able to contribute to the further development of cross-border cooperation independently of national institutional structures.”[[23]](#footnote-23)

84. There are differences in the two national systems as far as wages in Sweden are

lower than those in Denmark and Denmark has a higher cost of living (house prices, rents, car prices) and for differences in social security and pension systems. These social issues are worth noting in the GMS BEZ and CBEZ construction. However, the establishment of market driven cross-border institutions that function at all levels and jointly are the first phase of the integration process that over time will need new institutional solutions for more social and economic harmonization.

**North America**

85. The North American Free Trade Agreement of 1994 began the ongoing process of economic integration whereby all three sovereign nations benefit from growing trade and regional economic development. Trade across the 5,525 mile northern border of the U.S.A. with Canada and in the 1,933 mile southern border of the U.S.A. with Mexico proved to be important for border communities by forging better infrastructures such as ports of entry, warehouse operations, industrial parks, customs brokerage houses and housing infrastructures for workers. The efforts to improve cross-border cooperation and communication cannot be accomplished without established institutions to grapple with the commercial and security concerns.

86. In 2000, the U.S. and Mexico revised their 1994 memorandum of understanding

between their respective national transportation departments to form the U.S.-Mexico Joint Working Committee (JWC). The JWC is a bi-national group to cooperate on land transportation planning and facilitation of efficient, safe and economical cross-border transportation movements. The JWC is a forum of communication and coordination and not a bureaucratic entity to interfere with decision making processes of Mexican and the United States and their states. Specifically, the JWC has responsibilities and participants as follows:

* Support the bi-national planning processes at the federal, state, local levels
* Coordinate the federal, state, local planning processes within and between both countries
* Encourage the implementation of innovative solutions to improve border efficiency

Participants:

* Co-chaired by the U.S.Federal Highway Administration (FWHA) and the Mexican Secretariat of Communication and Transportation (SCT)
* Transportation professionals from FWHA and SCT
* U.S. Department of State and Mexican Secretariat of Foreign Relations
* Four U.S. border states’ department of transportation and six Mexican border states
* U.S. General Services Administration (border facilities construction); Customs and Border Protection; Environmental Protection Agency

87. The key mechanism of the JWC is the two JWC coordinators. One from the FWHA and one from the SCT. The JWC coordinators have the following responsibilities:

* Ensuring the biennial work plans are executed by providing support, arranging meetings, making work assignments, tracking progress of activities, ensuring participation and developing project plans.
* Arranging the biennial meetings, ensuring adequate translation services, meeting space and participation, take the meeting minutes, track commitments and agreements from each meeting ([www.borderplanning.fhwa.dot.gov](http://www.borderplanning.fhwa.dot.gov)).

88. The U.S. and Canada join border initiatives under the Transportation Border Working Group (TBWG) that is well organized for coordinating and collaborating for trade, transportation, and technology planning among the transportation and border agencies from both sides. Their website is an important tool for communicating and available in English and French languages ([www.thetbwg.org](http://www.thetbwg.org)).

89. The website has a terms of reference to clearly outline the mission and scope of the Steering Committee that are to:

* Planning of biannual plenary meetings in the U.S.A. and Canada
* Manage an official TBWG website
* Consultation and communication with TBWG subcommittees: Border Infrastructure Coordination, Technology, Trade and Traffic Data, Policy
* Coordination and communication of information between the TBWG and other organizations and regions.

Some other important mechanisms of the TBWG for considering by the GMS BEZ and CBEZ border partners are:

* Databases for: trade, traffic, infrastructure, and information about border crossings, and an on-line border map.
* Newsletter and workshops
* Conference telephone call meetings by the Steering Committee
* Annual Action Plan document with details from each subcommittee posted on the website

90. Cross-border institutions evolve and change based on the economic and social

dynamics such as globalization of supply chains and security. In the North America, the U.S. and Canada institutions are undergoing change. Both countries agreed to improving border management to increase job opportunities and competitiveness. As such, a new Beyond the Border Working Group, composed of representatives from the appropriate departments and offices of the two federal governments, prepared a joint action plan with the assistance of existing cross-border institutions (TBWG) to implement a number of joint border management goals. Also formed is a U.S.-Canada Regulatory Cooperation Council of senior regulatory, trade and foreign affairs officials with a two year mandate to increase regulatory transparency and coordination. Lastly, a President’s Export Council seeks to fully establish an automated single shipment interaction window for equal efficiency for both imports and exports from the United States for all international trade and not just in North America.

**Asia**

91. These two Asian examples of cross-border cooperation are between the PRC and Russia. In 2001, the Standing Committee of the People’s Congress of Inner Mongolia Autonomous Region issued a circular, No. 59, to adopt, “Administration Regulation for Manzhouli Frontier Economic Cooperation Zone.” Article 6 established the Management Board of Border Economic Cooperation Zone to manage and lead the economic and social affairs in the Zone. The Management Board received administrative authority from the provincial and the municipal authorities. Institutions of industry, commerce, tax, quality and technical supervision, public security, and land use are under the Management Board. A significant joint effort are that Manzhouli and Zabaykalsk have Customs personnel exchanges for inspections in the trade zone.

92. The PRC-Russia border-crossing at Suifenhe and Pogranichny is vying for establishing a CBEZ with a mutual trading market. Since 1994, Heilongjiang and Promorsky Territory began signing agreements for building a joint zone. In 2004, a Chinese investor and a Russian company agreed to a Board Trade Zone with a total joint planning area of 4.53 square kilometers with some infrastructure already constructed. However, there is no central government agreement on upgrading the Board Trade Zone to a CBEZ.[[24]](#footnote-24) In these two cases, the forming of a management board and a board trade zone prove effective in the first phases to not only contruct border infrastructures, but to attract investors for commercial development. The smooth operations and growth in trade across border points as managed by these two local institutions will be useful to further the goal of higher level government approvals for more joint cooperation.

93. These international best-practices from European, North American and Asian examples show that building cross-border institutions is an incremental process under constant revision based on changing economic and social conditions on both sides of the border. Growth in trade or the need to work together at the borders for developing new industries and markets is a common force for joint institution building. These examples demonstrate to the BEZ and CBEZ leaders from the GMS countries that bottom-up approach is the best way to build support from the central government authorities for their long-term approvals of the BEZ and CBEZ. Informal organizations such as the Oresund Committee and the International Mobility and Trade Corridor (subnational coordination) are effective in meeting with all stakeholders and to research problems, have joint websites, write proposals and jointly solve problems for cross-border economic development. The halting progress in GMS BEZ/CBEZ development can find inspiration in the common Customs and Police Cooperation Center. The IMTC, JWC and TBWG institutional frameworks show how websites can be very important to communicate issues to business and government. All of these cross border institutions worked with some central government authority and agreements, but the driving force for change is from the organizational abilities and economic necessities expressed by the border groups at the local levels.

International Examples of Spatial Development Initiatives: Clusters and Corridors

94. Over the past ten to twenty years, developing and developed countries are using industrial and agriculture clusters in their national economic policies to improve enterprise competitiveness in the global marketplace. As such, clusters and corridors are useful in bringing business and government leaders together in forming bodies to jointly attract business investments and solve border problems based on public goods infrastructures. These bodies or committees are public and private consultation mechanisms useful for GMS BEZ/CBEZ institutional progress and reforms. This section will show cluster and corridor international examples from Latin America, Africa, and Asia that involve business and government joint cooperation and collaboration mechanisms.

95. Clusters are related businesses and institutions such as government (standard setting agencies) and universities (technical training/research and development) in a geographic concentration. Clusters can be in industry or agriculture wherein firms and institutions build trust, foster knowledge spillovers, are a locus of innovation, participate in social networks (labor pooling), reduce transaction costs and increase efficiency as defined by Michael E. Porter in the 1990s. For the purposes of public and private coordination bodies in GMS BEZ and corridor development, “solving coordination failures is one of the key objectives of cluster development policies (CDP). The existence of coordination failures represents the guiding principle and justification for CDPs. *Clusters are not the final objective. Rather, clusters are the instrument, or the intermediate objective, to overcome coordination failures.”[[25]](#footnote-25)*

96. The tourism sector illustrates that public and private coordination failures can occur. Such as, private investments in hotels may not be profitable unless there are restaurants or other businesses in leisure activities. These enterprises also depend on good public utilities and infrastructures which need tax revenues from these enterprises’ tourist sales. Hence, the lack of private-private and public-private coordination may lead to levels of business linkages and investment that are “socially sub-optimal.” (Maffioli)

97. In Chile, business and government came together in the salmon industry to form a cluster. Authorities set up the Corporation for Production Promotion and the Salmon Technological Institute. A Comprehensive Territorial Program established to coordinate different public and private institutions for the salmon firms. A salmon cluster started led by a *committee* of representatives from producers in each stage of the salmon value chain and adminstered by the Promotion and Institute authorities. The results were the Promotion authority financed 18 technical projects of salmon cluster producers to improve fish health, feeding, clean production and training. Also, a *working group* formed to improve divers’ labor conditions and harmonize different agencies’ regulations related to accrediting vaccines for salmons as well as improving suppliers’ certifications.”[[26]](#footnote-26)

98. A CDP in Cordoba, Argentina shows how the information and communication technology (ICT) sector benefited from cooperation between business and government. Between 2003 and 2007, the objective of the CDP was to improve ICT firm competitiveness and strengthen cooperation among firms and between firms and institutions (government). The CDP required firms belonging to the ICT sector in Cordoba to apply for a joint project for credit, investment in capital goods, or an organization to search for new markets. One result was a purchasing pool by participants to buy inputs in larger quantities to reduce prices of inputs which had spillover effects for nonparticipant firms near the cluster geographic area. Another benefit of this cluster coordination was the acquisition of ISO quality certificates that allowed access to these certificates to all firms and could not have occurred because the costs of these certificates was too high for individual small firms. (Maffioli, p. 153)

99. A Uganda agriculture cluster development project (ACDP/$248 million) with the World Bank over several years also illustrates the importance of clusters to improve coordination between the business and government leaders. Agriculure is the largest sector in the Uganda economy. Smallholder farms employ 87 percent of the women and 63 percent of the men. Productivity lags and is only 25 percent of the gross domestic product with potential for regional food security. There is demand for maize, rice, beans, cassava and coffee in 12 clusters. This ACDP will improve farmers’ infrastructure (passable roads), access to inputs, post-harvest handling (warehouses, equipment) and better pricing for inputs and outputs through information systems and e-vouchers for marketing and sales.

100. The implementation of this ACDP establishes the National Project Steering Committee (NPSC) and the Cluster Multi-stakeholder Platforms (CMSP). The NPSC is led by the Ministry of Agriculture, Animal Industries and Fisheries (MAAIF) with representatives from several Minstries and the Private Sector Foundation, representatives from at least two district local governments, and representatives from farmers’ organizations. Meetings will take place twice a year or as needed to implement ACDP. CMSPs are at the district local level to bring together key value chain actors in their respective commodity production areas and local government representatives from the districts within each cluster. This body is a forum for planning, dialogue, and priority setting among the stakeholders to develop the selected commodities in the clusters in an integrated manner. This model is similar to the World Customs Organization Coordinated Border Management: Steering Group Chair leading the ministry representatives, Customs and cross border representatives and private sector representatives.

101. Two other key stakeholders are the Area-based Commodity Cooperation Enterprise (ACCE) and the private sector led Voucher Management Agency (VMA). The VMA is part of an important public and private mechanism to implement the ACDP’s e-voucher program. This involves coordination, cooperation and collaboration among the International Development Association (IDA), the VMA, the Bank of Uganda and between the farmers and their distributors/retailers. The beneficiaries will be the commodity producers estimated as 450,000 farmers in the clusters. The impact will be increased productivity, innovation, new businesses forming.[[27]](#footnote-27) Long term potential will be in agribusinesses (agrifood chains) attracted to the contract farming opportunities and forming agrocorridors as shown in the following section.

102. The following international examples are instructive to GMS BEZs and corridors because they demonstrate that “clusters cover larger geographic areas than other spatial development initiatives (SDIs) of industrial parks, SEZs, technopoles which are more restrictive in scope. Clusters form along agrocorridors to help improve physical connectivity and functioning of markets while generating economies of scale in agriculture. Agrocorridors integrate public and private investments in “hardware” (transport and agribusiness infrastructure), “software” (policy and regulatory framework), and “orgware” (institutional stregthening and capacity building).”[[28]](#footnote-28)

103. How are clusters and agrocorridors designed, implemented and maintained? A multisectoral approach is carried out with a “multilevel and multistakeholder governance systems with proper checks and balances that take into account both private and public sector interests.”[[29]](#footnote-29) Two economic corridor initiatives will show how effective public-private consultation mechanisms are for agrocorridor development. These are by the US AID initiative in the Poverty Reduction and Alleviation (Project), Peru (PRA) and the World Economic Forum (WEF) initiative in the Southern Agriculture Growth Corridor of the United Republic of Tanzania (SAGCOT).

104. In Africa and Latin American, there are high level policy and institutional frameworks for developing corridors with delivery mechanisms down to the lowest level. The highest level stakeholders are the continental and regional integration trading blocs of which one of many is the World Economic Forum (WEF) partnership platform. These organizations decide that there is a need for infrastructure development by constructing and transforming transport corridors to economic corridors. In 2009, WEF introduced the New Vision for Agriculture with agribusiness multinationals as industry partners of which one model is agriculture corridors. This initiative brings together business leaders, governments, academia, civil society and the donor and investment communities to implement country level agriculture corridor partnerships. In Africa, there is SAGCOT corridor (930 km.) which links Tanzania to the port of Dar es Salaam plus Zambia and Malawi. This corridor also links mining through the same countries and the Democratic Republic of Congo. WEF has multistakehoder partnerships in 11 countries of Africa, Latin America and Asia.[[30]](#footnote-30)

105. SAGCOT began in May 2010 with a budget of $1.3 billion and two important interventions in their corridor construction: $650 million for backbone infrastructure and ground level farmer support in $570 million last-mile infrastructure (feeder roads, power, irrigation to the farmgate). In 2012, the Investment Blueprint for Agriculture Green Growth outlined the need for public and private cooperation on investments. This led to establishing of two institutions: the SAGCOT Center and the SAGCOT Catalytic Trust Fund ($50 million).

106. The two main thrusts are the development of agriculture clusters in the corridor and policy dialogue to ensure success for the agriculture sector. “The private sector participation in this dialogue is ensured by the SAGCOT Center which coordinates the Tanzania Private Sector Foundation, Agriculture Council of Tanzania and other private sector organizations that bring together local and international investors to guarantee that priority issues for the corridor are addressed at the highest levels.”[[31]](#footnote-31) The Catalytic Trust Fund is an important mechanisms for subprojects on the corridor by a Matching Grant Facility to link commercial agribusinesses with smallholder farmers to build supply chains, increase incomes and create jobs (contract farming) and the Social Venture Capital Fund with start up capital for small agribusiness firms. Financing for the Funds are from the government of Tanzania and donor institutions. SAGCOT is promoting six agrobased clusters and with SEZs for production, processing, distribution, packaging and logistics. These include: dairy, milling, horticulture, cattle, tea (Unilever) and rice plantations.

107. Agrocorridor level delivery mechanisms are important in understanding the multisectoral and multilevel stakeholder public and private dialogue framework. These are the Economic Service Centers (ESC) in the corridor to provide Business Development Services (BDS) to targeted farmers and client firms. The SAGCOT Center functions for coordinating and mobilizing investments and partnerships in the corridor, research, monitoring and evaluating, and impact assessments over time. Moreover, BDS offer non-financial services of “brokering market linkages and promotion of contract farming of the corridor countries,SME support and information services.”[[32]](#footnote-32)

108. The SAGCOT has a corridor governance structure for institutional stregthening. The Secretariat is independent and monitors the daily activities, but outsources design and operations of the monitoring and evaluation system to assess impacts of the parternship. Also, the Executive Committee of SAGCOT has Unilever and Yara International members by which Yara Chief Executive Officer proposed agrocorridors in Africa that resulted in SAGCOT partnership.

109. These public-private multilevel and multistakeholder mechanisms pave the way for public private partnerships to finance backbone and last mile infrastructure. These PPP types include: agribusiness PPP for contract farming facilitated by corridor ESC/BDS; infrastructure PPP by government and private company(s) for transport, energy or construction projects; soft corridor PPP projects for information systems or insurance products by government and private companies or universities; market based PPP for the corridor center (ESC) by government and private company. There are expected benefits to Tanzania and the region along the corridor from these public private multistakeholder mechanisms. SAGCOT plans to generate revenues per year of $1.3 billion (5.2 percent GDP gains) and create 420,000 jobs.[[33]](#footnote-33)

110. The second international corridor example is the PRA Peru Project to illustrate the importance of public-private consultation bodies to GMS BEZs and corridors. Similar to the WEF in Africa is the US AID initiative to corridor development in Latin America. The PRA Peru Project had two phase (1998-2008, $38 million and 2009-2014, $24 million) for agriculture corridor development and is in the context of the regional trading bloc for infrastructure and integration by the Union of South American Nations (UNASUR) which is responsible for the Initiative for the Integration of Regional Infrastructure for South America (IIRSA).

111. The public-private institutional framework of the US AID PRA Project is proven since numerous sister corridor projects resulted since first introduced in Latin America in the 1990s. The corridor level delivery mechanisms are similar to the SAGCOT program to include: Economic Service Centers (ESC) located in the main intermediate cities. These centers provide BDS to entities in the agriculture and other sectors with the goal of economic growth and generating employment. The structure of the ESC is public and private with the private sector managing the ESCs in the corridors. The companies benefit in the context of Corporate Social Responsibility. The PRA Project partnered with private firms and government entities to co-fund ESCs and 12 partnerships established to prove that this was not just a donor program. Each Center is run by an ESC Steering Board formed by members from each partner organization and alternative members. Each board meets on a quarterly basis to discuss the annual work plan, business plans signed with clients, and review progress on sales and investment targets.

112. The PRA Peru has 10 to 13 subnational regional corridors in this one Project as commercial networks that link rural areas with intermediate cities on the corridors. It is important to note that over the years the private and public participants changed within the institutional framework and delivery mechanisms. However, the success is always dependent on the participation of the private sector for PPPs and outsourcing for infrastructure development and collaboration.

113. The three main objectives of the PRA Peru project were business development, infrastructure and policy dialogue. The ESC was first established by the National Confederation of Private Business Initiatives of Peru. The infrastructure PPP phase began later and led by the Ministry of Transport and Finance with Proinversion a Peruvian investment promotion agency for infrastructure concessions. The results were concessions of the port of Callao and a highway. The policy dialogue phase did not start until much later. Border areas between Peru (Jaen) and Ecuador (Piura) corridors started an ESC and were guided by the US AID Peru-Ecuador Border Program for financing and the Ecuador-Peru Binational Commission. The private sector was paramount in financing the ESC on the corridors. PRA Project ESCs in 10 trade corridors connect SMEs to new markets, works on regulatory reforms for trade and investment and facilitates PPPs.

114. Eventually, this PRA Peru model was signed over to the government of Peru from US AID with the private sector positioned in a key role. The benefits of these public and private mechanisms are evident. The Project introduced the growing of artichokes on the Junin corridor. Total artichoke production area went from zero to 700 ha of which only half were PRA supported since the success of the Project brought new buyers to the area. Similar were black-eyed peas grown in the Piura corridor where 400 ha area planted without Project support out of 2200 additional ha and the number of processors increased from one to seven forming a regional bean cluster.

115. Nogales points out an important issue useful to the GMS BEZ/corridors in their grappling with public-private consultation bodies and mechanisms. Corridors take different paths to engage their partners. Tanzania and Mozambique invested substantial time in building trust among stakeholders and defined shared goals and principles before launching pilot projects. This is a “fundamentals first” approach. It takes time but helps build strong foundation for sustained collaboration without which success can never last. Whereas, PRA Projects focused on initiating action oriented commitments first in order to build collaboration. This “actions first” approach with a learning by doing does not have a common platform and impacted resource allocations, performance and engagement of additional stakeholders.[[34]](#footnote-34)

116. The final international example is in Thailand and Lao at the Ubon Ratchatani Province and Champasak Province for the Chongmek-Vangtao BEZ and agribusiness corridor. This example has useful demonstration effects for the 17 GMS border crossing points in their nascent and growing BEZ/SEZs and transition from transport to economic corridors as well as pulls together all the components of public-private coordination mechanisms outlined in this section of the progress report.

117. The border business is about Lao agriculture exports to Thailand of fresh fruits, vegetables, coffee, and raw materials for Thailand and Singapore (coffee) consumers and agro-processors and forms excellent contract farming at border crossing vacinities. The high level institutional framework in this example is by the Ayerwaddi-Chao Phraya-Mekong Economic Cooperation Strategy (ACMECS) program to improve trade, transport, logistics and investment in a public-private manner. The implementation of the ACMECS program resulted in contract farming, bringing together business and government for cross border trade in agriculture products within a system, and reduce import taxes before the implementation of the Asia Free Trade Agreement (AFTA).

118. The two important delivery mechanisms in this public-private coordination are: the Joint Public-Private Sector Consultative Committees (JPPSCCs) and the memorandum of understanding (MOUs) that promote contract farming and business matching with companies in Champasak. The JPPSCCs established at the national and provincial levels in the 1980s. Meetings occur each year in which Lao and Thai provincial commerce officials work with local governments on cross border trade and investment policy issues. At the same time, Lao and Thai trading companies that are registered negotiate trade terms for a list of food and agriculture products for the next year that involve contract farming agreements with agribusinesses as well as solving operational and infrastructure issues. The agreements between the Lao and Thai companies are written as memorandums of understanding (MOUs) under the supervision of the provincial commerce offices of both provinces. Between 2005 and 2012, nine MOUs occurred.[[35]](#footnote-35)

119. There are numerous and notable benefits to this cross border institutional framework and their MOUs. Such as: implement the ASEAN Integration System of Preferences, sourcing volumes of low cost raw materials for Thailand processing, create farming income for neighboring countries to Thailand, maximizing trade and logistics infrastructure for regional cross border trade, formal trade framework, informing commerce officials about cross border trade, zero tariffs imports to Thailand and pricing for Lao farmers. Some of the contract farming agreements between Thai agro-processors and Lao farmers are: setting up operations by agro-processors in Ubon and Champasak provinces with some in production clusters in Ubon to produce livestock feed locally. These include Charoen Pokphand (CP), Advanced Agro, Kao-na Poultry, two cassava processing factories for ethanol and fluor, Olam International producing coffee in southern Laos and lastly, distribution centers for fruit,vegetables and raw materials near the Chongmek-Vangtao border crossing from Champasak to Ubon.[[36]](#footnote-36)

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