



Central Asia Regional Economic Cooperation Program

Review of International Experience in Implementing Cross-Border Transport Facilitation

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LIST OF ABBREVIATIONS AND ACRONYMS

ADB	– Asian Development Bank
BCP	– border crossing point
BOMCA	– Border Management Programme in Central Asia
CAREC	– Central Asia Regional Economic Cooperation
CBTA	– Cross-Border Transport Agreement
C-R-PATA	– cluster regional—policy and advisory technical assistance
GMS	– Greater Mekong Subregion
ICT	– information and communications technology
Lao PDR	– Lao People's Democratic Republic
MOU	– memorandum of understanding
NAFTA	– North American Free Trade Agreement
OSBP	– one-stop border post
SAIS	– Single Automated Information System
SMART	– specific, measurable, attainable, results-oriented and/or responsible, and time-bound
UNESCAP	– United Nations Economic Commission for Asia and the Pacific
WCO	– World Customs Organization

TABLE OF CONTENTS

- I. INTRODUCTION
- II. A CORRIDOR APPROACH CAN BE AN EFFECTIVE WAY OF IMPLEMENTING TRANSPORT AND TRADE FACILITATION
- III. POLITICAL WILL AND OWNERSHIP IS ESSENTIAL
- IV. A CROSS-AGENCY PERSPECTIVE IS REQUIRED
- V. A PRAGMATIC ORIENTATION TOWARD RESULTS IS IMPORTANT
- VI. IT IS NECESSARY TO DEVELOP A SOUND “BUSINESS CASE” FOR CROSS-BORDER TRANSPORT FACILITATION INITIATIVES
- VII. THERE IS A NEED TO AVOID TRYING TO DO TOO MUCH
- VIII. CBTA IMPLEMENTATION SHOULD GENERALLY FOCUS ON HIGHLY CRITICAL (INDISPENSABLE) PROVISIONS
- IX. A SOUND LEGAL/REGULATORY FRAMEWORK IS IMPORTANT FOR TRANSPORT/TRADE FACILITATION INITIATIVES, ALTHOUGH THE NEED FOR CHANGE SHOULD NOT BE USED AS A PRETEXT TO DELAY IMPLEMENTATION
- X. THERE IS A NEED TO PROVIDE ADEQUATE HUMAN AND FINANCIAL RESOURCES FOR TRANSPORT AND TRADE FACILITATION
- XI. ACHIEVING “QUICK WINS” – NEW, VISIBLE CONTRIBUTIONS TO TRANSPORT AND TRADE FACILITATION – WILL BE VITAL TO ESTABLISH CREDIBILITY AND TO PREPARE FOR HARDER-WON VICTORIES
- XII. THERE IS A NEED FOR ALL COUNTRIES IN A REGIONAL GROUPING TO BENEFIT FROM TRANSPORT AND TRADE FACILITATION INITIATIVES
- XIII. TOO OFTEN THERE HAS BEEN INSUFFICIENT INVOLVEMENT BY THE PRIVATE SECTOR IN TRANSPORT AND TRADE FACILITATION ACTIVITIES
- XIV. BORDER CHECKPOINT AND RELATED INFRASTRUCTURE CAN BE A CONSTRAINT BUT IT RARELY CONTRIBUTES TO BETTER BORDER MANAGEMENT UNLESS IT IS SUPPORTED BY MODERN APPROACHES TO MANAGING TRANSPORT FLOWS

I. INTRODUCTION

1. A number of examples of international best (or good) practice as well as less-than-good practice in implementing cross-border transport facilitation initiatives from various regions have been collected. These include experiences from the Greater Mekong Region of Southeast Asia,¹ as well as from Europe,² various parts of Africa,³ and elsewhere in the CAREC region. While lessons learned from other locations would not necessarily be directly applicable since every region and country is different, successes elsewhere may be transferable under certain conditions and at the very least provide inspiration for CAREC countries. On the other hand, failures may provide useful lessons on what to avoid when implementing cross-border transport facilitation agreements.

2. Lessons derived from this body of experience include the following⁴:

- (i) A corridor approach can be an effective way of implementing transport and trade facilitation.
- (ii) Political will and ownership is essential
- (iii) A cross-agency perspective is required.
- (iv) It is important to adopt a pragmatic orientation toward results
- (v) It is necessary to develop a sound “business case” for cross-border transport facilitation initiatives.
- (vi) There is a need to avoid trying to do too much.
- (vii) CBTA implementation should generally focus on highly critical (indispensable) provisions that relate to matters that create an outright barrier to cross-border traffic.
- (viii) A sound legal/regulatory framework is important for transport/trade facilitation initiatives, although the need for change should not be used as a pretext to delay implementation.
- (ix) There is a need to provide adequate human and financial resources for transport and trade facilitation.
- (x) Achieving “quick wins” – new, visible contributions to transport and trade facilitation – will be vital to establish credibility and to prepare for harder-won victories.
- (xi) There is a need for all countries to benefit from transport and trade facilitation initiatives.
- (xii) Too often there has been insufficient involvement by the private sector in transport and trade facilitation activities.
- (xiii) Border checkpoint and related infrastructure can be a constraint but it rarely contributes to better border management unless it is supported by modern approaches to managing transport flows.

¹ Comprising Cambodia, the People's Republic of China (Guangxi Zhuang Autonomous Region and Yunnan Province), the Lao People's Democratic Republic, Myanmar, Thailand, and Viet Nam.

² The World Bank has noted that in Southeast and Central Europe (e.g., Macedonia, Poland, and the Baltic States) border crossing reforms have been carried out with spectacular results. However, it may be argued that the key to success in this region was the leverage or incentive provided by the prospect of accession to the European Union. For example, harmonization was mandatory under the *acquis communautaire* (i.e., entire body of legislation of the European Communities and Union) and lavishly funded by the European Commission, an experience that cannot be easily replicated in other regions.

³ A total of 38 one-stop border post projects are ongoing or planned in Africa, including 10 in East Africa, 17 in West Africa, and 11 in Southern Africa, under the auspices of the World Bank, the African Development Bank, the Japan International Cooperation Agency, the Economic Community of West African States, and the West African Economic and Monetary Union (Union Economique et Monétaire Ouest Africaine).

⁴ A number of lessons presented here were derived during work under: (i) an ADB Technical Assistance for Enhancing Transport and Trade Facilitation in the Greater Mekong Subregion to prepare a draft strategy and work program for transport and trade facilitation in the GMS, June 2009; and (ii) a Japan International Cooperation Agency sponsored Survey on Improvement of Customs Procedures for Trade Facilitation in the Mekong Region, February 2011.

These lessons are discussed in the following sections.

II. A CORRIDOR APPROACH CAN BE AN EFFECTIVE WAY OF IMPLEMENTING TRANSPORT AND TRADE FACILITATION

3. A corridor approach provides a focus for practical and realizable improvements rather than a discussion of generalities.⁵ The aim is to concentrate resources for both investment and operational management, including the facilitation of transport and trade. Particular solutions for specific corridors may be easier to implement than arrangements covering all roads, major and minor.⁶ The approach has been adopted worldwide, e.g., in the North American Free Trade Agreement (NAFTA), in all parts of Africa, and of course in Asia by the United Nations Economic Commission for Asia and the Pacific (UNESCAP) through its Asian Highway system.

III. POLITICAL WILL AND OWNERSHIP IS ESSENTIAL

4. Consider, for example, that implementation of the GMS Cross-Border Transport Agreement (also known as the CBTA) has lagged because there has been insufficient ownership by customs and other government agencies, even though under the GMS CBTA customs officials are expected to play a key role in facilitating border crossing formalities, and in the establishment and implementation of a guarantee system for smooth transit (inland and international) of goods, containers, and vehicles. The World Bank's Lao People's Democratic Republic (Lao PDR) Customs and Trade Facilitation Project reflected this lesson to some extent; the project was requested by the Minister of Finance with the direct support of the Prime Minister, and it is managed by the Lao PDR Customs Department Director General.⁷ Implementation of a single window project in Azerbaijan was facilitated by issuance of a presidential decree.⁸

IV. A CROSS-AGENCY PERSPECTIVE IS REQUIRED

5. In most countries several agencies are present at the border, which complicates coordination. The World Bank found through a rigorous value chain analysis in Cambodia that transport and trade facilitation involves issues of role clarity across agencies and problems of information sharing and coordination between/among agencies and the private sector.⁹

V. A PRAGMATIC ORIENTATION TOWARD RESULTS IS IMPORTANT

6. Results – the smooth cross-border movement of goods and people, rather than process (meetings) – may be achieved pragmatically, through bilateral agreements, plurilateral agreements, multilateral agreements, and/or other initiatives (e.g., the CAREC Single Window initiative, initiatives of other development partners). What is important is to have measures that

⁵ World Bank. 2008. *Trade and Transport Facilitation in South Asia: Systems in Transition, Volume I; Summary and Main Report*. Washington, D.C. Summary, paragraph 46, p. ix, and Section 6.3.5, paragraphs 234-37, p. 59.

⁶ See source in previous footnote, Section 6.3.5, paragraph 235, p. 59.

⁷ World Bank, *Project Appraisal Document on a Proposed IDA [International Development Association] Grant to the Lao People's Democratic Republic for a Customs and Trade Facilitation Project*, 15 May 2008, p. 8, paragraph 29.

⁸ WCO Diagnostic Mission [Expert Team of the States Customs Committee of the Republic of Azerbaijan], *Report on Diagnosis of Single Automated Information System (SAIS) of the Customs Service under the Republic of Tajikistan*, 2010, p. 16.

⁹ World Bank, *Project Appraisal Document on a Proposed IDA Grant to the Kingdom of Cambodia for a Cambodia Trade Facilitation and Competiveness Project*, 4 May 2005, p.10.

will achieve the desired results as far as possible. The mindset must not be one that is agreement or memorandum of understanding (MOU) oriented, but a coordinated problem-solving approach based on achievements.

VI. IT IS NECESSARY TO DEVELOP A SOUND “BUSINESS CASE” FOR CROSS-BORDER TRANSPORT FACILITATION INITIATIVES

7. The economic arguments supporting transport facilitation and related initiatives need to be put in a form that will “capture the imagination” of key policymakers. This business case should be focused on presenting practical solutions to clearly identified problems. It should appeal to all stakeholders and demonstrate likely benefits, if possible including a cost-benefit analysis justifying requested investments. While a considerable body of research has found that transport and trade facilitation lowers costs and makes countries more competitive, it is helpful to translate that research into a business case.¹⁰

VII. THERE IS A NEED TO AVOID TRYING TO DO TOO MUCH

8. In the case of the GMS CBTA, the MOU for initial implementation at the Lao Bao-Dansavanh border crossing points (BCPs) between Viet Nam and Lao PDR required completion of 55 actions by specific deadlines, which may have been overambitious and simply overwhelming for those charged with implementation “on the ground”. As stated by Customs Specialist Luc De Wulf at the Meeting of the Transport, Customs, and Immigration Subcommittees of the GMS CBTA in Vientiane, Lao PDR, in June 2010, “pragmatism should prevail” since “the perfect is the enemy of the good”. In another case, the World Bank’s Trade Facilitation and Competiveness Project in Cambodia was restructured to adopt an approach that will achieve objectives similar to those envisaged initially, but at a slower pace and on a more sustainable basis. While gains will be more modest than originally envisaged, the changes in practices and procedures are expected to become internalized in the country’s General Department of Customs and Excise.¹¹

VIII. CBTA IMPLEMENTATION SHOULD GENERALLY FOCUS ON HIGHLY CRITICAL (INDISPENSABLE) PROVISIONS

9. The initial focus should be on addressing outright barriers to cross-border traffic (e.g., vehicle-related provisions, driver-related provisions, and transport operator provisions). Generally less focus, in the near term at least, should be accorded to: (i) moderately critical provisions that enhance efficiency relating to matters that would not block cross-border traffic, but the absence of which make it more onerous and time-consuming; and (ii) provisions of limited criticality, i.e., they would create hindrances only if the inspections were to be misused by the respective national authorities in order to artificially hamper or block (sabotage) the cross-border traffic. Single-window inspection – in its broader sense covering information

¹⁰ Yue Li, Gerard McLinden, and John S. Wilson, “Building a Convincing Business Case for Border Management Reform”, in *Border Management Modernization* (edited by Gerard McLinden, Enrique Fanta, David Widdowson, and Tom Doyle), World Bank, 2011, Chapter 5, pp. 79-94. In the case of a one-stop border post project between Mozambique and South Africa, it was determined that before the Government of Japan could provide assistance, a master plan as well as detailed plans and feasibility studies for each phase must be properly prepared, with full financial and economic justification, including presentation of the “business case”. Japan International Cooperation Agency, PADECO, and Mitsubishi UFJ Research and Consulting Co., Ltd., *Preparatory Survey for Southern Africa Integrated Transport Program, Final Report*, March 2010, Appendix F, pp. F-12 to F13.

¹¹ World Bank, *Project Paper Supporting the Restructuring of the Grant H-165KH, Cambodia: Trade Facilitation and Competiveness Project (TFCP)*, 12 November 2009, p. 4, paragraph 10.

exchange between Customs and other government agencies and between border checkpoints and headquarters, advance manifest and related document submission, pre-arrival procedures, advance rulings, and risk management, the advance exchange of information – may be prioritized over single-stop inspection as an alternative means of obtaining the required facilitation impact.¹²

IX. A SOUND LEGAL/REGULATORY FRAMEWORK IS IMPORTANT FOR TRANSPORT/TRADE FACILITATION INITIATIVES, ALTHOUGH THE NEED FOR CHANGE SHOULD NOT BE USED AS A PRETEXT TO DELAY IMPLEMENTATION

10. To ensure implementation of single-stop inspection, the East African Community is enacting a One Stop Border Posts Act, to be passed by the East African Legislative Assembly and assented to by the Heads of State.¹³ Albania's national integrated border management strategy and action plan begins each component with actions to strengthen the legal and regulatory framework.¹⁴ A comprehensive legal review is included in an Asian Development Bank (ADB) cluster regional—policy and advisory technical assistance (C-R-PATA) to provide Support for Implementing the Action Plan for Transport and Trade Facilitation in the Greater Mekong Subregion, although it is not programmed for immediate action, so as to focus first more directly on implementation.¹⁵

X. THERE IS A NEED TO PROVIDE ADEQUATE HUMAN AND FINANCIAL RESOURCES FOR TRANSPORT AND TRADE FACILITATION

11. Border agency officials are under enormous pressure to maximize revenue collection, by resorting to high rates of physical inspection, which results in significant delays in customs clearance and creates an operating environment that is vulnerable to corruption but which does not result in increased compliance. The scale and scope of the required changes in most CAREC countries is extensive, and adequate resources must be provided to achieve the changes required and sustainable results.

XI. ACHIEVING “QUICK WINS” – NEW, VISIBLE CONTRIBUTIONS TO TRANSPORT AND TRADE FACILITATION – WILL BE VITAL TO ESTABLISH CREDIBILITY AND TO PREPARE FOR HARDER-WON VICTORIES

12. Quick wins can be achieved by focusing on actions that have relatively low implementation constraints (i.e., “low-hanging fruit”). While there may be a tension between quick wins and strategic long-term solutions, quick wins may provide the “political capital”

¹² There is a need to avoid a misconception that the CAREC CBTA is all about single-stop inspection, and that extraterritoriality is the only modality for single-stop inspection. In fact, as the World Bank has argued, it may be illusory to think that combining export and import inspections (enabled by single-stop inspection) will reduce delays because exit inspections are different from entry inspections; indeed, combining control structures may encourage Customs officials to conduct inspections that they might otherwise not undertake.

¹³ Corridor Development Consultants (Pty) Ltd., *Final Report, Study on the Legal Framework for Introducing One Stop Border Posts (OSBPs) in East Africa and the Rusumo Border Post*, prepared for the East African Community and the Japan International Cooperation Agency, 29 March 2010.

¹⁴ Border & Migration Police/Albanian State Police – Ministry of Interior, Albanian Customs Service – Ministry of Finance, and Phytosanitary and Veterinary Services – Ministry of Agriculture, *National Strategy on Integrated Border Management & Action Plan*, prepared with assistance of European Commission Customs and Fiscal Assistance Office – Albania and United States Department of Justice International Criminal Investigative Training Assistance Program (among others), November 2006, pp. 48-51, 68-70, 98-99, 109-18, 163-69, 192-93, 207-08, 212.

¹⁵ Asian Development Bank, *Support for Implementing the Action Plan for Transport and Trade Facilitation in the Greater Mekong Subregion*, Technical Assistance Report, Project No. 44174-01, November 2010.

required to implement more difficult, but potentially more beneficial, initiatives.¹⁶ For example, the World Bank's Lao PDR Customs and Trade Facilitation Project seeks to carry out immediate activities, to give credibility to customs reforms, and provide capacity for future change while not overwhelming the implementation capacity of the Lao PDR Customs Department.¹⁷ An effort to improve trade logistics in Rwanda assisted by the International Finance Corporation of the World Bank Group achieved quick wins by selectively implementing border controls, abolishing import-export declaration forms, and improving integration between Customs and the Bureau of Standards; later, reforms were progressively extended (including, for example, the consolidation of fee payments).¹⁸

XII. THERE IS A NEED FOR ALL COUNTRIES IN A REGIONAL GROUPING TO BENEFIT FROM TRANSPORT AND TRADE FACILITATION INITIATIVES

13. A case in point in the GMS is landlocked ("landlinked") Lao PDR, which borders all other GMS countries, but which may not necessarily benefit from transport and trade facilitation initiatives unless specific measures are taken because the nascent stage of development of the country's trucking industry may prevent the country's road transport operators from fully sharing in the benefits of the GMS CBTA.

XIII. TOO OFTEN THERE HAS BEEN INSUFFICIENT INVOLVEMENT BY THE PRIVATE SECTOR IN TRANSPORT AND TRADE FACILITATION ACTIVITIES

14. Experience has shown the importance of securing long-term commitment and participation of the private sector in transport facilitation. A citizen scorecard approach can be useful for enhancing accountability to service users.¹⁹ In the case of the GMS CBTA, in some countries private sector organizations (e.g., freight forwarders and other entities involved in transport and trade) have little or no awareness of the CBTA itself. While in the case of the GMS CBTA, ADB has urged the countries to actively involve the private sector, and indeed there is some private sector representation on the respective national transport facilitation committees, in some countries they are invited only when there is a generally perceived need for their presence.

¹⁶ See, e.g., Mark E. Van Buren and Todd Saffnerstone, "The Quick Wins Paradox", *Harvard Business Review*, January 2009.

¹⁷ World Bank, *Project Appraisal Document on a Proposed IDA Grant to the Lao People's Democratic Republic for a Customs and Trade Facilitation Project*, 15 May 2008, p. 8, paragraph 29.

¹⁸ Economisti Associati srl in association with Center for Economic and Social Research and The Africa Group, *Investment Climate in Africa Program, Four-Country Impact Assessment, Rwanda Country Report*, March 2011, p. Section 3.3.

¹⁹ World Bank, *Project Appraisal Document on a Proposed IDA Grant to the Kingdom of Cambodia for a Cambodia Trade Facilitation and Competiveness Project*, 4 May 2005, p. 10.

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15. Investment in new border infrastructure should be preceded by a comprehensive reengineering of procedures²⁰ and it should be designed to support modern border management, to balance the objectives of transport/trade facilitation and effective control. Principles for designing BCP infrastructure include: (i) flexibility – taking into account the need to change configurations easily to accommodate shifting circumstances (e.g., as at the Afghanistan-Pakistan border at Towr Kham, which is ideally placed for eventual conversion to bi-national operations); (ii) modularity – which supports flexibility and gradual construction; (iii) adaptability to new control methods (e.g., eventual joint cross-border operations, fast-track processing); (iv) process integration (facilitated by the design of single larger booths), (v) control by exception and in the lanes – the compliant minority should not have to leave their vehicles at BCPs, (vi) appropriate size²¹ – “grandiose” BCP facilities that are poorly adapted, impossible to maintain, and ineffective from the start should be avoided²²; and (vii) communication of identity.²³

²⁰ E.g., it is important to reengineer processes before investing in information and communications technology (ICT) improvements. Much of the gain in efficiency resulting from investment in IT comes from simplification and streamlining of underlying processes rather than from introduction of the technology itself. It is important to business reengineer processes in advance of systems development so as to automate the systems of the future, not the manually based systems of the past. Scott Wilson in association with PADECO and BFC, *Technical Assistance for Preparation of the Vietnam Customs Modernization Project, Project Implementation Plan*, prepared for the General Department of Customs, March 2005, p. 14.

²¹ In the case of the GMS CBTA, since at each border crossing there already was an inspection area used by national authorities, and since the number of inspections should be reduced with implementation of the CBTA, the World Bank argued that the space already available should be sufficient for establishing a common control area for single-stop inspection in most cases.

²² The Giurgiu BCP on the Romanian side of the Danube River across from Bulgaria is cited as an example of a “palatial border station that went wrong”.

²³ Michel Zarnowiecki, “Borders, Their Design, and Their Operation”, in *Border Management Modernization* (edited by Gerard McLinden, Enrique Fanta, David Widdowson, and Tom Doyle), World Bank, 2011, Chapter 4, pp. 37, 51-53.