The 16th Meeting of the OSCE Economic and Environmental Forum

“Maritime and inland waterways co-operation in the OSCE area: Increasing security and protecting the environment”

Part 2 / Prague, 19 – 21 May 2008

Plenary Session II
Prospects for overcoming challenges faced by landlocked developing countries in the OSCE area

Please find attached the presentation by Mr. Graham Smith, Consultant, International Trade Department, the World Bank.
Central Asia: Trade and Transport Facilitation Corridor Performance Measurements

Henry Kerali, Cordula Rastogi
Olivier Le Ber, Graham Smith
The World Bank

Background

- The World Bank has financed performance measurements of transport corridors in order to:
  - Identify barriers to trade flows
  - Develop recommendations on improvement of infrastructure and procedures
  - Dialogue with the regional governments
  - Establish baseline to measure project impact: road construction, customs modernizations, trade facilitation and other projects
- Improved methodology based on experience from other Regional TTF programs (i.e. TTFSE, Africa) and Central Asia in collaboration with CAREC

WCO Time/Cost Model

- Advantages:
  - Simple to use
  - Provides a ‘snap-shot’ of the present situation
  - Can track changes over time
  - Designed for comparing alternative route corridors
  - Powerful instrument for international cooperation

- World Bank enhancements:
  - Survey of infrastructure characteristics & services
  - Detailed monitoring of border crossings
  - Record of corridor events

Instruments

Five types of surveys:
- On-site physical measurements
- Truck driver interviews
- Survey of freight forwarders
- Survey of customs brokers
- Trip diaries

Measured Corridors
**Trip Diaries: Khorgos-Abai (Kaz)**

- **Custom Post Khorgos**
  - Inspections: Transportation control – 9
  - Custom Post – 1
  - Non-official payment $160

- **V = 23 km/hour**

**Khorgos (Kaz) - Akzhol (Kgz): 2006**

- **Custom Post Kordai**
  - Inspections: Transportation control – 3
  - Custom Posts – 3
  - Non-official payment $45

- **V = 16 km/hour**

**Kordai**

- **Trucks -179**
  - Physical examination -0%
  - Average idle time - 2 hours 51 mins
  - Registration of customs documents – 5 mins - 3%
  - Other procedures - 2 hours 51 mins

**Akzhol**

- **Trucks -185**
  - Physical examination -0%
  - Average idle time - 52 mins
  - Registration of customs documents – 17 mins - 32%
  - Other procedures - 35 mins

**Osh-Bishkek: 2006**

- **V = 32 km/h**

- Inspections:
  - Transportation control – 15
  - Other services - 7
  - Non-official payment Road inspections - $255
**Bishkek - Osh**

- **Length**: 738 km
- **Actual time**: 23.4 hours
- **Actual speed**: 32 km/hour

**Performance Measurement Results I**

<table>
<thead>
<tr>
<th>Route</th>
<th>Khorgos-Taashkent 1,700 km</th>
<th>Khorgos-Bishkek 700 km</th>
<th>Bishkek-Osh 738 km</th>
</tr>
</thead>
<tbody>
<tr>
<td>Actual speed V= km/hour</td>
<td>23</td>
<td>16</td>
<td>31.5</td>
</tr>
<tr>
<td>Transport control stops</td>
<td>9</td>
<td>3</td>
<td>15</td>
</tr>
<tr>
<td>Custom Posts</td>
<td>1</td>
<td>3</td>
<td>-</td>
</tr>
<tr>
<td>Non-official payment</td>
<td>$160</td>
<td>$45</td>
<td>$255</td>
</tr>
</tbody>
</table>

**Khorgos-Almaty-Bishkek-Osh Corridor**

**Processing Times**

<table>
<thead>
<tr>
<th>Time (Hours:Minutes)</th>
<th>Akzhol</th>
<th>Kordai</th>
<th>Khorgos</th>
</tr>
</thead>
<tbody>
<tr>
<td>0:00</td>
<td>0:27</td>
<td>0:04</td>
<td>2:03</td>
</tr>
<tr>
<td>0:24</td>
<td>1:18</td>
<td>4:11</td>
<td>19:24</td>
</tr>
</tbody>
</table>

**Time to collect necessary documents to start customs clearance procedures KZ**

- **Upto 2 days**: 5
data
- **3 to 5 days**: 48 data
- **5 to 7 days**: 32 data
- **Over 7 days**: 6 data

**Summary of Performance Measurements**

- Informal barriers are high in Central Asia.
- Delays by other border agencies can be significantly more than Customs.
- Elimination of delays needs careful assessment.
- Measurements should be continued on a systemic basis.
- Results should be disseminated in and outside the region.
- Further support from governments and international organizations is needed.
Next steps

Expansion of Corridor Performance Measurements to South Asia (co-financed by USAID)

OSCE

- **Goal/mission**: to lessen international tensions and the risk of conflict, by providing forum for governments to air differences, gain information, and build trust.
- Its **main instrument** is discussion.
- **Evidence of its success**: extent to which agreements are cemented by the governments becoming signatories to international conventions, on transport, environment and other shared concerns.

World Bank

- **Goal/mission**: to help member countries alleviate poverty through economic development.
- Its **main instrument** is long-term loans for infrastructure and other public investments, conditional on implementation of sound economic policies.
- **Evidence of its success**: volume of lending, achievement of projects’ developmental objectives.

Different Process, Similar Policies

- So our objectives are somewhat different, as are our core processes. World Bank proceeds one government and one project at a time. OSCE operates multi-laterally, its currency is information exchange with a view to creating political will. But there is much overlap in the public policies we support.

Almaty Program of Action

- Encourage neighbor countries to facilitate mutual trade and (for transit countries) to facilitate transit traffic of landlocked neighbors.
- Carry out programs of public investment in transport and border crossing infrastructure (uni-laterally and multi-laterally).
- Improve public policies facilitating trade and transport, including simplifying, rationalizing and harmonizing procedures (uni-laterally and multi-laterally).
- Develop institutional capacity to carry out the above.
- Strengthen governance mechanisms, including: (i) building communication and trust between business community and government control entities, making clearer distinction between latters’ facilitation of legitimate trade promotion activities and their law enforcement role; (ii) measuring performance and efficiency of trade and border processes and making results public.

OSCE may wish to focus on:

- (a) dissemination of best practice on policies and institutional options (e.g. Handbook on Best Practices on Border Crossings);
- (b) strengthening of public-sector institutions (reform and training); and
- (c) improving governance of trade-related activities, especially building trust between public and private parties (e.g. PRO committees).

Such multi-lateral activities should centrally aim to build confidence between trading partners, and between landlocked countries and their transit country neighbor.