

Institutional-related Issues on Economic Corridor

Online Training Workshop on Strengthening Subregional Connectivity in East and North-East Asia through Effective Economic Corridor Management

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supporting
Least Developed Countries
Landlocked Developing Countries
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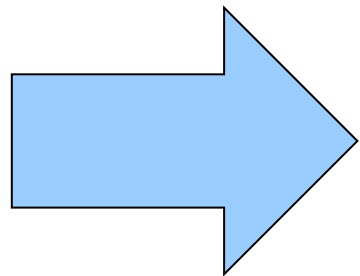
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Outline

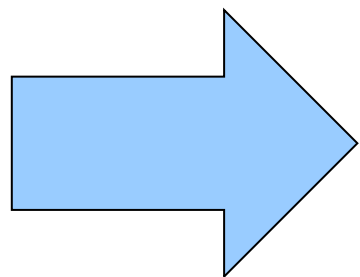
- I. Introduction on economic corridors and key elements of Corridor Agreement
- II. Challenges in corridor establishment, development and management
- III. Key elements of good practices in corridor establishment, development and management
- IV. Perspectives for improved effectiveness of the Trilateral Investment Projection Centre



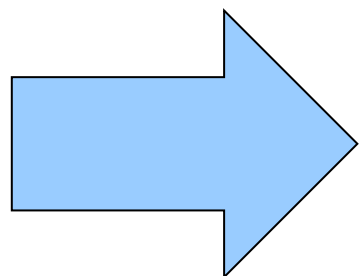
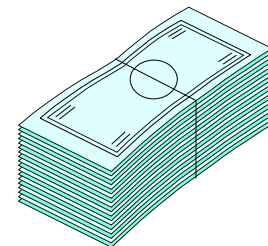
Importance of the Economic Corridors



- ✓ Improve efficiency
- ✓ Lower trade costs esp. 32 LLDCs
- ✓ Reduce carbon footprint



- ✓ Increased trade
- ✓ Integration into regional-global value chains
- ✓ Increased investment



- stimulate industrial activity
- Spur wider and social economic growth



Effective and efficient corridors - elements

Good and well-maintained transport, energy, ICT and border infrastructure

Smooth implementation of agreed Legal frameworks, Transit rules and policies and Transport and Trade Facilitation measures

Good corridor management institution



Legal Framework for effective management of Corridors

- Establishment of corridors is through multilateral or bilateral instruments - treaties, agreements, MOUs or other binding international instruments and key characteristics:
 - Made by sovereign states or independent public law entities such as international organizations, intended to create rights and obligations among parties;
 - They are governed by international law; and
 - Legal instruments maybe - agreements, treaties, conventions, MOUs, protocols, covenants, compacts, exchange of notes, or agreed minutes.
- multilateral agreements provide most ideal legal basis for cooperation among corridor members (transit and LLDCs)



Overview of corridor agreements, treaties or MOUs

- Corridor objectives;
- Define the functions of the corridor;
- Designated routes;
- Necessary elements of corridor planning;
- Operations, cooperation among agencies;
- Regulatory/oversight arrangements;
- Establishment of Corridor Management Institutions & their administrative and financial policies their administrative and financial policies
- Provisions for future insertion of subsidiary instruments eg. protocols, standards /practices



Key issues covered in the corridor agreements

- (i) Corridor Governance and Institutional Framework;
- (ii) Trade Facilitation Issues;
- (iii) Transport Infrastructure;
- (iv) Transport Logistics Monitoring;
- (v) Stakeholder Coordination/ participation;
- (vi) Corridor Budgetary Resources;
- (vii) Consultation and Resolution of Disputes/bottlenecks; and
- (viii) Capacity Building of stakeholders.



Corridor Name	Enabling Instrument	Parties to Agreement
Transport Corridor Europe-Caucasus-Asia (TRACECA)	Multilateral Agreement	Armenia, Azerbaijan, Bulgaria, Georgia, Iran, Kazakhstan, Kyrgyzstan, Moldova, Romania, Tajikistan, Turkey, Ukraine and Uzbekistan
International North-South Transport Corridor (INSTC)	Multilateral Agreement	Iran, Russian Federation, Azerbaijan, Armenia, Belarus, Bulgaria, Kyrgyzstan, Oman, Tajikistan, Turkey, Syria and Ukraine.
Trans-Caspian East-West Middle Corridor (Trans-Caspian Corridor)	Multilateral Agreement	Afghanistan, Azerbaijan, China, Georgia, Kazakhstan, Kyrgyzstan, Turkey and Turkmenistan
The Greater Mekong Subregion Corridors	Multilateral Agreement	Cambodia, China, Lao PDR, Myanmar, Thailand and Vietnam
Northern Corridor	Multilateral Agreement	Burundi, DRC, Kenya, Rwanda, South Sudan, Uganda
Central Corridor	Multilateral Agreement	Burundi, DRC, Rwanda, Tanzania, Uganda
Beira Corridor	Agreement	Mozambique, Zimbabwe
Maputo Corridor	Company Registration	Mozambique, Swaziland, South Africa
Walvis Bay Corridor	MOU	Namibia, Botswana, South Africa (Trans-Kalahari) Namibia, Zambia, Congo DR (Trans-Caprivi)
Dakar Corridor	Bilateral Agreements	Senegal, Mali, Niger

(i) Institutional framework for corridor management contains governance structure of

- **Summit Organ** - the highest policy making body on corridor matters, budget approval; resource mobilization eg. Council of Ministers for governments or an Annual General Meeting or an Assembly where public and private stakeholders are signatories.
- **Management and Coordination Organ** - responsible for oversight of the operations of the corridor including administrative and financial matters and uniform application of agreement and protocols eg. Corridor Management Committee composed of Permanent Secretaries, or Board of Directors in a public or private undertaking, works through Specialized Committees.
- **Executing Organ** - or Secretariat is the operating entity, located in one country, it implements the decisions of the superior organs, through annual workplans that are budgeted in accordance with strategic plans of the corridor adopted by the policy organs. Established corridors such as NCTTCA, TRACECA and the Central Corridor TTFA have secretariats while the Trans-Kalahari and Trans-Caprivi corridors have a coordinator - the Walvis Bay Group.



Example of the Northern Corridor (NCTTA)

Council of Ministers

Executive Committee

**Infra.
Dev &
Mgmt
Commitee**

**Customs &
Trade
Facilitation
Commitee**

**Transp.
Policy &
Planning
Commitee**

**PPP
partners
hip
Commitee**

**Private
Sector
Investm
ent
Commitee**

Permanent Secretariat



Institutional arrangements of selected corridors

Corridor	Secretariat	Supreme Policy Organs	Management /Oversight Organ	Technical and other Committees
TRACECA	Permanent Secretariat of the IGC TRACECA	Intergovernmental Commission	n.a.	Working Groups and Expert Groups
CAREC	CAREC Secretariat ADB	Ministerial Conference	Senior Official's Meetings	Technical Committees (Transport, Customs, Trade Policy, Energy)
Northern Corridor	Permanent Secretariat	Council of Ministers	Executive Committee	Specialized committees (Transport, Customs, Infrastructure and Private Sector) and PPP
Central Corridor	Executive Secretariat	Interstate Council of Ministers	Executive Board	Stakeholders consultative committee
Dar es Salaam Corridor	DCC Secretariat	Annual General Meeting	Executive Committee	Sectoral Subcommittees
Trans-Kalahari Corridor	Trans Kalahari Corridor Secretariat	n.a.	Trans Kalahari Corridor Management Committee	Technical Working Groups

(ii) Trade Facilitation Issues

- (i) Delineation of corridor routes;
- (ii) Transit facilitation across the corridor routes;
- (iii) Definition of corridor and cargo access rights;
- (iv) Transit regulations (Road safety, security, environmental issues);
- (v) Procedures at ports, terminals, weighbridges and border posts;
- (vi) Charges for use of facilities (port tariffs, road user charges);
- (vii) Documentation and Information Sharing;
- (viii) Transit bonds;
- (ix) Cargo and vehicle insurance
- (x) With COVID-19 – add required guidelines/procedures



(iii) Transport Infrastructure Issues

- (i) Well defined transport infrastructure networks in ports, surface transport, (roads, railways), inland terminals and border posts;
- (ii) Defined common standards of road and rail infrastructure, ports and facilities at border post;
- (iii) The coordination of stakeholders in the construction, expansion, rehabilitation and maintenance of priority infrastructure facilities along the corridor;
- (iv) Harmonization of infrastructure configurations and procedures including for weighbridges, One Stop Border Posts (OSBPs) and roadside stations;
- (v) Establishment of smart corridors through provision of adequate energy and modern ICT networks
- (vi) Funding the construction/rehabilitation of existing gaps in infrastructure.



(iv) Transport Logistics Monitoring issues

- (i) Standards of quality of service (Performance in port, inland terminals and border posts);
- (ii) Corridor performance monitoring, such as transit and border crossing times and delays at borders and ports;
- (iii) Development of a real-time monitoring systems on performance of logistics service providers;
- (iv) Monitoring of quality of logistics service;
- (v) Publication of Annual Logistics Performance Surveys;
- (vi) Developing a Corridor Observatory with Performance Dashboard;
- (vii) Preparation of periodic corridor performance reports; and
- (viii) Performance benchmarking.



(v) Stakeholder Coordination/participation issues

All stakeholders in corridor operations (public and private) to coordinate, cooperate, contribute to plans and policies, implement targeted/focused interventions and to provide feedback.

Can participate in clusters - policy makers, regulators, infrastructure providers, service providers, shippers or their agents

Northern Corridor	Composition of the Committees allows for participation of organizations and persons dealing with specialized areas of transport and transit, and interstate and transit matters along the corridor
Trans-Kalahari	Membership includes: all transport operators; transport and infrastructure authorities; port authorities; customs and excise authorities; freight forwarding and clearing agents; trade and industry authorities and bodies; financial and insurance institutions, industrialists and developers; border post authorities; immigration authorities; tourism groups; users of corridor systems and facilities; and any other stakeholders

(vi) Corridor Budgetary Resources issues

Northern Corridor

Financial resources come from:

- **contributions of contracting parties;**
- **funding of specific activities by donor agencies; and**
- **a levy on goods using the corridor.**

Trans-Kalahari

The MOU states that Contracting Parties shall introduce mechanisms to ensure the financial sustainability required by the Trans Kalahari Corridor Management Committee (TKCMC) and the Secretariat to execute their functions.

TKCMC comprises of public and private sector stakeholders



(vii) Consultation and Resolution of Disputes

Develop:

- a system of reporting on noncompliance with stakeholder obligations by parties and
- a rapid resolution of logistics bottlenecks and disputes.



(viii)Capacity Building of Stakeholders

State how the Corridor Management institution (CMI) will:

- promote skills in the CMI and in other stakeholders using and operating along the corridor.
- enhance standardisation of training for agencies taking part in transport operations and other logistics
- maintain high quality information dissemination, eg. through transport observatories
- undertake capacity building and awareness/sensitization workshops in partnership with other stakeholders in their hinterlands



(II) Common challenges in Corridor Establishment, Development and Management



Challenges in Corridor Establishment

- (i) Identification and designation of corridor routes;
- (ii) Preparation, negotiations, adoption and ratification of Corridor Agreements;
- (iii) Funding the construction/rehabilitation of existing gaps in infrastructure; and
- (iv) Establishment of the Corridor Management Institutions (CMIs).

Try to reach consensus, or mutual understanding



Challenges in Corridor Development

- (i) Initial financial resources to launch the CMIs - procuring staff, equipment and office facilities – *apply for grant funding;*
- (ii) Enhancing infrastructure interoperability in areas such as discordant railway gauges - *handled through provision of transshipment facilities and border terminals;*
- (iii) Lack of harmonized customs procedures – *request technical support from eg. UNCTAD, WCO*
- (iv) Lack of harmonized documentation – *request support or learn from other corridors.*



Challenges in Corridor Management

- (i) Lack of skilled human capital /staff for the CMI to undertake the mandates of the Corridor – *training, resource mobilization;*
- (ii) Lack of funds for approved annual budgets for the CMI – *innovative resource mobilization;*
- (iii) Delays in receiving and processing operational and planning data from service providers (ports, railways, roads, pipelines and transporters), infrastructure providers, regulatory/oversight agencies – *Community Charter;*
- (iv) Balancing the interests of all Corridor stakeholders, including the business interests, governments and their regulatory agencies – *ensure participation of stakeholders;*



(III) Best Practices in Corridor, Establishment, development and management



Best Practices

- (i) Legal Framework** – Legal instruments (Agreements, MOUs and Protocols) needed to establish a legal basis for cooperation among corridor parties for the development, upgrading and maintenance of inter-country corridor infrastructure.
- (ii) Transport infrastructure networks** - Designation of corridor ports, surface transport (roads, railways), inland terminals and border posts is needed to facilitate coordination in the construction, rehabilitation and/or maintenance of priority transport infrastructure facilities along the corridor. Important for resource mobilization.



Best Practices contd

- iii. Trade and transport facilitation instruments and harmonization of corridor operating procedures** eg. weighbridges, roadside stations, One Stop Border Posts and adoption of common facilitation instruments across the corridor, removal of transit and cross-border bottlenecks, platforms for data sharing across the corridor countries eg. ASYCUDA system, Single Window systems
- iv. Provision of adequate and reliable energy and modern ICT networks.**
- v. Leadership - Establish Corridor champions** - high-profile State officials or corporate leaders to advocate on establishment of corridors and work for the corridor. They can also mobilize financial resources.



Best Practices contd

- vi. Resources** - Corridor countries need to advocate for provision of adequate resources at the national level towards implementation of corridor programmes and projects. Coordinated resource mobilization for corridor programmes and projects implementation.
- vii. Active participation of all Stakeholders** – including public and private
- viii. Preparation of regular Strategic Plans for implementing priority programmes and projects by Corridor management institutions**



Challenges in Corridor Establishment

- ix. Monitoring and Establishment of Corridor Databases (Observatories)** – Effective monitoring systems and database are needed to identify inefficient links and nodes for action by the responsible authorities and organizations. Establish corridor performance indicators.
- x. Building institutional and human capacity to manage the corridor infrastructure and operations** – undertake sustainable capacity building for stakeholders in all agencies involved in corridor management.



(IV) Perspectives for improved effectiveness of the Trilateral Investment Projection Center



Way forward

- **Legal Framework.**
- **Develop the required hard infrastructure – transport, energy, ICT**
- **Establish the soft infrastructure – trade facilitation and logistics for smooth functioning transit, transport and trade in the corridor including issues pertaining to Covid-19.**
- **Adequate Resources and coordinated resource mobilization**
- **Greater coordinated and harmonized interventions between national border agencies**
- **Active participation of all Stakeholders**
- **Monitoring, develop corridor performance indicators and observatory database**



Thank You

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