

**Economic and Social Commission for Asia and the Pacific**

Committee on Transport

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Major issues in transport**Development and operation of dry ports of international importance****Note by the secretariat***Summary*

The present document contains highlights of the secretariat's past and current activities related to the planning, development and operation of dry ports of international importance. More specifically, the value of the Intergovernmental Agreement on Dry Ports and the regional framework for the planning, design, development and operation of dry ports of international importance and how these two frameworks can assist member States in making headway towards improving their logistics performance are stressed. The progress made and measures implemented by selected member States to promote the development and operation of dry ports are also reviewed.

The Committee on Transport is invited to encourage member States to share their experiences and challenges regarding the development and operation of dry ports. The Committee may also wish to provide the secretariat with further guidance on the issues identified in the document.

I. Introduction**A. Background**

1. The Ministerial Conference on Transport, held in Moscow in December 2016, stressed the key role of transport in implementing the 2030 Agenda for Sustainable Development in light of its particular potential to provide people, industries and agricultural sectors access to economic and social opportunities and to combat climate change. It also considered transport an enabler to achieve the Sustainable Development Goals and recommended that, in the implementation of the Regional Action Programme for Sustainable Transport Connectivity in Asia and the Pacific, phase I (2017–2021), priority should be accorded to, among others, (a) comprehensive corridor plans and connections between national transport infrastructure development plans and (b) the harmonization of construction standards, technical norms of transport means,

* ESCAP/CTR/2018/L.1.

transport policies and regulations on the basis of the Intergovernmental Agreement on the Asian Highway Network, the Intergovernmental Agreement on the Trans-Asian Railway Network and the Intergovernmental Agreement on Dry Ports.¹

2. Further, in adopting the Ministerial Declaration on Sustainable Transport Connectivity in Asia and the Pacific,² the Conference emphasized the need to (a) develop integrated intermodal transport and logistics systems, incorporating road, railway, water and air transport, that support sustainable development and (b) promote safe, smart and environmentally sound intermodal or multimodal transport corridors with seamless physical and operational connectivity.

3. There is overwhelming evidence that intermodal facilities such as dry ports are critical to the efficiency of such corridors as they act as points of convergence where multiple interactions between transport modes, operators and service providers can be synchronized. At the same time, they offer benefits to a broad spectrum of stakeholders with different interests, such as port operators and local or national authorities who can use them to implement a range of economic, social and environmental policies.

4. Given its continuing economic growth, expanding trade, vast hinterland areas, and long distances between production centres and places of consumption, the Economic and Social Commission for Asia and the Pacific (ESCAP) region has a vested interest in the development of intermodal facilities and related services. Yet, in general, the requirements for efficient international and domestic trade had not been developed to a level one could reasonably expect from countries known for their economic dynamism. As regards dry ports, one reason may lie in the fact that, as opposed to maritime ports, there was no established management practice for their development. In other words, while management practices related to port development are well established and, by and large, implemented internationally with all stakeholders familiar with their roles, no dry port implementation *modus operandi* had ever been defined and the development process was not generally known.

5. In view of the above, the secretariat aimed to fill this gap through various activities, starting with the negotiation of the Intergovernmental Agreement on Dry Ports³ and later the preparation of the regional framework for the planning, design, development and operation of dry ports of international importance. The present document contains a review of these activities, the legislative context within which they were implemented and some recent national experiences. The present document also contains suggestions on how to move towards the establishment of a regional network of dry ports of international importance.

B. The Intergovernmental Agreement on Dry Ports and the legislative context relating to the development of dry ports

6. In the Bangkok Declaration on Transport Development in Asia,⁴ which was adopted in 2009 at the First Forum of Asian Ministers of Transport, the important role of dry ports in integrating modes of transport, reducing border

¹ See E/ESCAP/MCT(3)/12.

² E/ESCAP/MCT(3)/11.

³ United Nations, *Treaty Series*, No. 53630.

⁴ E/ESCAP/66/11, chap. IV.

crossing and transit delays, facilitating the use of energy-efficient and lower-emission means of transport, and creating new opportunities for the growth and establishment of development clusters was stressed. It was further recognized that formalizing the status of dry ports could significantly contribute to the development of an international integrated intermodal transport and logistics system. The secretariat was requested to help to increase the connectivity and integration of the Asian Highway network, the Trans-Asian Railway network and other transport modes by working towards the development of an intergovernmental agreement on dry ports.

7. Acting on this mandate, the secretariat prepared a working draft of an agreement on dry ports and launched the negotiation process among its member countries. The finalized draft of the agreement was approved by the Committee on Transport at its third session in October 2012 and adopted by the Commission at its sixty-ninth session. The Intergovernmental Agreement on Dry Ports was opened for signature in Bangkok on 7 and 8 November 2013 during the Second Forum of Asian Ministers of Transport. It entered into force on 23 April 2016. As of 31 July 2018, 17 member States had signed the Agreement and 13 had become parties through ratification, acceptance, approval or accession. The status of signatories and parties is annexed to the present document.

8. In developing the Agreement, the secretariat's intention was to encourage member States to approach logistics as a key sector of their economy that, as the World Bank puts it, crosses the administrative boundaries of transportation, commerce, infrastructure, industry, finance and the environment.⁵

9. Additionally, the Agreement strengthened the legislative framework within which member States could work collectively to implement several global and regional mandates aimed at promoting resilient infrastructure, transport connectivity and corridor development. That framework includes, at the global level, General Assembly resolution 70/1 of 25 September 2015 entitled "Transforming our world: the 2030 Agenda for Sustainable Development", containing the Sustainable Development Goals, General Assembly resolution 70/197 of 22 December 2015 on comprehensive cooperation among all modes of transport for promoting sustainable multimodal transit corridors and General Assembly resolution 72/212 of 20 December 2017 on strengthening the links between all modes of transport to achieve the Sustainable Development Goals, and at the regional level, Commission resolution 71/8 of 29 May 2015 on strengthening intraregional and interregional connectivity in Asia and the Pacific and Commission resolution 72/5 of 19 May 2016 on strengthening regional cooperation on transport connectivity for sustainable development in Asia and the Pacific.

10. Finally, the Agreement also contributes to a greater convergence of purpose in the realization of multilateral programmes devised by institutional bodies or individual countries such as the Commission's Regional Action Programme for Sustainable Transport Connectivity in Asia and the Pacific, phase I (2017–2021), or the Central Asia Regional Economic Cooperation Programme of the Asian Development Bank (ADB), the Belt and Road Initiative of the Government of China or the joint Government of Japan and ADB Partnership for Quality Infrastructure initiative.

⁵ World Bank, *Connecting to Compete 2018: Trade Logistics in the Global Economy – The Logistics Performance Index and Its Indicators* (Washington, D.C., 2018), p. 37.

II. Key policy issues behind the development of dry ports

A. The Commission's activities to promote the implementation of the Intergovernmental Agreement on Dry Ports

11. The Agreement provides a formal foundation for the secretariat's continued activities in promoting among member States a common understanding of the issues and challenges related to the planning, development and operation of dry ports.

12. With a view to assisting Governments and policymakers in approaching the development of dry ports, the secretariat, with funding support from the Government of the Russian Federation, implemented a project on the planning, development and operation of dry ports of international importance. As part of the project, a study assessed dry port development in five countries of the region which were considered to have achieved some measure of success in the establishment and operation of dry ports.^{6,7} The study reviewed their policies and approaches which could constitute, *mutatis mutandis*, best practices for other countries with more limited experience in applying state-of-the-art planning techniques and policy formulation to the development of dry ports. In so doing, the study identified a number of significant issues and policies which were considered to affect throughout the region the establishment and development of dry ports and related intermodal freight terminals and their sustained operation.

13. Among the identified issues and policies with an influence on dry port development were the following:

(a) **Function and location issues.** The main function of dry ports is to support the movement of international trade between inland points of origin or destination and seaports. For that reason, they need to be located within, or close to, sources of trade and to be accessible by rail from seaports;

(b) **Ownership issues.** The private ownership of dry ports is not necessarily a precondition for their sustainability, but they could benefit from an infusion of private sector logistics expertise plus private and public capital in the form of public-private partnership contracts;

(c) **Dry port development incentives.** Governments can encourage the establishment of dry ports through a range of incentives designed to attract private sector investment, such as the provision of low-cost land and tax holidays or waivers.

14. Among the identified issues and policies with an influence on the sustainability of dry port operation were the following:

(a) **Reform of customs and other border control procedures.** These types of reforms can result in the reduction of delays to trade consignments and accelerate the turnaround of containers in terminals, with a commensurate reduction in their unit operating costs and an improvement in their profitability;

⁶ ESCAP, *Planning, Development and Operation of Dry Ports of International Importance: Report on Trends in the Development of Inland Ports and Policies Underlying their Development in Selected Countries of the UNESCAP Region* (Bangkok, 2015).

⁷ Australia, China, India, the Republic of Korea and Thailand.

(b) **Measures to minimize total logistics costs.** Policy interventions are necessary to ensure least-cost intermodal solutions to container and cargo haulage between trade sources and seaports. In particular, planning of terminal development and the regulation of road vehicle dimensions and weights should focus on the optimum use of roads for local delivery and rail for line-haul transport of containers and cargo. This will be necessary in order to ensure that terminal and transport operations are both financially and environmentally sustainable;

(c) **Offers of tariff incentives.** Tariff incentives can encourage the adoption of modern cargo-handling technology, specifically involving the palletization of cargo, which speeds up the turnaround of containers and cargo, adding to the profitability of container freight station operations in dry ports and contributing to the minimization of total logistics costs.

15. With a view to promoting among member States the issues and solutions identified in the study, the secretariat, with funding support from the Government of the Russian Federation, prepared the regional framework for the planning, design, development and operation of dry ports of international importance.⁸

16. The framework was developed to facilitate a common approach to the development and operationalization of the dry ports designated in annex I to the Intergovernmental Agreement on Dry Ports as being of international importance. These dry ports were selected on the following bases:

(a) They were located in the vicinity of (i) inland capitals and/or provincial/state capitals and/or (ii) existing and/or potential production and consumption centres with access to highways and/or railways including the Asian Highway and/or the Trans-Asian Railway networks, as appropriate;

(b) They had transport connections to other dry ports, border posts/land customs stations/integrated check posts, seaports, inland waterway terminals and/or airports.

17. In November 2017, the framework was welcomed by the Working Group on Dry Ports at its second meeting, convened as per article 6 of the Intergovernmental Agreement on Dry Ports. Subsequently, upon its recommendation, the Commission at its seventy-fourth session, in May 2018, adopted resolution 74/2 on the promotion of the regional framework for the planning, design, development and operations of dry ports of international importance. In so doing, the Commission recognized the potential of the framework in helping member countries achieve greater regional connectivity.

18. The framework arrives at a timely moment. After a phase that focused on the development of maritime ports, transport development in the region has started to shift attention and investment to implementing a logistics agenda that brings trade and transport closer together. Yet, in several countries of the region, policymakers are still grappling with the task of identifying the best way forward in addressing the cross-cutting nature of logistics and setting common strategies across sectors. This was apparent during missions to a number of selected member States carried out by the secretariat when drafting the framework.

19. In that regard, in the regional framework, fundamental issues related to both hard and soft infrastructure of dry ports of international importance are identified, and a description of each issue is given. It also contains a proposal

⁸ Commission resolution 74/2, annex.

for a related target to be set when designing or operating dry ports of international importance, as well as a process to reach each target.

20. The hard infrastructure aspects of the framework touch upon such issues as the following:

- Ensuring compliance with basic requirements when designing dry ports, as per annex II to the Intergovernmental Agreement on Dry Ports
- Dry port location
- Transport infrastructure linkages, both connecting dry ports to other locations and within dry ports
- Technical standards for dry ports
- Container yard capacity and equipment
- Design of other major facilities of dry ports

21. The soft infrastructure aspects of the framework touch upon such issues as the following:

- Introduction of information technology systems to manage dry port workflows
- Application of the United Nations Code for Trade and Transport Locations for identification of dry ports of international importance
- Incorporation of dry ports into international transport documents
- Arrangements for customs clearance at dry ports
- Policy measures, legislation and solutions for planning dry port development
- Practical options for financing the development and operation of dry ports

22. Of the above, applying for a United Nations Code for Trade and Transport Locations may be worth designating as a priority by member States given the potential of the system to facilitate trade and the electronic exchange of documents between dry ports located in different countries.

23. Designed for airports, seaports and inland freight terminals handling international trade, the codes consist of two alpha characters indicating the country in which the dry port is located and three alpha characters indicating the location of that specific dry port. They are an important element in enhancing regional connectivity and synchronizing supply chain operations as they allow facilities to be easily identified and recognized as points of origin or destination where customs clearance of cargo can take place, which would not be possible otherwise. The system therefore contributes to the introduction of single window practices that provide a single interface through which all business deals with various government agencies can be performed, thereby reducing transport transit times and costs. This feature enhances the attractiveness of a specific dry port in the eyes of transport operators and logistics providers and makes them more likely to develop services to, from and at the site.

24. Managed and maintained by the Economic Commission for Europe, the United Nations Code for Trade and Transport Locations system is the product of a wide collaboration among United Nations agencies within the framework of the joint trade facilitation effort. Originally designed with a focus on maritime ports and airports, the advent of multi-modal transport has made coding necessary also for inland destinations such as container facilities, rail and road terminals and other places where internationally traded goods were produced or handled.

25. The system has grown in popularity among major shipping companies and freight forwarders and in the manufacturing industry around the world. During the period 2007–2018, the number of locations and installations in international waters that were coded using this system nearly doubled from 54,705 locations in 243 countries to 103,034 locations in 249 countries. The database is maintained and updated by the Economic Commission for Europe. The list of codes and other technical information are available at www.unece.org/cefact/locode/welcome.html. Users can propose additional locations through an on-line automated request procedure (<https://apps.unece.org/unlocode/>).

26. However, few dry ports in the ESCAP region have so far applied for a code. Reasons for this situation range from a lack of awareness among stakeholders and possibly circumspection in government circles in their approach to considering dry ports as points of origin and destination. In that regard, due consideration must be given to the fact that dry port-to-dry port transport operation may require adjustments to domestic regulations related to customs and other border control procedures.

B. Network of dry ports as an enabler of seamless connectivity

27. The concept of seamless connectivity conjures up the vision of an integrated transport system that is based on the operationalization of international intermodal transport corridors and that allows goods and people to travel efficiently across modes and national borders. It requires policies to be coordinated, infrastructure gaps to be filled, technical standards to be harmonized, operational procedures to be synchronized, information and communication systems to be developed and deployed, and cross-border legislation to be aligned.

28. In its *Connecting to Compete 2018* report, the World Bank also notes that while in the past, logistics policies tended to concentrate on facilitating trade and removing border bottlenecks, today's international logistics are increasingly intertwined with domestic logistics, and policymakers and stakeholders deal with a wider range of policies. Growing concerns include spatial planning, skills and resources for training, the environmental, social, and economic sustainability of the supply chain, and the resilience of the supply chain to disruption or disaster.

29. As points of convergence and interaction between transport modes, transport operators and logistics providers and public sector agencies and private sector entities, dry ports offer ideal settings for all public and private sector stakeholders to work out sustainable cooperative mechanisms between them and identify the needed logistics- and connectivity-related interventions that have the highest potential to reduce the cost of trade and boost integration into global supply chains. This is important given that logistics- and connectivity-related issues are so intertwined that, as several experiences have demonstrated, success lies in addressing these issues in a holistic manner. In other words, the development of dry ports should not be considered only for

their merit in connecting infrastructure but also for their potential to encourage policies encompassing the regulation of services, sustainability and resilience. In some cases, depending on the national development vision of Governments, related reforms may also consider the wider integration of dry ports into local economies in the form of special economic zones.

30. Indeed, countries that have recently known a measure of success in pushing their logistics agendas forward are those that have started to implement policies that go beyond infrastructure and border bottlenecks to accommodate new industry requirements, in particular those emerging from the increased digitalization of transport and logistics processes, and the fast-growing e-commerce market, which is characterized by round-the-clock availability of products and instant delivery.

III. Policy measures to promote the development of dry ports

A. Recent transport and logistics developments in the region

31. With the logistics sector now recognized as a core pillar of economic development, the World Bank has been producing since 2007 the biennial *Connecting to Compete* report, which makes available numerical evidence on how easy or difficult it is in countries around the world to transport manufactured products. The aim of the report is to provide empirical information for policymakers, traders and other stakeholders on the role of logistics in growth and the policy reforms needed to support and improve logistics. The 2018 report contains an analysis of the logistics performance of 160 countries based on six indicators, namely, the efficiency of customs and border management clearance, the quality of trade and transport-related infrastructure, the ease of arranging international shipments, the competence and quality of logistics services, the ability to track and trace consignments, and the frequency with which shipments reach consignees within the scheduled or expected delivery time.

32. The report shows that 19 member States have recently improved their logistics performance. All countries in Central Asia and most countries in South-East Asia have improved their rankings. Meanwhile, most countries in South Asia showed a slip in their rankings (see table below). In other subregions, spectacular gains were also recorded; for example, Armenia, moved up 49 places, the Islamic Republic of Iran, 32 places, and the Russian Federation, 24 places.

33. Considered on a subregional basis these results yield some interesting observations. Gains appear in subregions that already have good, albeit not yet optimal, cross-border linkages and socioeconomic development planned within wider institutional frameworks such as CAREC 2030, the strategy of the Central Asia Regional Economic Cooperation Programme of the ADB⁹ or the Master Plan on the Association of Southeast Asian Nations (ASEAN) Connectivity,¹⁰ which is a pillar of the ASEAN Economic Community.

⁹ Available from the publications section of the website of ADB (www.adb.org).

¹⁰ Available from the ASEAN website (<http://asean.org>).

Logistics performance ranking of selected countries in the region

	2018	2016	Change
Central Asia			
Kazakhstan	71	77	+6
Kyrgyzstan	108	146	+38
Tajikistan	134	153	+19
Turkmenistan	126	140	+14
Uzbekistan	99	118	+19
South-East Asia			
Brunei Darussalam	80	70	-10
Cambodia	98	73	-25
Indonesia	46	63	+17
Lao People's Democratic Republic	82	152	+70
Malaysia	41	32	-9
Myanmar	137	113	-24
Philippines	60	71	+11
Singapore	7	5	-2
Thailand	32	45	+13
Viet Nam	39	64	+25
South Asia			
Bangladesh	100	87	-13
Bhutan	149	135	-14
India	44	35	-9
Nepal	114	124	+10
Pakistan	122	68	-54
Sri Lanka	94
Other countries with significant changes			
Armenia	92	141	+49
Iran (Islamic Republic of)	64	96	+32
Mongolia	130	108	-22
Russian Federation	75	99	+24

Source: 2018 figures: World Bank, *Connecting to Compete 2018: Trade Logistics in the Global Economy – The Logistics Performance Index and Its Indicators* (Washington, D.C., 2018); 2016 figures: World Bank, *Connecting to Compete 2016: Trade Logistics in the Global Economy – The Logistics Performance Index and Its Indicators* (Washington, D.C., 2016).

34. According to a 2016 study by Siam Commercial Bank, the reduction in tariffs on goods traded among ASEAN members increased border trade and transit trade by an average of 7 per cent annually over the past five years, and with the ASEAN Economic Community now officially established, the movement of raw materials, goods and labour are expected to increase significantly, which will increase the demand for logistics services to manage goods and services throughout the supply chain.¹¹ In this respect, many countries in the ASEAN region have stepped up efforts to expand their existing dry port facilities or build new ones. For example, the Government of the Lao People's Democratic Republic is expanding its dry port facilities at Savannakhet and developing new facilities at Thanaleng, south of Vientiane. Meanwhile, building on the successful development of the Ladkrabang dry port, the Government of Thailand is currently developing a new dry port in Chiang Khong at the border with the Lao People's Democratic Republic in connection with the construction of a double-track line to Denchai on the existing Bangkok-Chiang Mai main line. The Government is also planning a new dry port in Chachoengsao, east of Bangkok, to support its Eastern Economic Corridor-backed logistics development plans.¹²

35. These developments in physical infrastructure have also been accompanied by regulatory measures aimed at creating a conducive environment for the development of dry ports, not least measures to facilitate public-private partnerships – including with foreign participation – for their construction, operation and management. For example, in Thailand, the Government recently approved the development of a freight centre worth \$42 million in Nakhon Phanom province at the border with the Lao People's Democratic Republic. Under the project, the Government will take responsibility for supplying land and it will assume the costs for infrastructure development and civil works at the border freight hub, while the private sector will fund costs for building construction, equipment, and operations and maintenance.¹³ The Government of Viet Nam has also implemented similar initiatives (see box 1 below).

¹¹ Chris Catto-Smith, "Thailand as ASEAN logistics hub", *Bangkok Post*, 10 August 2016.

¹² Om Jotikasthira, "Chachoengsao to get new inland container depot", *Bangkok Post*, 17 July 2018.

¹³ Wichit Chantanusornsiri, "PPP panel gives nod to two projects", *Bangkok Post*, 10 August 2018.

Box 1

Dry port development – the case of Viet Nam

In Viet Nam, the planning for dry port development is contained in decision number 2223/QD-TTg of the Prime Minister. The Government aims to develop 13 inland container depots in the three main regions in the country, with an expected total annual capacity of 6 million twenty-foot equivalent units (TEU) in 2020 and 14 million in 2030. A shortage of public funds and a lack of experience in dry port development created strong incentives to facilitate public-private partnerships, which was made possible by a new regulation on public-private partnerships, decree number 15 of 10 April 2015.

The new regulation presents a single legal framework for public-private partnerships in Viet Nam, in line with international practice. It regulates the areas, conditions and procedures of public-private partnerships in view of implementing such projects, the public investment and management mechanism of such projects and public support and responsibilities in managing such partnerships.^a

In addition, following decree number 163/ND-CP, foreign investors will now be allowed to set up logistics services companies as of 20 February 2018. The establishment of new companies will be subject to conditions on ownership and services. The services have been divided into 16 areas, such as cargo handling, container warehousing and cargo agency.^b

^a Lam Canh Nguyen and Theo Notteboom, “Public-private partnership model selection for dry port development: an application to Vietnam”, *World Review of Intermodal Transportation Research*, vol. 6, No. 3 (January 2017).

^b Vietnam Briefing, “Vietnam allows foreign investors to establish logistics firms”, 19 January 2018.

B. Capacity-building and the development and operation of dry ports

36. In its 2018 report, the World Bank notes that despite extensive mechanization and automation, logistics remain a people business and that, therefore, the recruitment, training and retention of skilled personnel at both the management and operational levels are crucial to logistics performance. The low prestige and status of operational logistics workers as well as the low salaries offered by the industry are identified as two critical factors that prevent the recruitment of young talent. Yet, recent logistics developments, particularly in information technology, demand new competencies that the existing workforce often does not possess.

37. Developing countries lag behind developed ones in training budgets, course content, and the quality of the educational experience and of the training providers. Vocational schools for logistics jobs are lacking, and training – when there is any – is often limited to short-term, on-the-job instruction by colleagues during daily operations.¹⁴

38. In its primer on capacity development, the United Nations Development Programme (UNDP) defines capacity development as the process through which individuals, organizations and societies obtain, strengthen and maintain the capabilities to set and achieve their own development objectives over time.¹⁵ In its approach, UNDP clearly embeds the needs of individuals within the wider efficiency goals of the organization in

¹⁴ World Bank, *Connecting to Compete 2018*, pp. 31–33.

¹⁵ UNDP, *Capacity Development: A UNDP Primer* (New York, 2009).

which they perform. It sees training on how to use the most readily available technology best suited to the organization's goals, embedded in a personnel development plan, as an integral part of a comprehensive programme addressing capacity issues with built-in incentives to apply the new skills and to empower and enable trainees to train others in using the technology in a way that clearly articulates the benefits for personnel development and the linkage of personal performance to team performance and to the overall efficiency of the organization and its ability to fulfil its mandate.

39. UNDP further identifies three points that influence each other at which capacity is grown and nurtured, namely, in an enabling environment, in organizations and within individuals. These are defined as follows:

(a) The enabling environment is the broad social system within which people and organizations function. It includes all the rules, laws, policies, power relations and social norms that govern civic engagement. It is the enabling environment that sets the overall scope for capacity development;

(b) The organizational level refers to the internal structure, policies and procedures that determine an organization's effectiveness. It is here that the benefits of the enabling environment are put into action and a collection of individuals come together. The better resourced and aligned these elements are, the greater the potential for growing capacity;

(c) At the individual level are the skills, experience and knowledge that allow each person to perform. Some of these are acquired formally, through education and training, while others come informally, through doing and observing.

40. The above highlights that capacity-building is very much a multi-stakeholder issue that needs to address a number of elements. UNDP identifies this as a five-step cycle composed of engaging stakeholders, assessing capacity assets and needs, formulating a capacity-development programme, implementing a capacity-development response and assessing capacity development. This multi-stakeholder approach is echoed by the World Bank's observation that while employees are hired by private companies and their training is largely a private responsibility, governments still have an important role to play, either by directly regulating or providing training or indirectly facilitating private initiatives.

41. Recognizing that a lack of capacity has imposed serious limitations on the development of logistics in the region, including a sound approach to the development of intermodal facilities such as dry ports, ESCAP has developed training packages, organized training activities and received requests from member States to organize national seminars/workshops for capacity-building in logistics and to provide assistance in drafting comprehensive transport policies.

C. Coordinating dry port development

42. In many of its interventions on the subject of logistics and intermodal transport, ESCAP has often recommended establishing a specific development agency/body in charge of overseeing all related matters across existing ministries and all entities, whether public or private. Indeed, the issues of different sectors are so interlinked that only if they are addressed simultaneously will the logistics and trade potential of the region be unlocked. As stated above, countries that have been successful in introducing far-reaching changes are those combining regulatory reform with investment planning, inter-agency coordination and incentives for operators.

43. An important function of such an agency would be to offer leadership in response to national and international developments influencing the industry. Additionally, it would promote policy consistency and coordination between different stakeholders in the logistics system. Key areas of work would include the development of logistics facilities, the definition of measures to promote the development of the logistics industry, initiatives for enhancing the efficiency of the logistics system and assessment of capacity needs in terms of human resources development.

44. Given the nature of intermodal transport, this agency should ideally involve all the public and private entities that have a stake in the development of logistics in all its aspects. On the public sector side, this would include transport, trade, customs, information and communication, industry, finance and health. On the private sector side, it would include logistics associations, chambers of commerce, logistics providers and private transport operators (see box 2).

Box 2

Institutional arrangements relating to the development of dry ports in the Republic of Korea

In the Republic of Korea, the Framework Act on Logistics Policies established the National Logistics Policy Planning Committee under the authority of the Ministry of Land, Infrastructure and Transport.

Chaired by the Minister of the above-mentioned Ministry, the Committee deliberates on matters concerning national logistics policies. It consists of high-ranking representatives of several government agencies, reflecting the range of actors relevant to the logistics industry, namely, the Ministry of Strategy and Finance; the Ministry of Education, Science and Technology; the Ministry of Foreign Affairs and Trade; the Ministry for Food, Agriculture, Forestry and Fisheries; the Ministry of the Knowledge Economy; the Ministry of Labour; the Ministry of Land, Infrastructure and Transport; the Korea Customs Service; and the Small and Medium Business Administration. In addition, up to 10 persons with specialized knowledge and substantial experience can be appointed by the Chair to sit on the Committee. For investigations on specific matters, external expert advisors can be used by the Committee.

The Committee has three technical subcommittees on the following subject areas: (a) logistics policies, (b) logistics facilities, and (c) international logistics. The subcommittees carry out preliminary research on matters to be discussed by the Committee according to their focus. In addition, the Committee can request the subcommittees to consider particular topics. The Act also delegates some responsibilities directly to the subcommittees.

45. A broad look across the region shows that countries that are successfully embracing logistics development present two common features, namely that they have established a dedicated agency to coordinate all issues and, most importantly, these dedicated agencies are all placed under the direct authority of a top-level official of ministerial rank.

46. In its primer on capacity development, UNDP states:

“While financial resources are vital, they alone cannot sustain human development. Technical cooperation may be appropriate in some instances to address short-term needs, but tends to be donor-driven and expensive, and to rely unduly on foreign expertise while distorting national priorities.

Strong capacity, locally generated and sustained, is essential to the success of any development enterprise. Without it, the integrity of development achievements can be compromised and progress can remain rootless”.¹⁶

47. In other words, the approach to development through the sole transfer and acquisition of technology has lived out its days, and countries that have moved onto more successful and sustainable paths of development have also gone through institutional reforms. A voluminous literature documents a strong correlation between good institutions and economic performance, meaning that the introduction of new technologies or know-how, whether with regards to hardware or software, will only be as efficient as the institutional set-up in which they are operated or implemented allows them to be. This holds true across a broad spectrum of sectors, including transport.

48. Looking at the development of efficient intermodal transport, the complexity of modern supply chains, together with the multiplicity of actors with different interests, increase the urgency of providing effective, reliable and transparent institutional arrangements that govern related issues across ministries, transport mode operators, logistics providers and other stakeholders, such as chambers of commerce.

49. It is the absence of such overarching structures that often holds back the development of efficient logistics and intermodal transport in many developing countries of the region. As weak institutions often go hand in hand with poor economic policies, the vulnerabilities that this combination creates expose countries to being overly dependent upon external assistance that curtails their own development choices.

50. Recognizing the above, ESCAP, in close partnership with the Ministry of Land, Infrastructure and Transport of the Republic of Korea, is initiating a capacity-development programme for, in a first phase, Cambodia, the Lao People’s Democratic Republic, Myanmar, Thailand and Viet Nam to address the establishment of institutional arrangements related to intermodal transport and logistics that are best able to assist these countries in articulating a long-term vision of sustainable intermodal development that encompasses the next two or three decades.

IV. Issues for consideration

51. The Committee may wish to invite representatives to provide information on progress made in individual countries with respect to the development of dry ports, highlighting achievements as well as outstanding challenges.

¹⁶ Ibid., p. 9.

52. The Committee may wish to renew the call for all member States to become parties to the Intergovernmental Agreement on Dry Ports as a way to enhance the Commission's technical assistance.

53. In addition, the Committee is invited to provide guidance with respect to the ways in which ESCAP can take the following actions:

(a) Assist its member States in supporting better coordination of national-level policies related to the development and operation of dry ports of international importance, including the possibility of establishing inter-agency coordination bodies in charge of all logistics-related issues, including the development and operation of dry ports;

(b) Jointly with other development partners, leverage the mandate provided by Commission resolution 74/2 to assist countries of the region in implementing the regional framework for the development, design, planning and operation of dry ports of international importance, tailoring its recommendations to the needs of particular countries or subregions;

(c) Assist member States in devising policies on dry port development, including through analysis and sharing of good practices, as well as potential pilot projects to be carried out with member countries.

Annex

Intergovernmental Agreement on Dry Ports

Signatories/parties

To date, 17 member States have signed the Intergovernmental Agreement on Dry Ports and 13 have deposited their instruments of ratification, acceptance, approval or accession with the Secretary-General of the United Nations.¹

<i>Member States</i>	<i>Date of signature</i>	<i>Date of ratification, acceptance, approval or accession</i>
Afghanistan		1 August 2016 (accession)
Armenia	7 November 2013	
Bangladesh	25 September 2014	8 March 2016
Cambodia	7 November 2013	
China	7 November 2013	24 March 2016 (approval)
India		17 December 2015 (accession)
Indonesia	7 November 2013	
Iran (Islamic Republic of)	7 November 2013	10 April 2017
Kazakhstan		8 April 2016 (accession)
Lao People's Democratic Republic	7 November 2013	
Mongolia	7 November 2013	30 June 2016
Myanmar	7 November 2013	
Nepal	7 November 2013	
Republic of Korea	7 November 2013	22 April 2014
Russian Federation	7 November 2013	30 December 2015 (approval)
Sri Lanka	16 May 2014	
Tajikistan	7 November 2013	20 November 2015 (approval)
Thailand	7 November 2013	7 November 2013
Turkey	15 December 2014	
Turkmenistan		27 November 2016 (accession)
Viet Nam	7 November 2013	29 October 2014 (approval)

¹ In accordance with articles 4 (4) and 5 (1) of the Agreement, the Agreement entered into force on the thirtieth day following the date on which the eighth instrument of ratification, acceptance or approval of or accession to the Agreement was deposited with the Secretary-General of the United Nations.