Sustainable Logistics in the Mekong Region

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The Mekong Institute is an Intergovernmental Organization owned and operated by the six GMS governments; focuses on providing HRD and capacity development learning programs to enhance regional development, cooperation and integration.

**Thematic Areas**

- **1996**
  - Development Assistance Project
  - NZAID and Thai Gov’t establish MI for the 6 countries of the GMS

- **2003**
  - Independent Organization
  - MI Charter signed MI becomes a non-profit, autonomous organization

- **2009**
  - Inter-Governmental Organization
  - The Royal Thai Government has approved MI as an Inter-Governmental Organization (IGO) (7 November 2009)
THE GMS ECONOMIC COOPERATION PROGRAM

Founded in 1992 with assistance from ADB to enhance economic cooperation in the subregion

Vision:
a more integrated, prosperous, and harmonious region

3 Cs:
Connectivity
Competitiveness
Community

MEMBER COUNTRIES

1. Cambodia
2. China, People’s Republic of (PRC)
   Yunnan Province
   Guangxi Zhuang Autonomous Region
3. Lao People’s Democratic Republic
4. Myanmar
5. Thailand
6. Viet Nam
Developing Economic Corridors is a Strategic Priority for the GMS

Transform 9 priority transport corridors...

...into economic corridors to boost cross-border trade and investment and to stimulate jobs and growth
Mekong sub-regional connectivity architecture: GMS

PROGRESS AND ACHIEVEMENTS

$21 BILLION MOBILIZED for GMS projects since 1992

Over 10,000 KM of roads constructed, upgraded, or improved

3,000 KM of power transmission and distribution lines built/added

Tourist arrivals increased from 10 million in 1995 to 60 MILLION IN 2016

Trade between GMS countries: from $5 billion to over $414 BILLION

500 KM of railways constructed, upgraded, or improved

1,570 MEGAWATTS of power generation capacity installed
Freight and Logistics in the GMS – regional context

- GMS is among the world’s fastest growing economies, booming trade between and in countries
- Large investments in infrastructure to facilitate the trade growth and to connect and integrate the countries
- Strong increase in transport flow along economic corridors and in countries
- ASEAN integration process
- Road transport is the dominant domestic form of transport in all GMS countries (80% of goods by road), mainly SME operators
- ASEAN’s Transport Strategic Plan 2016-2025 calls for action on Green Freight and Logistics
Increased emissions from traffic

Business as usual CO2 emissions from EWEC

Source: ADB GMS 2015
Truck’s disproportionate contribution to transport CO2 emissions in Asia

Source: Clean Air Asia, Energy Efficiency for Heavy Duty Vehicles in Asia
Freight and Logistics in the GMS – Challenges

- Logistics market in the GMS is very locally organized and highly fragmented
- Trucking is the dominant form of freight transport in the GMS accounting for 70-80% of all tonnage
- Fuel costs are the major operating cost (40-60%) and contribute to high logistics costs (compared to other parts of the world)
- Dominance of aged, fuel-inefficient truck fleets, inadequate logistics management capacity, low safety standards and weak driver training, and a lack of access to financial capital for technology/truck upgrades
- Lack of freight data that inhibits sound road and fleet investment and policy planning
- Solutions exist that can reduce both fuel use and emissions but are not being adopted at scale because of lack of information, standards, investment, and policy incentives.
- Efficiency, environmental performance and safety remains a challenge

Source: EU-GIZ-MI Project on Green Transport and Logistics in the Mekong region
Key Messages

- Reducing the cost of logistics and transport will improve economic performance in the GMS.
- Efficient road freight offers a major opportunity to reduce GHG emissions from the transport sector in the GMS.
- Three key target areas to improve fuel efficiency of road freight are technology, logistics management, and driver capacity.
- Freight fuel efficiency actions in the GMS should target SME truck companies.
- Green freight programs could successfully reduce fuel consumption, increase logistics efficiency, and reduce transport sector GHG emissions in the GMS.

Source: ADB GMS project 2015, Green Freight in the GMS Region
PROJECT: Green Freight and Logistics Development in Mekong Countries 2017-2020
Benefit more than 2000 direct and indirect beneficiaries in Mekong Countries

**Duration**

3 Year project (2017-2020)

**Target group**

Senior and Mid level officials from
- Department of Land Transport
- Private Companies e.g. custom brokers, trucking companies, warehouse, transhipment facility operators, ICD, Cold Chains etc.

**Participating countries**

- Cambodia,
- Lao PDR,
- Myanmar,
- Vietnam,
- Thailand

**Project Partners**

- National Ministries of Land Transport,
- Freight Forwarders Associations,
- Trucking Associations
- GMS- Freight Transport Association

**Long Term Objective**

- To reduce cost of logistics and transport for improvement in economic performance in the Mekong countries.
- [to eventually aid the transport sector to increase its contribution to economic development in the Mekong countries as well reduce its carbon footprint.]

**Short Term Objective**

- Introduce ‘green mark’ standards in logistics service operations through building capacities of national agencies in the government and private sector.
- Design, develop and field test curriculum on green freight and logistics development.
- Build capacities of the LSPs on green freight and logistics to comply with the ‘green mark’ certification.
- Create database on green technologies in logistics to access information by LSPs for a networking platform.
- Provide a regional platform for the Government agencies and Private sector involved in logistics development for collective action to promote green logistics in the Mekong countries.
Project Activities

Baseline Study in CLMVT

Keys aspects of logistics and green freight among the LSP will be used to measure the progress and outcomes of the project.

Design of Green Freight and Logistics Curriculum

Training curriculum and core training modules will be developed and field tested at MI.

Setting of Green Logistics Service Quality Standards (Green Mark)

- Setting of standards on core logistics services such as Cargo/Freight handling, Transportation, Warehouse, ICD, Cold chain etc. are established,
- Agreed by GMS-FRETA members, Government agencies,
- Introduced in all the 5 Mekong countries.
- Three categories of ‘green label’ will be introduced to certify companies at intermediate, moderate and high depending upon the level of performance.

Green Freight Certification Process

- To devise mechanism to adopt the logistics standards in their respective country.
- Draft follow up mechanism to monitor the use and application of the GLSQS by the companies and periodic monitoring/review of the compliance of the standards.

Core Group meeting to introduce the GLSQS (Green Mark)

- The core standards will cover relevant aspects fuel reduction, measures for emissions besides technical aspects of management and operations efficiency.
- The company’s opting for green freight certification will adopt on voluntary basis to record and monitor the implementation of the core measures to comply with the standards.
- The government agencies (land transport departments) can utilize the information from the companies on periodic basis to assess the compliance of the green freight standards for annual renewals of the certification.
Green Logistics Auditor (GLA) Software Program

- An emission tracking software is deployed/piloted in 5 CLMVT countries
- A unique approach to track environmental efficiency through wide areas of org. operations, waste management, and transport operations.
  - 40 Key Performance Indicators (KPIs)
  - A excel based report is provided to the users
  - Determining their level of green efficiency based on the KPI assessment.
  - An emission report with various Green House Gas (GHG) emissions, viz., CO₂, CO, NOₓ, SOₓ, PM10, PM2.5
- Companies in CLMVT can keep track of their monthly/yearly emissions and submit it to authorizing body
- Three levels (Moderate, Intermediate and High) of green certification
- A reference for the CLMVT country government for implementing Green labeling scheme in the future.
PROJECT: Sustainable Freight Transport and Logistics in the Mekong Region: 2016-2019
To increase sustainable freight and logistics in the Mekong Region by working with over 500 SMEs to:

- Implement measures to **increase fuel efficiency** to 500 SMEs
- Improve safe handling and transport of **dangerous goods** in 80 SMEs and regulatory improvements
- Increase **access to finance** for SMEs in the logistics sector
- To promote labelling, green freight action plans and carbon footprinting

**Participating Countries:** Cambodia, Lao PDR, Myanmar, Vietnam and Thailand

Mekong Institute as partner of the project is implementing activities on

i. Basic Accounting and Financial Management for SMEs in Freight and Logistics Sector
ii. Basic Logistics Management
iii. Financial solutions for CLMVT transport and logistics sector
iv. Facilitating the matching between SMEs in the transport/logistics sector and banks for financial access;
v. TA in assisting SMEs in the development of their business/investment plans
vi. Developing a Logistics Alliance
Key Results

Fuel Efficiency

- 58 local trainers were trained, Eco driving training curriculum translated into 5 languages
- 513 SMEs are trained on eco driving and defensive driving covering more than 600 drivers
- 16.38% fuel reduction in over all average (10-28% in range)
- 169.81 gCO₂e/km. CO₂ emission reduction in average
- Eco driving training integrated into truck driving training in Myanmar and Cambodia

Safe Dangerous Goods Transport

- Agreement on Dangerous Goods (ADR 2017) translated into 4 languages (Cambodia, Myanmar and Vietnam and Laos)
- 22 local trainers from 5 countries were trained
- 91 government officers from 4 countries and 108 SMEs were trained
- 6 notifications in MM issued, Decree in VN and KH are being revised
- Action plan for Dangerous Goods Safety Adviser (DGSA) establishment in Thailand is approved

Access to Finance

15 SMEs are in the process of business plan development

Policy and Consumer Awareness

- 13 SMEs in the process of GFA certification
- 73 SMEs in Thailand in the process of Q Mark certification
- Standard guideline on Green Freight for Vietnam developed and approved by DRVN
- NDC action plan for freight sector for Thailand
- 3 Year project with one international training per year (2017, 2018 & 2019)
- Funded by Thailand International Cooperation Agency

To address the importance of ‘Green’, in the freight and logistics by enhancing the knowledge and skills on logistics operations and services of the agencies involved in transport and logistics sector.

- Over 60 participants participated the Training Program since 2017.
- Asia, Africa and Latin America such as Bhutan, China, Cuba, Egypt, Fiji, Guinea, Iran, Kyrgyzstan, Liberia, Myanmar, Nepal, Palestine, Panama, Philippines, Uganda, Uzbekistan, Cambodia and Thailand.
- Action plans on range of topics including green freight policy development, warehouse management, training curriculum etc. adopted in the countries.

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<td>Module 3</td>
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<td>Module 6</td>
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The program is structured into three parts as follows:


Part II of the program will be the Structured Learning Visits (SLVs). The participants will have opportunities to observe and gain experiences and knowledge through visiting transport and logistics facilities in Thailand.

Part III is the Business Networking. It will be organized among i, the program participants and ii, the prospective transport and logistics businesses in Thailand.

The training aims to enhance knowledge and skills on logistics operations & services, planning and management for greater efficiency and effectiveness of the transport and logistics sector and to provide opportunities for business development among the GMS program participants.

Mekong Institute (MI), in collaboration with the Trade Policy and Strategy Office, Ministry of Commerce, Thailand, organises a two-week regional training cum business networking on “Sustainable Transport and Logistics Planning and Management”

The full scholarship covers all training expenses, including accommodation, training materials and other activities designed under the training program.
Objective is to explore complementary benefits among SEZs and companies to strengthen value chain networks among the SEZs in the LM region.

<SEZ Profiles>
- SEZ Overview
  (E.g., facts and figures, background, focus sectors and anchor tenants, zone operation, organizational structure);
  - Facilities
    (E.g., infrastructure, area, customs);
  - Incentives (E.g., hard / soft incentives);
  - Legislation
    (E.g., Land law, labor law, national policies on SEZ, investment promotion law).

National Level Information
Economic Statistics
(E.g., GDP, key sectors, major products / goods, labor wage, major export / import);
National law, policy and strategy related to investment

One Stop Service (OSS) Information Platform
Business registration procedure;
Information related to building construction and fire safety;
Factory registration procedures

Company Profiles
Company Name / Brand / Business description
Corporate status
Business type
Business sector
Target market
Trade capacity

<SEZ Profiles>
- SEZ Overview
  (E.g., facts and figures, background, focus sectors and anchor tenants, zone operation, organizational structure);
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    (E.g., Land law, labor law, national policies on SEZ, investment promotion law).
To promote and facilitate business networking among logistics companies in Cambodia, Laos, Myanmar, Thailand and Vietnam

- Over 2,000 logistic company profiles
- Includes transport agreements, regulations, notifications in logistic sector
- Database and Smart Phone Application system
- Partnership with GMS-FRETA, LIFFA, CAMTA, MIFFA, VATA, TIFFA, CAMFFA

GMS – Logistics Business Information Database

http://logisticsgms.com/

Upgraded DB to include Green logistics by providing a function on buyer’s request to search potential green freight technology information and suppliers within the GMS region and beyond.
THANK YOU!