INSTITUTIONAL DETERMINANTS FOR DRY PORT DEVELOPMENT AND LOGISTICS PERFORMANCE IN CAMBODIA, LAO PEOPLE’S DEMOCRATIC REPUBLIC, THAILAND AND VIETNAM

A STUDY DEVELOPED UNDER THE PROJECT:

STRENGTHENING THE INSTITUTIONAL FRAMEWORK FOR THE DEVELOPMENT OF DRY PORTS IN CAMBODIA, LAO PEOPLE’S DEMOCRATIC REPUBLIC, THAILAND AND VIETNAM

Transport Division

UNited Nations
ESCAP
Economic and Social Commission for Asia and the Pacific

Bangkok, August 2019
The views expressed in this study-report are those of the authors and do not necessarily reflect the views of the United Nations Secretariat. The opinions, figures and estimates set forth in this publication are the responsibility of the authors and should not necessarily be considered as reflecting the views or carrying the endorsement of the United Nations.

The designations employed and the presentation of the material in this study-report do not imply the expression of any opinion whatsoever on the part of the Secretariat of the United Nations concerning the legal status of any country, territory, city or area, or of its authorities, or concerning the delimitation of its frontiers or boundaries. Mention of firm names and commercial products does not imply the endorsement of the United Nations.

This study-report is issued without formal editing.

ACKNOWLEDGEMENTS

The present study-report was prepared by the Transport Research and Policy Section, Transport Division, ESCAP. It was developed as part of the project entitled “Strengthening the Institutional Framework for the Development of dry ports in Cambodia, Lao Peoples’ Democratic Republic, Thailand and Viet Nam”, under generous financial assistance of the Ministry of Land, Infrastructure and Transport of the Republic of Korea.

The study extensively benefited from the visits made by the ESCAP project team to sites in Cambodia, the Lao Peoples’ Democratic Republic, the Republic of Korea, Thailand and Viet Nam. The assistance and information provided by concerned officials and departments in these countries for the study is duly appreciated.

Acknowledgments are extended to Mr. Peter Hodgkinson, transport economist and consultant for the project, for his extensive technical inputs and assessments. Acknowledgments are also extended to Mr. Sunwoo Jung, National Expert and Ms. Rusali Agrawal, intern, Transport Division, for invaluable assistance in compiling this report. Finally, acknowledgements are extended to the staff of Transport Division, who provided peer views on this report.
EXECUTIVE SUMMARY

The project “Strengthening the Institutional Framework for the Development of dry ports in Cambodia, Lao Peoples’ Democratic Republic, Thailand and Viet Nam”, builds on the earlier work of ESCAP on dry ports and was designed with a view to compiling, studying and analyzing the institutional frameworks for the development of dry ports of international importance in the project participating countries. In so doing, the project was aimed at providing guidance on institutional elements that would have the potential to successfully guide the coordinated development of dry ports in these countries.

The Republic of Korea, as a high performing country in the region, was taken as a good practice example of strong institutional infrastructure for dry ports and logistics that was overall both stable and enforced, based on the key dimensions of institutional strength. As such, the Republic of Korea was found to have seven core institutional elements that were deemed to have played a significant contributing role to its success in the planning, development and operationalization of dry ports, namely (i) it is a Party to ESCAP’s Intergovernmental Agreement on Dry Ports; (ii) its actions in that regard are guided by a relevant national masterplan; (iii) a lead decision-making entity has been designated; (iv) there is a multi-agency coordination mechanism at the policy level; (v) there is coordination across mode-specific authorities in defining infrastructure and/or investment plans; (vi) the private sector has a defined role and involvement in the policy consultation process and; (vii) there is a legal framework on Public-Private-Partnerships that enables/facilitates private sector financing and investment in facilities.

The project participating countries’ corresponding institutions were assessed against these core elements, both in terms of whether or not they are present but also, where present, as to their quality and implementation, in order to ascertain the reasons for differing levels of performance among countries with similar institutional set-ups and identify ways to strengthen their institutional framework.

From this exercise, a number of conclusions were drawn with respect to key strategic aspects, policy planning, institutional and organizational aspects, as well as legal and regulatory aspects all of which sum up to the be the institutional framework for dry ports in the participating countries.
# Table of Contents

I. **Introduction** 1

II. **The Strategic Importance of Dry Ports** 2

III. **Methodology and Analytical Approach** 4

IV. **Defining Institutional Strength** 6

V. **Assessment of Institutional Elements Relevant for the Development of Dry Ports** 7
   A. The regional institutional framework 9
   B. National masterplans – key institutional elements 11
      1. Republic of Korea 11
      2. Thailand 13
      3. Viet Nam 14
      4. Lao People’s Democratic Republic 16
      5. Cambodia 17
   C. Financing and investment regulatory environment 19
      1. Republic of Korea 21
      2. Thailand 22
      3. Viet Nam 23
      4. Lao People’s Democratic Republic 24
      5. Cambodia 25

VI. **Operational Conditions at Selected Facilities** 26
   1. Uiwang ICD, Republic of Korea 27
   2. Laem Chabang/Lad Krabang and SRTO, Thailand 29
   3. My Dinh, Viet Nam 32
   4. Thanaleng, Lao People’s Democratic Republic 33
   5. Tec Srun, Cambodia 34

VII. **Conclusions and Recommendations** 36

**Tables**
- Table 1: Planned dry ports in Thailand
- Table 2: Characteristics of visited facilities
- Table 3: Uiwang ICD component facilities and land area
- Table 4: (New) My Dinh ICD component facilities and land area
- Table 5: Tec Srun component facilities

**Figures**
- Figure 1: The two dimensions of institutional strength
- Figure 2: Sectoral policies relevant for dry port development
- Figure 3: Uiwang container throughput trend
I. INTRODUCTION

1. Growth in the global economy over the past two decades, increased manufacturing and agricultural production, and new marketing techniques creating more demand, have all increased the need for efficient transport infrastructure and services. These services are important because industry is now located worldwide and requires frequent shipments, precise scheduling and efficient logistics to bring components together for assembly and to deliver finished products where they are wanted.

2. In this context, inland intermodal facilities or dry ports are attracting attention because of the potential that they offer to improve transport efficiency and meet supply chain requirements by grouping access to highways and railways together with customs processing, warehousing, consolidation and distribution, manufacturing and clustering of economic activities along domestic as well as trans-boundary economic corridors. Surveys of firms in the manufacturing and trading sector always indicate that the quality of infrastructure and the clustering of economic activities are important factors in their expansion plans. The meaning of this is that countries with adequate transport and logistics will always attract higher volumes of foreign direct investment.

3. This shows that expansion of the transport sector through the establishment of intermodal facilities such as dry ports is no longer a predominantly national issue, but a wide-ranging effort that requires strategic coordination within a wider international framework and involves a greater number of stakeholders in both the public and private sectors. As a result, the planning of intermodal facilities has become more complex, and the policies relating to their operation are under the scrutiny of investors who will decide whether to invest in a particular project and industry.

4. Therefore, improving logistics performance is a complex, unfinished, cross-cutting and evolving agenda.\(^1\) It follows that any effective action in logistics policies should be the result of coordinated efforts between the private and public sectors. Consequently, reforms aimed at improving logistics should follow an integrated approach, focusing on the interaction between infrastructure and public and private services, addressing coordination failures and identifying constituencies best able to carry forward the reform agenda.

---

II. THE STRATEGIC IMPORTANCE OF DRY PORTS

5. The Intergovernmental Agreement on Dry Ports (hereinafter the Agreement), which entered into force in April 2016, was developed under the auspices of the United Nations Economic and Social Commission for Asia and the Pacific (ESCAP), to provide a uniform definition of a dry port of international importance, identify the network of existing and potential dry ports of importance for international transport operations and propose guiding principles for their development and operation. The main objective of developing a regional dry port network is to expand trade opportunities by facilitating the uninterrupted movement of trade consignments between dry ports located in different countries. This can be achieved by consigning goods from a dry port in one country to a dry port in another, thus, minimizing border inspections and delays between the two, and by carrying out customs and other border-control formalities and securing the release of goods at the destination dry port.

6. However, the interconnection of dry ports requires that there be some consistency among them in terms of the services that they provide, their location in relation to trade-generating industry, and their transport connections. While the Agreement provides guidelines with respect to all these factors, it is clear that the facilities identified by countries as dry ports under the Agreement fall within a wide range of types, infrastructure links and service functions. Some do not have the authority or facilities for customs and other border-control functions.

7. To address this challenge, following the entry into force of the Agreement, the secretariat launched follow-up activities to facilitate its efficient implementation. In this regard, a regional framework for the planning, design, development and operation of dry ports of international importance was developed and endorsed by ESCAP member-States.

8. The key concept underlying the regional framework is also the idea of a network of interconnected dry ports in the Asia-Pacific region. It is envisaged that such a network could be formed from the dry ports covered by the Agreement. Some 150 existing and 86 potential dry ports were designated by member countries and included into annex I to the Agreement at the time of its adoption. This regional framework, which is periodically amended at the meetings of the Working Group on Dry Ports convened biennially by the secretariat, provides a means of planning their development so that they may follow the same standards and be interconnected in the future.

9. In the regional framework, fundamental issues related to both the hard and the soft infrastructure of dry ports of international importance are identified, and, along with the description of each issue, a related target is proposed for designing or operating dry ports of international importance, as well as recommended processes to follow to reach each target. One of the issues
identified in the framework was deemed to warrant further attention and evidence-based analysis, namely the challenge of predominantly fragmented authorities for the coordination and planning of dry port development in the region. This feature is primarily linked to the overall insufficient institutional and regulatory frameworks that hinder the effective delivery and implementation of government policies designed to assist this development.

10. A voluminous literature documents a strong correlation between good institutions and economic performance, meaning that the introduction of new technologies or know-how, whether 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 and logistics.

11. In looking at the development of efficient intermodal transport at large, the complexity of modern supply chains, along with the multiplicity of actors with different interests, make all the more essential the provision of effective, reliable and transparent institutional arrangements with the task of governing related issues across ministries, transport modes operators, logistics providers, and other stakeholders such as chambers of commerce.

12. It follows that dry ports, as points of convergence and interaction between transport modes, transport operators and logistics providers, public sector agencies and private sector entities, 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 implement such 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.

13. From that perspective, one of the issues that affect and could seriously deter the continued development of Asia and the Pacific are institution-level failures in the areas of design, control and implementation of public policies that address infrastructure services. These are typically characterized by the lack of a common vision among those who make decisions on matters of infrastructure, transport and logistics and by the absence of coordination and integration of policies and investments that target these sectors, create cost overruns and inefficiencies that hamper the region’s economic and social development.
14. The absence of such overarching institutional structures often holds back the development of efficient logistics and intermodal transport in many developing countries of the region. In addition, the Sustainable Development Goals have put pressure on policymakers of the region – especially in low income or lower-middle income countries – to articulate a long-term vision of sustainable development that encompasses the next two or three decades. Part of this vision brings the negative externalities of the transport sector under renewed scrutiny. In that context, identifying and putting in place the appropriate institutional arrangements will facilitate the adoption of home-grown policies that best serve their national as well as multilateral interests, and promote a holistic approach in defining transport for the future.

III. METHODOLOGY AND ANALYTICAL APPROACH

15. The project “Strengthening the Institutional Framework for the Development of dry ports in Cambodia, Lao People’s Democratic Republic, Thailand and Viet Nam”, builds on the earlier work of ESCAP on dry ports and was designed with a view to compiling, studying and analyzing the institutional frameworks for the development of dry ports of international importance in the project participating countries. In so doing, the project was launched using as a starting point the successful experience of the Republic of Korea in developing concrete guidelines on institutional elements that could provide reference for and guidance to countries willing to embrace a similar process.

16. In broad strokes, the term “institutional framework” refers to the set of formal organizational structures, rules and informal norms for service provision. This generally includes:

   (i) governance institutions that define the distribution of power and authority between levels of governments, government organizations, and other actors;

   (ii) the legal institutions that refer to statutes, constitutional provisions, laws, regulations and rules, and high-level administrative orders governing the sector; and

   (iii) social and organizational culture within which the organizations and other stakeholders play their role.

17. An institutional framework could also be considered to include personal and group dynamic relationships between government organizations and the private sector, and various pressure groups that influence the decision-making environment and the allocation of resources.

18. A country’s institutional framework will, therefore, determine various important processes that need to be followed for obtaining relevant decisions, authorizations and approvals from relevant local authorities. The efficiency and
reliability of local institutions varies considerably and depends on a variety of factors, including the maturity of the jurisdiction, the quality and resourcing of relevant departments and so on. Poorly functioning, under-resourced or politically driven institutional structures have been known to create significant problems for infrastructure projects. Furthermore, there may be a lack of clarity in terms of responsibility and allocation of tasks amongst different government departments and coordination may be seriously lacking.

19. The idea that institutions matter for economic policy is not a novel one. The centrality of institutional determinants for economic performance has, however, steadily gained prominence in the economic policy debate. This is testified, among other things, by several initiatives launched either by intergovernmental organizations or foundations focused on measuring the impact of institutional frameworks on growth or competitiveness. The “Doing Business” reports published annually by the World Bank is just one of the prominent examples in this respect. Recent debates over global financial crises have further renewed the role of institutional setting and legal standards as “genetic” features of well-performing markets.

20. The rising consensus about the inefficiency of many direct governmental interventions in the economy, as well as of many omissions, has led to the idea that designing appropriate institutional frameworks and structural reforms should be at the core of policymaking. This could ostensibly be attributed to the principles of “New Institutional Economics” (NIE) namely the notion that there is a causal relationship between institutional frameworks and the dynamics of the economy.²

21. The significant body of academic work that emphasizes the importance of institutions for driving growth provides, at the same time, little guidance on how to measure institutional strength on the ground.³ This makes the institutional strength analysis a largely theoretical construct that requires translation into the real economy, and into the sector being analysed. At the same time, it is hard to find one single proxy which would be able to accurately reflect the quality of the institutional environment in a specific sector, case in point being dry port development. Realistically, much depends on national objectives, as well as on national/local context including overall governance; legal frameworks; relevant capacity; culture and social structures; and economic situation.

22. In this light, the project encompassed technical data-collection missions to specific dry ports in each of the project participating countries as well as consultations with relevant government officials in Cambodia, Lao People’s

---

² Éric Brousseau and Antonio Nicita, How to design institutional frameworks for markets, Revue d'économie industrielle [Online], 129-130
³ Ibid
Democratic Republic, the Republic of Korea, Thailand and Viet Nam, in order to collect information that would enable a first qualitative assessment of regional, national and local institutional components and indicators relevant to dry port development. This has served as a basis for an institutional strength measuring exercise intended to, ultimately, lead to the identification of actions that can be taken by member States across the ESCAP region to build strong institutional foundations for the development of dry ports.

IV. DEFINING INSTITUTIONAL STRENGTH

23. Institutional strength may be conceptualized along two core dimensions that are (a) enforcement and (b) stability. Enforcement is the degree to which rules are complied with in practice. Where all relevant actors in a given territory routinely comply with rules or face a high risk of legal and financial retribution, enforcement is high. Institutions are stable when they survive not only the passage of time but also changes in the conditions. Institutional instability and “normal” institutional change, however, should be differentiated on the basis of whether they indicate necessary adaptations. From that perspective, institutional instability would stand out as a pattern in which, given a common environment (i.e., exogenous shocks and political changes), one institutional arrangement changes more often than other similarly designed ones.

<table>
<thead>
<tr>
<th>Stability</th>
<th>Enforcement</th>
</tr>
</thead>
<tbody>
<tr>
<td>High</td>
<td>strong formal institutions</td>
</tr>
<tr>
<td>Low</td>
<td>unstable (but enforced) formal institutions</td>
</tr>
</tbody>
</table>

Figure 1: The two dimensions of institutional strength

Source: See fn.3

24. When institutions are stable and enforced, actors can assume that (a) others will follow the same rules and (b) the rules will remain unchanged in the foreseeable future. In this case, actions are limited to those prescribed or permitted by the formal rules; this, in turn, reduces uncertainty and actors develop stable expectations about others’ behaviour. This lengthens time horizons, facilitates cooperation and creates a stable development path.

---


5 Ibid
V. ASSESSMENT OF INSTITUTIONAL ELEMENTS RELEVANT FOR THE DEVELOPMENT OF DRY PORTS

25. In the transport sector, there seems to be overwhelming consensus that there is no one single recipe or template for institutional arrangements for dry port development. For instance, selecting a location for a dry port alone could be an overwhelmingly complex issue, as that decision, in principle, needs to be considered in relation to a number of factors that may include *inter alia* its relative proximity to seaports; connections to other modes of transport; cost of development, operation, and transport; potential for encouraging mode shift; environmental concerns; potential for attracting manufacturing and distribution facilities; and economic stimulus for regional economic development.⁶

*Figure 2: Sectoral policies relevant for dry port development*

Source: See fn. 5

---

26. For example, several countries use logistics performance as a direct indicator of how successful a given logistics policy in place is. All countries examined in the project have reportedly geared their dry port development plans towards the objective of increasing their ranking in the “Logistics Performance Index” (LPI) mid to long-term. While the LPI is a well-established benchmark, it does not do everything. It is a measure of supply chain efficiency which provides information of where a country stands and gives a crude indication of problems. It is not, on its own, a diagnostic tool, the caveat being that it targets international supply chains. As such, it may not fully reflect the quality of domestic connectivity and logistics.

27. In four of the five countries examined, logistics facilities such as dry ports and their corresponding transport connections are elements of the logistics policy. Therefore, the first observation made in the course of the project research was that logistics development and dry ports development, from the policy-making perspective, are inexorably linked, if not virtually indistinguishable.

28. The study takes account of the institutional value of regional intergovernmental Agreements and their role in the overall context of dry port development. For the purposes of this study, the scope of the analysis has been limited to the institutional architecture offered by ESCAP, as an analysis of all bilateral, sub-regional and regional instruments would warrant a separate in-depth analysis going beyond the scope of the project.

29. Taking the example of the Republic of Korea as good practice baseline, and drawing from the information collected on logistics and other sub-sectoral policies and the institutions involved, the study posits that there are seven (7) elements, analysed in this chapter, that need to be present for a strong institutional basis on dry ports namely (i) whether the countries are Parties to ESCAP’s Intergovernmental Agreement on Dry Ports; (ii) whether a relevant national masterplan has been developed; (iii) whether a lead decision-making entity has been designated; (iv) whether there is a multi-agency coordination mechanism at the policy level; (v) whether there is coordination across mode-specific authorities in defining infrastructure and/or investment plans; (vi) whether the private sector has a defined role and involvement in the policy consultation process and; (vii) whether there is a law on Public-Private-Partnerships that would enable/facilitate private sector financing and investment in facilities.

30. However, beyond the presence of these elements, the quality and specificities of these elements in each country are further examined. For example, both the Republic of Korea and Thailand have a very strong institutional basis to begin with but differ significantly on their institutional approach and in implementing methods, resulting in differing levels of overall performance.
31. In addition, while in the initial assessment, all countries meet the requirement of having a masterplan, qualitative sub-classifications have to be further identified. For example, Viet Nam has developed a dry ports action plan, addressing principally infrastructure and connectivity, along with a separate masterplan for increasing logistics competitiveness, and is also in the process of developing sub-sectoral masterplans for roads, railways, seaports, inland waterways and airways. This proliferated approach, combined with the lack of a designated lead decision-making entity, poses the challenge of effective harmonization and synchronization of plans, discussed later in this report.

32. Similarly, while Cambodia and the Lao People’s Democratic Republic have a comparable number of structural elements in common, they vary in overall performance and are facing different conditions in implementation and considerably different priorities, as Cambodia is a coastal State and the Lao People’s Democratic Republic is landlocked.

33. These parameters make such qualitative analysis more challenging in terms of accuracy but could provide some insight on ways to improve the institutional framework in the project countries. The next sections of this chapter will analyse each element and provide further information on the prevailing institutional conditions of each project country.

A. The regional institutional framework

34. The development of international transport traditionally spans across three main elements namely (i) harmonization of laws and regulations, (ii) standardization of means and (iii) simplification of procedures, all of which serve the sustainability objectives of the 2030 Agenda. International and regional cooperation drive these efforts, the success of which is largely contingent upon strong institutions and regulatory support. As such, the institutional architecture offered by ESCAP, as the regional development arm of the United Nations in Asia and the Pacific, seems to be a natural starting point for the discussion on institutional elements specific to dry ports in the project-participating countries.

35. The Intergovernmental Agreement on Dry Ports first and foremost provides a uniform definition of dry ports, namely as “an inland location as a logistics centre connected to one or more modes of transport for the handling, storage and regulatory inspection of goods moving in international trade and the execution of applicable customs control and formalities”.

36. The Agreement also specifies that dry ports should, ideally, be connected to the Asian Highway and/or the Trans-Asian Railway Networks and eventually brought into conformity with the Annex II to the Agreement. Annex II includes the provision prescribing “institutional, administrative and regulatory frameworks that are favorable to the development and smooth operation of dry
ports, including procedures for regulatory inspection and the execution of applicable customs control and formalities in line with the national laws and regulations of the Party concerned”, without however offering much detailed guidance in that respect.

37. By its nature as a Treaty of voluntary commitments under international law, the Agreement ranks low on enforceability but high in stability, (See figure 1 of the present report). That is to say that there are no formal means, within the regional and international intergovernmental structures provided by the United Nations, for ensuring that these dry ports are developed and operated exactly as prescribed. Enforceability is dependent on the national political will to transpose the commitments into national policy making and related legislation, which in turn is heavily reliant on endogenous factors such as resource capacity and competing national priorities.

38. Institutional stability, however, is arguably the biggest advantage of the Intergovernmental Agreement on Dry Ports. Where institutions are created slowly, as they tend to do in intergovernmental Treaties, actors have more time to evaluate their valued added and their consequences and to assess how the rules affect their interests. Rules that survive a slow process of formation are, thus, more likely to enjoy organized support and other means of institutional reproduction. By contrast, where rules are designed quickly, mechanisms of reproduction have less time to emerge. This is typically observed in the domestic context.

39. Another important element of institutional stability is the passage of time. When institutional arrangements persist over time, despite any crises or changes in the environment in which they are enforced, actors have confidence and certainty as to what to expect. In turn, this leads to an investment in skills, technologies, and organizational structures that are appropriate to those institutions. As a result, these arrangements grow increasingly attractive as compared to a lengthy process of designing an alternative. In this context, the advantage of the ESCAP institutional framework is clear; it provides a constant, against which nationally determined, and often unpredictable, variables can be estimated in the national context. This allows the regional institutional framework to mature organically, unaffected by other destabilizing factors. As such, for the purposes of this analysis, being Party to the Agreement in itself, is a key institutional element.

40. The Republic of Korea, Thailand and Viet Nam are Parties to the Agreement, while Cambodia and the Lao Peoples’ Democratic Republic are

---

7 Steven Levitsky and Maria Victoria Murillo, Variation in Institutional Strength, The Annual Review of Political Science, 2009. 12:115–33
8 Ibid
9 Ibid
signatories but have not yet ratified it. The consultation process with the countries’ authorities revealed that the ratification process most likely provided a key enabler for the countries that became Parties: the clear delineation of the entity or authority primarily responsible for leading, coordinating and/or implementing dry port policy, at least insofar as competence over the Agreement is concerned.

41. For example, Cambodia has not, as yet, ratified the Agreement owing to difficulties in unequivocally identifying the responsible Ministry. This is compounded by the fact that dry ports in Cambodia are defined from a Customs regulation perspective, notably not as per the definition of the Agreement. At the same time, placing competence for dry ports under the Ministry of Finance would be incompatible with the Agreement which, by its nature, would be better served under the competence of the Ministry of Public Works and Transport, albeit warranting the close involvement of Customs authorities for their successful operation. Therefore, it could be argued that, once a decision is made on the primarily responsible government entity that will allow ratification, the policy formulation and related planning processes will already be placed under some measure of clarity also in the national context.

B. National masterplans – key institutional elements

42. All countries that were visited have elaborated mid to long term development plans for logistics encompassing the development of facilities such as dry ports. A common element in most national plans was the ultimate objective of using dry ports as a vehicle to incentivise a shift from road to other modes of transport such as rail and inland waterway transport for access to seaports and onward seaborne transport. Thailand and Lao People’s Democratic Republic have also identified the objective of cross-border inland transport that is set to be facilitated by strategically located dry ports.

43. Notwithstanding differing objectives, the fact that such national masterplans or strategies are in place is, in and of itself, an indicator of institutional strength. However, the quality of these plans and the multitude of planning and coordination processes included in them would create a sub-class of qualitative assessments.

1. Republic of Korea

44. Under the overarching statute entitled “Framework Act on Logistics Policies”, the Republic of Korea has designated the Ministry of Land, Infrastructure and Transport and the Ministry of Oceans and Fisheries as lead government entities responsible for formulating, every five years, a ten-year master plan for national logistics, setting basic directions for national logistics policies. These masterplans, according to the statute, shall be aligned with master
plans for national land formulated pursuant to the “Framework Act on the National Land”, and plans for the national transport network formulated pursuant to the “National Transport System Efficiency Act”. Thus, there is a designated lead entity that is required to coordinate with other impacted or relevant entities, and this is defined at the highest legislative level.

45. The statute further specifies that master plans for national logistics under that statute shall take precedence over any plan for logistics formulated under other statutes and shall be the basis of all other related plans. This further elaborates the hierarchy in the decision-making process. Further to this, the relationship with local government is strictly defined namely by providing that the Special Metropolitan City Mayor and Metropolitan City Mayors shall formulate, every five years, a ten-year master plan for regional logistics setting basic directions for regional logistics policies. The Minister of Land, Infrastructure and Transport shall prepare a guide to the methods of and standards for the formulation of a master plan for regional logistics.

46. Therefore, the revisions of the 10-year plan every five years provides enough scope to take account of changing trends and circumstances, as well as leaps in technology and availability of human or financial resources.

47. Under the jurisdiction of the Ministry of Land Infrastructure and Transport, the Republic of Korea has established a National Logistics Policies Committee, comprising 23 members from government, business, civil society and academia, thus, giving a voice to all affected and interested stakeholders in the consultation process.

48. Pursuant to corresponding presidential decree, logistics-related entities/businesses are required, when they build new logistics facilities or repair existing logistics facilities, to consider (i) the connection with main logistics base facilities and means of transport; and (ii) the potential overlap of function with that of neighboring logistics facilities. While these provisions seem to ensure that all entities and enterprises are involved with commensurate level of responsibility in the implementation of logistics policies, including facilities, it does seem to give reduced prominence to transport infrastructure and coordination across modes. This, in practice, is addressed under the “National Transport System Efficiency Act” at the technical implementation level, taking into account the prevailing geographical and trade conditions that currently favor a dominance of road transport, notably nearing 97% in domestic transport and a dominance of maritime transport for international trade.

49. Therefore, the Republic of Korea has a clearly defined, enforceable and stable framework that includes a lead entity with clear jurisdictional relationships with other authorities; a broad coordination and consultation process; and interest group involvement. However, the development/expansion of the dry port
network beyond the five existing Inland Container Depots (ICDs) and five Integrated Freight Terminals (IFTs) in current operation in the Republic of Korea is not covered by the current Logistics Policy. The reason advanced for this is that distances between trade origins/destinations and the two principal seaports in the country namely Busan and Gwangyang, are generally too short to justify the establishment of additional intermediate logistics terminals. In fact, only one of the five ICDs, Uiwang, is located at a distance from Busan Port which is compatible with cost effective rail operation. It could be assumed that the development of a better-balanced modal share in the Republic of Korea will evolve when geographical circumstances become opportune.

2. Thailand

50. In Thailand, the Office of Transport and Traffic Policy and Planning (OTP) of the Ministry of Transport (MoT) is mandated under a Ministerial Regulation to make comprehensive studies and analysis, to supervise and expedite the operations of affiliated MoT organizations, carry out continuous assessment of their performance in compliance with plans, projects, and budget constraints. The OTP is also required to convey its recommendations to the National Transport Policy Board and the Commission for the Management of Land Traffic so that the relevant laws, as well as legislation having implications for transport and traffic management, will be adopted or accordingly amended. In addition, OTP is authorized by the Commission for the Management of Land Transport, to put forward policies and master plans to the Cabinet, set the standards for traffic and transport management and propose viable solutions to land transport problems.

51. The OTP is, thus, the principal agency responsible for planning dry port development strategies in Thailand. In this respect, it reports to a high-level National Logistics Committee chaired by the Prime Minister or his Deputy for Finance. OTP is assisted in this role by a co-ordinating committee comprising the Customs Authority; the State Railway of Thailand (SRT); the Port Authority of Thailand (PAT); the Board of Investment (BOI); the National Economic and Social Development Board (NESDB); the Thai Chamber of Commerce and Importer/Exporter Associations. In a similar manner to the Republic of Korea, Thailand also engages in multi-stakeholder consultation and coordination.

52. In this setting, OTP spearheads the development of national logistics plans at five (5) year intervals, with the current one in place covering the years 2017-2021. As in the Republic of Korea, Thailand considers logistics development a constant adjustment to changing circumstances, and therefore considers each 5-year plan as a “next phase” under continuous evolution.

53. Taking the example of the Republic of Korea as a baseline for comparison, the approach of Thailand differs in that dry ports as such, and
particularly the development of rail-served dry ports has a more central role. This is partly due to the geographical location of Thailand, giving it comparative advantage as a sub-regional logistics hub to serve both land and seaborne international trade. In addition, the policy of Thailand systematically considers land transport links to dry ports that are aligned with the Asian Highway and Trans-Asian Railway Networks, which in turn, further strengthens the institutional stability component of the national policy. In that regard, Thailand also meets the institutional element of transport mode and infrastructure coordination. Clear environmental priorities are also set for the sector, with an optimal share of rail-freight aimed at reaching 50% by the year 2025.

54. With regard to dry ports designated under the Intergovernmental Agreement on Dry Ports, Thailand currently has one operational Inland Container Depot, namely Lard Krabang which is operated by the State Railway of Thailand, while Chiang Khong Intermodal Facility in Chiang Rai, is now under its phase 1 construction and expected to come into operation in 2020 under the responsibility of the Department of Land Transport. Other planned dry ports are listed in table 1, below.

Table 1: Planned dry ports in Thailand

<table>
<thead>
<tr>
<th>Location</th>
<th>Direction from Bangkok</th>
<th>Rail distance from Bangkok (Km)</th>
<th>Rail distance from Laem Chabang Port (Km)</th>
<th>Estimated year of opening</th>
</tr>
</thead>
<tbody>
<tr>
<td>Chachoengsao</td>
<td>East</td>
<td>64</td>
<td>78</td>
<td>2024</td>
</tr>
<tr>
<td>Khon Kaen</td>
<td>Northeast</td>
<td>450</td>
<td>500</td>
<td>2025</td>
</tr>
<tr>
<td>Nakhon Ratchasima</td>
<td>Northeast</td>
<td>264</td>
<td>315</td>
<td>2025</td>
</tr>
<tr>
<td>Nakhon Sawan</td>
<td>North</td>
<td>252</td>
<td>390</td>
<td>2027</td>
</tr>
</tbody>
</table>

55. All of the above facilities will be connected to Laem Chabang Port by rail. In addition, all are connected to the Asian Highway. Chachoengsao also offers the possibility of containers being moved to/from the dry port on the Bang Pakong River (i.e. Inland Waterway Transport).

3. Viet Nam

56. The administrative and regulatory processes related to dry port development are not formally co-ordinated either within a single government agency or between various government agencies with clear jurisdiction on these processes. In addition, no single government agency is responsible for all components related to logistics service in Viet Nam.

57. For example, the Ministry of Transport, under Decree 97/2009/ND-CP and Decree 89/2011/ND-CP, can issue multi-modal transportation licenses which
facilitate container movement to and from dry ports. However, according to the provision of the Commercial Law 2005, the Ministry of Industry and Trade (MoIT) is the state agency responsible for management of the logistics industry. The primary licensing agency in this case is the Department of Planning and Investment within the MoIT which registers the logistics businesses as developers of dry ports.

58. Furthermore, the Ministry of Transport is responsible for transport infrastructure and services. The Ministry of Industry and Trade is responsible for cargo storage services and infrastructure, including warehousing and yards, while the Ministry of Finance is responsible for customs control and inspection. The institutional fragmentation has resulted in several small dry ports with inadequate capacity; often at unsuitable locations that, in turn, create problems of traffic congestion and pollution. Furthermore, none of the existing facilities function as part of a multimodal terminal or logistics hub and connectivity of most dry ports is road dependent, except in the south of the country, where a majority of dry ports has river access. Rail connectivity is non-existent in the south and almost non-existent in the north. Finally, many existing dry ports have incomplete functions, being limited mainly to yard and warehouse operations.

59. The Dry Port Development Master Plan, is the primary responsibility of the Transport Development and Strategy Institute (TDSI), established under the Ministry of Transport. With a horizon to 2030, the masterplan provides a framework for the long-term development of dry ports in Viet Nam. To date, all dry port development has been undertaken with private sector financing. The Master Plan allows for the future application of (still evolving) PPP schemes for dry port financing. However, at present there is no commitment in any of the laws or regulations for the government to provide land or infrastructure for dry port development. Local governments are expected to cooperate with potential investors to secure cheap land and provide land tax concessions.

60. Masterplans are now being developed also for all transport sub-sectors: roads, rail, seaports, inland waterways and airways, as well as for logistics services and dry ports, posing the challenge of harmonization of the dry ports Master Plan with long term plans for development of other transport sub-sectors. Despite the lack of co-ordination of the various agencies involved in the administration and regulation of dry ports, the Ministry of Transport has appointed the Viet Nam Maritime Administration as a “modal coordinator”, in an attempt to improve the modal connectivity of dry ports. This agency also acts as a coordinator of various agencies for the licensing and establishment of dry ports.

61. If a private sector investor wishes to apply for a license to develop, manage and operate a dry port, the application is made to the Viet Nam Maritime Administration, who will check that it is consistent with the development
framework and will co-ordinate the various license approval processes. Multiple licenses will be issued by multiple agencies, e.g. MoIT will register the name of the logistics business as the dry port developer and issue the license to construct, manage and operate, MoT will issue the relevant transport licences, MoF will issue the required customs licenses, etc. The terms of licenses will depend on the tenure of each land lease. Applicants are required to support their applications with a feasibility study of the proposed dry port project.

62. From the above it can be contended that the institutional foundation for the development of dry ports in Viet Nam is still evolving and has not matured to the extent of that of the Republic of Korea or Thailand. There is a persisting regulatory fragmentation that is compounded by a lack of a robust coordination mechanism and lead entity. The regulation in place is evolving, while being strongly enforced, with corresponding impact on the predictability of the investment and operating environment for the private sector that has no discernible role in the decision-making processes. The Master plan contains critical elements for strengthening intermodal transport with particular focus on inland waterways and the steadily maturing PPP environment is likely to provide a significant boost in dry port investments in the near and mid-term future. However, the designation of clear jurisdictional relationships and a lead agency with a well-defined coordination mechanism would serve to considerably strengthen dry port development in Viet Nam.

4. Lao People’s Democratic Republic

63. The Lao People’s Democratic Republic has defined a “National Strategy on Freight Transport and Logistics Development” which by and large is focused on the provision of efficient and reliable transport infrastructure and facilities, especially on transit routes, e.g. Central Corridor (Lao PDR to Viet Nam) and North-South Corridor (China-Lao PDR-Thailand) and; facilitating cross border transport of goods and passengers between and among neighbouring countries.

64. National interagency coordination and consultation takes place through the National Transport Committee, which was established in 2002. The Committee comprises representatives of the Ministries of Finance, Commerce, Foreign Affairs, and Public Security as well as the Ministry of Public Works and Transport (MPWT) and transport industry representatives. It addresses a range of issues, including planning transport services; setting maximum transport tariffs; establishing standards for road vehicles; coordinating government activities; acting as a focal point for international agreements and agencies that influence transport operations (e.g., the Association of Southeast Asian Nations, GMS, and various United Nations programs); assessing the benefits of acceding to international agreements and conventions; and coordinating, implementing, and monitoring the country’s activities under agreed international agreements. The law under which the National Transport Committee was established allows
the creation of transport committees at provincial, municipal, and special zone levels to provide advice on transport operation, determine routes and transport prices on the basis set out by the MPWT, and encourage enforcement of laws and regulations.

65. Most logistics are undertaken by the private sector, though the quality of their service depends on interaction with government agencies dealing with transport infrastructure, land-use controls for depots and warehouses, communications infrastructure, legislation, industry regulation, and processing of cross-border movements, all of which are largely fragmented. The strategy aims to reinforce the country’s strategic position in the context of regional logistics and promote the shift from being a landlocked to a land-linked country. This transition requires reducing the land transport costs associated with inadequate infrastructure as well as border crossings. For instance, the cost of shipping a container from Vientiane to the port in Bangkok accounts for more than one-third of the total cost of sending one container from Vientiane to Europe.

66. When it comes to dry ports, owing in part to the lack of any definition or coverage of dry ports in the customs law of the Lao People’s Democratic Republic, a special agreement (No.7258) was drawn up to allow establishment of a privately-owned dry port at Suvannakhet, in the South of the country. The Legislative Affairs Department of the MPWT, in cooperation with the Customs Department, is in the process of drafting a decree on the establishment and operation of dry ports, however it remains unclear how dry ports are incorporated into the National Strategy and whether the National Transport Committee has any competence over their development. There appears to be a terminology issue that leaves dry ports out of the broader definitions used for logistics facilities and logistics parks, both latter terms being used for facilities at border areas and Special Economic Zones.

67. Therefore, the Lao People’s Democratic Republic has a lot of the core institutional infrastructure already in place to considerably boost the development of dry ports namely a freight strategic plan, a coordination mechanism that can absorb further responsibilities on dry ports and a consultation process involving a broad range of stakeholders. However, all these elements can be better-coordinated and further reforms may be considered to facilitate clarity and institutional stability in the policy-making level for dry ports specifically, which appears to be currently lacking.

5. Cambodia

68. Cambodia faces capacity challenges not only in coordinating across ministries to process and adopt new laws but also in implementing and enforcing existing laws and regulations of the transport and logistics services. Logistics and
transport services in Cambodia operate under numerous decrees, sub-decrees and regulations, orders, and guidelines but not all activities in the sector are covered. Cambodia does not have a comprehensive law on land transport, but it has partial coverage of some aspects of road transport mainly under a Road Law and Land Traffic Law. Railway transport operates with a regulatory regime comprising secondary legislation. The only railway operator, the Royal Railway Company, has to deal with several government agencies, including the Port Authority and Customs, and follow and comply with their guidelines and regulations on different aspects of its operations.

69. Other transport modes are presently not covered by any primary legislation. However, the Royal Government of Cambodia has drafted laws for these sectors though they are still to be enacted. In fact, the process of enacting new legislation seems to face long delays.

70. Against this background and with assistance from the World Bank and the Japan International Cooperation Agency (JICA), the government has been developing a master plan for improvement of the Cambodian logistics system. A report has been prepared for endorsement by the National Logistics Council, a high-level body established by Royal Decree and chaired by the Deputy Prime Minister. There are six government agencies involved in the Logistics Council namely the Ministry of Public Works and Transport, the Ministry of Economy and Finance, the Council of Development of Cambodia, the Supreme National Economic Council, the Ministry of Planning and the Ministry of Commerce. The Council has a National Logistics Steering Committee to act as the policy implementing and monitoring body which comprises 36 members including all line ministries, private sector representatives and academia. There is no distinct lead Ministry in this set-up; conversely the council seems to be a special body of its own standing.

71. While this is a very promising development in Cambodia, difficulties occur in relation to dry ports owing to the fact that dry ports as such are, technically, regulated under the Customs Code and seem to be considered separately to other types of logistics facilities. That is to say that Cambodian Customs, under the Ministry of Economy and Finance, is the authority responsible for the approval and licencing of dry port operation in Cambodia, as well as for the inspection of import and export trade consignments within dry ports. Although Customs consults with other government agencies, it appears to exercise total authority in this area.

72. More specifically, Article 43 of the Law on Customs contains conditions for the licensing, establishment and operation of “customs temporary storages” in Cambodia. Customs Temporary Storages are defined as facilities providing “temporary storage of imported and exported goods under customs supervision in approved premises pending completion of customs formalities”. Dry ports fall
within this definition, but only to the extent that they provide for temporary storage of goods pending customs clearance. Thus, they are not considered facilities under the competence of transport authorities or other public works and infrastructure authorities. This appears to also place limitations on the ratification process of the Intergovernmental Agreement on Dry Ports as the domestic ratification process requires clarity on the competent authority for dry ports as defined in the Agreement itself, which does not coincide with the way that dry ports are defined in the Cambodian Customs Code.

73. In the meantime, the Logistics Masterplan is focused on areas such as (i) road transport capacity enhancements; (ii) promotion of rail freight transport; (iii) improvements to the inland waterway transport system; (iv) seaport and river port development; and (v) border area improvements.

74. This is a clear-cut case of an issue that can only be resolved at the institutional level. It could be argued that bigger legislative reforms would be needed to bring dry ports under a different, more suitable jurisdiction, with a designated, albeit operational role for Customs, as is the case in the Republic of Korea, for example.

C. Financing and investment regulatory environment

75. The financing and investment regulatory environment could be understood to be similar to “doing business” requirements. It refers to the volume and complexity of regulation affecting the construction, licencing and operation of dry ports and other such facilities. This, importantly, includes the ease with which private investment can be absorbed, the availability or not of enabling regulation for Public-Private-Partnerships (PPPs), the number of inter-agency approvals needed to develop dry port facilities, just to name a few. These regulations are enacted and implemented below the constitutional or equivalent level, through Decrees or Ministry implementing regulations and administrative instructions. Therefore, these types of regulatory interventions tend to be strongly enforced but frequently changed, with corresponding impacts on, mostly, the private sector operating environment.

76. For the purposes of this study, the existence or not of a clear legal framework for Public-Private Partnerships (PPPs) has been identified as a key element of the institutional basis for dry port development. PPPs have played an important role in infrastructure delivery since their inception nearly four decades ago; that is to say that the PPP concept is not at all new. The primary advantage of calling on the private sector is that governments can utilize the private sector’s resources for delivering infrastructure as a public good. Additionally, and perhaps most importantly, governments may share the substantial financial risk in infrastructure project delivery with its private sector partners. There is a very wide degree of implementation and management strategies for PPPs worldwide,
and in Asia the PPP experience has been subject to a further degree of variance in actual implementation.

77. Generally, however, variations of PPPs can be divided into four broad categories namely (i) operations and management contracts, where the private sector assumes operations and management roles for a state-owned facility; (ii) divestitures, where the private sector purchase an equity stake in a state-owned facility; (iii) operations and management contracts with major capital expenditures, where the private sector takes over a state-owned facility for an agreed-upon length of time, during which renovations involving significant investment are made; and (iv) greenfield projects, where the private sector, or a PPP operator, builds and operates a brand new facility. The last two are the only concessions among these four categories and are the most commonly used PPP methods in practice.

78. The Build-Operate-Transfer (BOT) model, in which the private sector builds the project, operates it for a designated amount of time, and then transfers all operations to the government, is the most often cited when referring to PPPs. Others include Design-Build-Operate-Maintain (DBOM), Build-Own-Operate (BOO), Build-Own-Operate-Transfer (BOOT), Design-Build-Finance-Operate (DBFO), Rehabilitate-Operate-Transfer (ROT), Build-Lease-Transfer (BLT), among others. Due to the widely varying needs and specifics of different projects, new variations of PPP models are constantly being formulated to match the preferred risk-reward structures of governments and private sector companies.

79. The international experience in creating and managing sustainable PPPs, for every sector has revealed certain commonalities. First among those is that the collective national institutional, regulatory, and legal framework that governs all PPPs in a country is a critical factor of success.

80. A well-designed legal framework ensures efficiency, stability and consistency, as it establishes the regulatory standards and also the institutions that enforce them. This, in turn, creates a positive investment landscape, which ultimately allows governments to be able to attract the private sector investment they seek in aiding their provision of infrastructure. Against this background, the existence and quality of the legal framework for PPPs is also considered an indicator of institutional strength for the development of dry ports.
1. Republic of Korea

81. There are essentially two legal foundations governing PPPs in the Republic of Korea. The “Public – Private Partnerships in Infrastructure Act” of 1994 (henceforth PPP Act) is the basic law for these partnerships, and the Ministry of Economy and Finance’s yearly PPP master plan suggests policy directions for the PPP system and infrastructure investments. The PPP master plan also gives general guidelines and sets out project implementation procedures. More detailed guidelines are issued by the Public and Private Infrastructure Investment Management Center (PIMAC), an independent organization. To ensure transparency, PIMAC, after consulting with the Ministry of Economy and Finance, announces guidelines for carrying out each facet of a PPP project.

82. The two types of procurement methods in the Republic of Korea depend on whether the ownership of infrastructure will be transferred to the central government or to a local government on the completion of a PPP project. The first type, known as revertible facilities, are Build-Operate-Transfer (BOT), Build-Transfer-Operate (BTO), and Build-Transfer-Lease (BTL) projects. The second type, non-revertible facilities, are for Build-Own-Operate (BOO) projects. Procurement methods are divided into how concessionaires recover their investment. BTOs, BOTs, and BOOs allow concessionaires to directly collect fees from infrastructure users, while BTLs allow them to do this through the government.

83. For the direct collection of user fees, PPP procurement methods are divided into whether concessionaires get them from management and operation rights (BTO) or from facility owners (BOT and BOO). The PPP Act is flexible in also allowing for other procurement methods. Solicited and unsolicited project proposals are used. The PPP Act uses a positive list system for different types of infrastructure eligible for PPPs. The Republic of Korea appears to have adopted this system for its ability to ensure predictability and legal stability by clearly stating the scope of the Act’s application for PPP projects. Here, the Act grants concessionaires a special exemption from public law by fully recognizing them as the main agents for procuring infrastructure facilities. It also endows concessionaires with powerful rights, including acquisition rights to private land.

84. It can be observed that PPPs made their way into the institutional framework of the Republic of Korea in the early 1990’s which means that the trial-and-error process has been completed in as far as norm-setting is concerned and the system is mature and well-established at this stage. The same cannot be said for other countries in the region that are still investigating the PPP formula most fit to national purposes.
2. Thailand

85. Since 1992, PPPs in Thailand have been governed primarily by the “Private Participation in State Undertaking Act” (PPSU), also known as the “Joint Venture Act”. Ministerial Regulations provided details on the bidding process. In 2013, a new Act, namely the “Private Investment in State Undertaking” (PPP Act), replaced the PPSU Act, providing greater specificity in definitions, procedures, and time frames. According to the Ministry of Finance, “the PPP Act represents a fundamental change by introducing clear systematic guidelines and proper risk allocation and management to implement PPP projects, enhancing national competitiveness and fiscal discipline”. An important feature of the new PPP Act is that it sets clear timelines for the conduct of PPP projects reducing, in particular, the PPP approval process time from 20+ to 10 months. Eight organic laws of 2014 and five in 2015 define mainly the method to calculate project value, procedures to invite private firms into joint investments, the screening process, contract standards and joint investments by private firms in projects worth less than 1 billion baht.

86. The PPP Act also established the PPP Committee to take primary responsibility for PPPs in Thailand. The PPP Committee is supported by the State Enterprise Policy Office (SEPO) at the Ministry of Finance, which functions as the secretariat of the PPP Committee and as a central PPP unit. The SEPO is responsible for drafting guidelines for PPPs, providing recommendations on project feasibility to the PPP Committee, assessing projects, preparing a draft PPP Strategic Plan or PPP Masterplan for approval of the PPP Committee.

87. Under this set-up, dry ports in Thailand are to be financed through contracts awarded to successful bidders in an international competitive tendering process. If the project is deemed to have no “national security” issues, contracts will be of the Build-Operate-Transfer (BOT) type, whereby the asset is transferred to public ownership after 30 years. If the project is considered to have “national security” issues, contracts will be of the Build-Transfer-Operate (BTO) type, whereby the asset is transferred to public ownership immediately on completion of construction works, but the operation will remain in private hands.

88. Application of the PPP concept is considered to be the key to the success of the future Thai dry port network. As such, the Thai government has gradually strengthened its PPP legislation and adapted it to national priorities. The length of evolution time has also, in this case, been critical to the stability of the PPP institutional framework, which has been consistently enforced. Contrary to the Republic of Korea, Thailand has – thus far – introduced higher risks to the public side of investments in PPP schemes, which gives business incentives to the private sector.
3. Viet Nam

89. Historically, in Viet Nam there has been a lack of clarity in PPP regulations and a perceived lack of experience of local authorities. A 2007 Decree initially stipulated the sectors, conditions, procedures and incentives applicable to infrastructure development investment projects through BOT, BTO, BT and similar contractual forms. A Decree of 2011 entitled “BOT Decree” expressly encouraged investment in infrastructure facilities, including roads, rail, airports, ports, water and waste plants, and power plants; no restrictions exist on the infrastructure sectors which are open to foreign investors.

90. The prevailing legislation governing PPPs in Viet Nam dates from 2010 and promulgates the regulation on pilot investment under the PPP model. In this context (i) the goal of PPP is to secure investment from domestic and overseas public sector companies to develop and improve infrastructure and public services; (ii) the total state participation portion must not exceed 30 percent of the total investment in any project except in cases specially decided by the Prime Minister; (iii) private investors' equity capital in a project must represent at least 30 percent of the private sector capital in any project; and (iv) private investors may raise commercial loans and capital of other sources, without government guarantee up to 70 percent of the private sector capital in a project.

91. Viet Nam is now finalizing an improved legal framework for PPP projects with the goal to revitalize investment in infrastructure projects (“New PPP Law”). In early January 2015, the Ministry of Planning and Investment (MPI) sent a final draft PPP Decree to the Prime Minister for consideration and approval. The new PPP Decree seeks to bring those developments under one decree and provide more clarity and incentives for private investors. Associated instruments include the “Investor Selection Decree” which guides and supplements the “Law on Public Procurement” and provides incentives for investors who propose smaller PPP projects. It further includes more PPP project forms (e.g., BOO), fiscal incentives for investor-proposed projects, choice of foreign law for dispute settlement, government guarantees and publication of PPP project status.

92. In addition, the list of important laws and regulations that also apply to PPP projects are:

- The “Law on Construction” which governs the construction permits, site clearance, and building of construction works and supervision of construction;

- The “Law on Land” and its implementing regulations which govern the ownership and use of land. The state is the owner of all land in Viet Nam and private ownership of land is not permitted. However, the government may allocate or lease land to individuals, organizations and businesses
by granting land use rights;

- The “Law on Investment” which provides the legal framework for investment projects implemented by companies under the “Law on Enterprises” or specific types of contracts (e.g., BOT contracts) and regulates the licensing of investment projects, the rights and obligations of investors, and the projection of the investors' legal rights, to name a few;

- The “Law on Tenders” which provides the framework for tending activities to select contractors for the provision of consultancy services, procurement of goods, construction and installation.

93. The PPP institutional framework only started to emerge in the late 2000’s in Viet Nam, which means that the country is still at a phase of trial-and-error in forming the institutional basis which currently comprises a multitude of interrelated legal instruments. The framework is enforced but still evolving, which means it is not yet stable and predictable. Nonetheless, this institutional element is on solid ground and can be expected to facilitate dry port development under the current masterplan.

4. Lao People’s Democratic Republic

94. In Lao People’s Democratic Republic, there is no specific legal, institutional and financial framework to facilitate private domestic and foreign direct investment in infrastructure development, and PPPs are not officially defined nor encouraged in any sector. As a result, infrastructure investment is regulated through the general legal framework on investments. The Ministry of Planning and Investment (MPI) is the key actor in managing investment projects and hosts a one-stop service to assist domestic and foreign investors with licenses, concession projects and the like. Within the MPI, the Investment Promotion Department (IPD) administers the foreign investment system and reviews investment applications under the “Investment Promotion Law”.

95. Current procurement rules and regulations are not well adapted to PPP projects as they do not yet capture Value-for-Money over the whole PPP project lifecycle. The bulk of projects under this scheme are unsolicited and competitive procurement for PPP projects is not common practice. To address these challenges, the Government has initiated the development of a framework for PPPs under the leadership of the IPD with support from the Asian Development Bank. The initiative focuses on three main areas, namely (i) institutional capacity building, (ii) policy and legislation framework development, and (iii) demonstration of model/pilot projects in social sectors, namely education and healthcare.

96. Therefore, PPPs in the Lao People’s Democratic Republic are still under development.
5. Cambodia

97. In Cambodia there is no specific PPP law to date. The relevant legislation is the “Law on Concession”, enacted in 2007, which provides the basic legal framework for implementing PPP projects by defining the sectors in which PPP project agreements may be envisaged. These sectors include power, transport, water supply and sanitation, sewage, telecommunication, tourism, gas and oil infrastructure, waste management and treatment, Special Economic Zones (SEZs), irrigation and agriculture, social infrastructure related to health, education, housing and sports.

98. Individual government departments and agencies are in charge of each project and would benefit from clear procedures, standards and criteria to be used in selecting, bidding, and negotiating a PPP project. The two key players are the Council for the Development of Cambodia (CDC) and the Ministry of Economy and Finance (MEF). CDC is the one-stop service entity for obtaining authorization required to implement an investment project in accordance with the Law on Investment. It is in charge of coordinating and implementing the evaluation of private investments. The Cambodia Investment Board (within CDC) is in charge of investment issues except for SEZs. The MEF assesses and approves government liabilities for proposed projects.

99. Licenses for the operation of dry ports, defined domestically under Customs regulation as “Customs Temporary Storage Facilities” (CTSF), are approved by the Minister of Economy and Finance. These licenses specify conditions for the location, construction, layout of premises, security, and procedures for the handling and control of goods. Any person seeking a license to establish and operate a CTSF must submit an application to the Director of Customs in the prescribed form, accompanied by a detailed plan of the construction and location of the proposed CTSF.

100. Licenses will be approved if:

(i) The applicant has “good qualifications” and sufficient financial resources to be able to provide the premises, equipment, personnel and services needed for operation of the facility;

(ii) The proposed CTSF is located within a reasonable distance from main transportation routes and a customs office and has adequate space for storage of imported and exported goods. In practice, this requirement is interpreted as location of the CTSF less than 20 km from a land border or seaport, or within the Phnom Penh urban area.

(iii) Customs may manage and control the customs formalities of the goods stored in the proposed CTSF.
101. In effect, applicants have to own or lease the land on which the CTSF is to be situated and thus the application of PPP schemes to ownership and operation of such facilities appears to be precluded by the Customs Regulations. Applicants must provide all facilities to establish a customs office inside the facility. Therefore, PPPs in Cambodia are not fully developed, and investment in dry ports would stand to benefit from institutional clarity on that front.

VI. OPERATIONAL CONDITIONS AT SELECTED FACILITIES

102. As part of the project activities, the ESCAP secretariat conducted technical visits to dry ports and other logistics facilities in each project participating country, aiming to identify institutional components that affect operational capacity and efficiency. This exercise demonstrated some of the key differences between dry ports in the region. While private sector ownership and operation of dry ports is not necessarily a condition for their sustainability, there appears to be a widespread acceptance that the operation of these facilities can benefit from participation in their management (if not ownership) by companies with logistics expertise. The various approaches used may be categorized within four models: (i) full ownership by the public sector; (ii) full ownership by the private sector; (iii) joint public/private sector ownership; and (iv) Public/Private Partnerships (PPPs). The countries examined provided examples of all formulas.

### Table 2: Characteristics of visited facilities

<table>
<thead>
<tr>
<th>Elements</th>
<th>Uiwang ICD</th>
<th>Laem Chabang</th>
<th>My Dinh</th>
<th>Thanaleng</th>
<th>Tec Srun</th>
</tr>
</thead>
<tbody>
<tr>
<td>Type</td>
<td>ICD</td>
<td>Container Port</td>
<td>Bonded import warehouse and CY</td>
<td>Bonded import warehouse and CY</td>
<td>Import/export warehouse and transport</td>
</tr>
<tr>
<td>Ownership</td>
<td>PPP-BOT</td>
<td>PPP - DBOM</td>
<td>Publicly listed joint stock company</td>
<td>PUBLIC</td>
<td>PRIVATE</td>
</tr>
<tr>
<td>Rail served</td>
<td>YES</td>
<td>YES</td>
<td>NO</td>
<td>YES</td>
<td>NO</td>
</tr>
<tr>
<td>Capacity</td>
<td>1.3 million TEU per year</td>
<td>7.7 million TEU per year</td>
<td>4,800 TEU per year</td>
<td>Equivalent to 24,000 TEU per year</td>
<td>27,000 TEU per year</td>
</tr>
<tr>
<td>Expansion or upgrading plan</td>
<td>NO</td>
<td>YES</td>
<td>YES</td>
<td>YES</td>
<td>NO</td>
</tr>
</tbody>
</table>

1. **Uiwang Inland Container Depot (ICD), Republic of Korea**
103. Uiwang ICD was established under a Build-Operate-Transfer (PPP - BOT) contract in 1996. The facility is located about 25 km southwest of Seoul, about 40 km east of Incheon Port, and 440 km by rail and 426 km by road northeast of Busan Port. Land ownership is vested in the Korean Railway Network Authority, which is the public sector partner in the PPP scheme. Shares in the partnership are: public, 25 per cent; private, 75%. The private share in the partnership is held by 15 logistics companies.

104. The ICD is divided into 2 rail served terminals and approximately 6 Container Yards (CY) and Container Freight Stations (CFSs). One CY is operated by a government enterprise (Uiwang ICD Ltd) and the others by the private sector. Under the PPP agreement:

- the public sector partner is responsible for providing and financing external road and rail accesses, as well as other base facilities, such as electricity, water and sewerage;
- the private sector partner is responsible for providing and financing the cost of buildings, internal roads and railway lines, CY, CFS, and container handling equipment; and
- the private sector is responsible for managing and operating their terminal facilities for the duration of the BOT contract (30 years).

105. The design container handling capacity of Uiwang ICD is 1.3 million TEU per year, but in the most recent complete year (2017), total container throughput was only 890,000 TEU, or about 68% of design capacity.

106. Private shareholders contribute to the investment cost in proportion to their shares in the partnership. Private investors have been attracted by the prospect of having monopoly use of the facility which is located only 25 km from Seoul.

107. It should be noted that, under the BOT contract for Uiwang ICD, the private sector bears most of the investment cost and consequently most of the risk. This situation is to be contrasted with that of the Lard Krabang ICD in Thailand, in which almost all of the investment cost (representing land and all infrastructure, both external and internal) was borne by the public sector partner – in that case, the State Railway of Thailand (SRT). The small share borne by the private partners (essentially representing the cost of container handling equipment), clearly limits the risk shouldered by those partners, thereby making their participation more attractive. The cost incurred by the SRT is recovered through lease payments by the six private operators, each of whom contracts for a lease period of only 12 years (reflecting the payback period for their investment in handling equipment).
Table 3: Uiwang ICD component facilities and land area

<table>
<thead>
<tr>
<th>Item</th>
<th>Area/units</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total land area</td>
<td>753,000 m² (75 hectares)</td>
</tr>
<tr>
<td>Container Yard</td>
<td>417,000 m² (42 hectares)</td>
</tr>
<tr>
<td>CFS (Bonded Warehouse)</td>
<td>10,700 m² (3 buildings)</td>
</tr>
<tr>
<td>Operation Building</td>
<td>140,000 m² (8 buildings)</td>
</tr>
<tr>
<td>Automobile Maintenance Workshop</td>
<td>1,720 m² (1 building)</td>
</tr>
<tr>
<td>Container Maintenance Workshop</td>
<td>1,220 m² (1 building)</td>
</tr>
<tr>
<td>Reefer plugs</td>
<td>96 (units)</td>
</tr>
<tr>
<td>Railway</td>
<td>6,262 (lineal metres) 11 lines</td>
</tr>
<tr>
<td>Gas station</td>
<td>480 kl</td>
</tr>
</tbody>
</table>

Source: Uiwang ICD Ltd, Development and operation of Uiwang ICD

108. Railway access from the railway marshalling yard (located to the north of the ICD) to Terminal 1 of the ICD is provided by three access lines each of which splits into 3 loading/unloading tracks inside the terminal. Access to Terminal 2 of the ICD is provided by a single access line, dividing into 2 loading/unloading tracks inside the terminal. The loading/unloading tracks are understood to provide capacity to accommodate 33 x 2TEU wagons or 25 x 3TEU wagons.

109. Container trains are hauled into the marshalling yard by electric line-haul locomotives, and then into the loading/unloading tracks by diesel shunting locomotives. Although the latter can accommodate complete trains, it is understood that a substantial amount of shunting occurs in the marshalling yard, suggesting that trains are broken into rakes which are then shunted into the terminal.

110. Containers are transferred between trains and yard trailers, or between trains and road trailers, by rubber-tyred gantry cranes (RTGs) of which there are 3 units in total, one each for 3 loading/unloading tracks in Terminal 1. The RTGs straddle the tracks and an internal road either side of the tracks. Placement of containers in the stacks is achieved by reach-stackers which lift containers to/from yard trailers. The ICD has a total of 43 reach-stackers, supplemented by 650-yard tractors and 1,800-yard trailers.

111. Over the five-year period from 2012 to 2017, the overall container throughput of the Uiwang ICD declined by an average of 2.5% per year. As shown in Figure 3, the proportion of throughput hauled by road between Uiwang and Busan Port over this period remained almost static, but the proportion hauled by rail declined by an average of 6.1% per year.
112. Although the strengthening of rail for container transport is given major emphasis in the Logistics Policy, little progress seems to have been achieved thus far in realizing a modal shift from road to rail in this sector. While all five existing facilities are connected to both the major highway and railway networks, only the Uiwang ICD receives and dispatches significant volumes of containers by rail, but the rail share of its container volume is diminishing as a result of the rail services not being priced as competitively as road. Korail, for its part, has devised a comprehensive strategy for reducing its costs and improving its competitiveness for container haulage, but is currently committed to excessive shunting of wagons both in the railway marshalling yard to the north of the Uiwang ICD and in the rail terminal located about 5 km from the seaport.

2. Laem Chabang Port Single Rail Transfer Operator, Thailand

113. Laem Chabang is the largest of 5 ports under the administration of the Port Authority of Thailand (PAT), the others being Bangkok, Chiang Saen, Chiang Khong and Ranong ports. In 2016, Laem Chabang was ranked number 20 in the global container port throughput league; in 2017, the port handled a container volume of 7.6 million TEU and in 2018 a volume of 8 million TEU was expected. Previous planning phases (1 and 2) saw the development of two
basins for the accommodation of bulk, container and Ro-Ro vessels (the latter transporting cars). The existing port is equipped with 136 ship to shore cranes and 136 Rubber Tyred Gantry (RTG) cranes. Container handling has been contracted out to 4 major private sector operators.

114. Phase III is being tendered as a BOT project. Currently, 32 investors have expressed interest in the project. Entry into service is expected 5 years from now. This phase is designed to handle cellular container vessels. Berth width will be 920 metres and length 2,275 metres. Dredged depth will be 18.5 metres, sufficient to accommodate the largest container vessels currently afloat. Design capacity is for 7 million TEU per year.

115. Rail is connected to Container Terminals B and C at Laem Chabang Port, with services being operated to/from Lard Krabang ICD. Laem Chabang Port has been connected by road and rail with Lard Krabang ICD, about 27 km east of Bangkok and 118km by rail from Laem Chabang Port. Lard Krabang ICD is owned by the Government and administered by the State Railway of Thailand (SRT). It comprises 6 independent modules, each with its own CY and warehouses and operated independently under an operating concession. Each operator has common access to centrally located rail loading and unloading sidings.

116. Lard Krabang ICD was established in order to free up landside capacity and accelerate vessel turnarounds within the Port of Laem Chabang, by transferring the customs clearance, as well as the stuffing/unstuffing processes, of containers outside of the port. Current capacity is for 800,000 TEU per year, but the maximum annual volume to date has been 450,000 TEU. Lift on/lift off of containers has been achieved with reach-stackers, 26 of which are in service.

117. The Single Rail Transfer Operator (SRTO) has been established as a subsidiary of PAT to consolidate rail handling in a single railway terminal comprising two adjacent loading/unloading areas, located close to the port container berths. The SRTO terminals are being developed in two phases, the first of which is linked to Container Terminal B and was completed in October 2018 at a cost of THB 2.945 billion (US$ 90.95 million). Completion of the second phase to connect with Container Terminal B will allow rail capacity to increase from 800,000 to 2 million TEU per year. In addition to Lard Krabang, rail services will in future operate to Map Thapud Port (Eastern Thailand), and North and Northeast Thailand.
118. The future SRTO capacity of 2 million TEU per year is expected to comprise 1 million TEU from Lard Krabang, 500,000 TEU from Map Thapud Port and the balance of 500,000 TEU from North and Northeast Thailand. The SRT is working with the PAT to match Lard Krabang capacity expansion with the development of the SRTO. The SRT has an agreement with the PAT to operate up to 22 trains a day between Lard Krabang and Laem Chabang. Initially, trains will comprise 32 container flat wagons, but train length will increase to 40 wagons when additional lifting equipment is added to the SRTO terminal. Each of the SRTO development phases will provide 6 loading/unloading tracks and two roadways spanned by 2 rail mounted gantry cranes (RMGs) and 4 rubber tyred gantry cranes (RTGs). The first phase is now in operation.

Picture 1: Location of the SRTO terminal and rail accesses to adjacent loading/unloading areas

Picture 2: Layout view SRTO Phase 1
3. My Dinh, Viet Nam

119. My Dinh facility covers an area of 50,000 m², located on Pham Hung Road in the south of Ha Noi, which connects the northern portal city of Hai Phong with International Noi Bai Airport and Huu Nghi border gate, effectively connecting Viet Nam with China in Lang Son Province.

120. My Dinh offers warehouses, standard facilities and infrastructure, customs clearance, and global freight management. It also has expertise with import-export procedures, packing, loading and unloading services and warehousing and distribution, as well as cross-border logistics solutions and duty-free goods services.

Picture 3: My Dinh facility

121. As of 2016, legislation was enacted that allowed certain categories of goods to proceed for customs clearance directly from border gates to My Dinh. Risk management procedures were put in place by the Customs authorities including container scanner machines at the border gates for high-risk goods and supervision of goods during transport from the border gates using Satellite Positioning Systems.

122. The application of this scheme has sharply reduced costs of movement between Ha Noi and Hai Phong as well as time required for customs clearance. In turn, customs revenue has increased as has business for My Dinh which has now finalized a plan to move the facility to a larger area in Duc Thuong Commune, Hoai Duc District, west of the city.

123. The total investment of the project is estimated to be VND1.6 trillion (US$75.1 million), with 20 per cent contributed by the current operator of My Dinh and the other 80 per cent coming from other sources. The envisaged facility will have a container handling capacity of 141,800 TEU per year.
Table 4: (New) My Dinh ICD component facilities and land area

<table>
<thead>
<tr>
<th>Item</th>
<th>Area (m²)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Warehousing</td>
<td>40,961</td>
</tr>
<tr>
<td>Inspection Area</td>
<td>10,102</td>
</tr>
<tr>
<td>Container Yard (CY)</td>
<td>7,104</td>
</tr>
<tr>
<td>Operation and service centre</td>
<td>46,494</td>
</tr>
<tr>
<td>Parking</td>
<td>12,011</td>
</tr>
<tr>
<td>Internal Roads</td>
<td>38,695</td>
</tr>
<tr>
<td>Other</td>
<td>22,123</td>
</tr>
<tr>
<td>Total</td>
<td>177,500 (17.75 ha)</td>
</tr>
</tbody>
</table>

4. Thanaleng, Lao People’s Democratic Republic

124. The Thanaleng warehouse is located adjacent to the border post at the first Friendship bridge. Built in 1972, it progressively developed as a warehouse for temporary storage of bonded import cargo and for trans-loading between trucks of Thailand and the Lao People’s Democratic Republic. The facility receives about 200 trucks per day, or about 1,600 tonnes of import cargo per day, for clearance and trans-loading. It does not clear export cargo, which is done at the customs post at the bridge. Neither does it handle full container load import containers, which are directed by the border customs authorities to the Thanaleng Container Yard for unloading/trans-loading. Only small volumes of less than container load import containers are handled at the warehouse.

125. Most break-bulk trucks arriving with import cargo complete customs formalities at the bridge, however Thai vehicles require trans-loading at the warehouse. The facility has attempted to introduce a real time tracking system to locate cargo placed in the warehouse, but its efforts have been frustrated by a lack of financing. Customs will soon introduce a single window system which will allow the warehouse to carry out all border control functions electronically.

126. Almost all cargo received at the warehouse is handled manually, since it is mostly non-palletized. Thanaleng officials have been trying to influence shippers to palletize their cargo, in an effort to cut costs, reduce damage and improve cargo turnaround. A workforce of about 320 people is required owing to manual cargo handling/trans-loading.

127. The Thanaleng Container Yard is located on the metre gauge railway line which crosses the river from Thailand. The alignment of the new standard gauge railway from China (now under construction) will pass close to the CY, but it is believed will incorporate another dry port as part of a planned railway freight complex.
128. The CY has a large warehouse which is used for the short-term storage and trans-loading of full container load container cargo. In future, it is possible that this warehouse could be used for container stuffing and unstuffing, since it has loading/unloading bays for break-bulk trucks on one side and for containers on the other.

5. Tec Srun, Cambodia

129. Tec Srun, established in 2006, is one of 10 active dry ports licensed to operate within the Phnom Penh urban area. It is located on National Road 4, about 3 km south of Phnom Penh International Airport. Sihanoukville Port is connected to the capital, Phnom Penh, by both road and rail, but the rail share of the port’s container volume is restricted by the absence of a rail connected dry port in Phnom Penh. The dry port operated by the Royal Railway of Cambodia is located some distance from the mainline between Phnom Penh and Sihanoukville and containers must be transferred by road and loaded or discharged in temporary facilities located beside the mainline. In particular, this factor limits the potential for rail to secure garment trade which represents about 80% of export container volume.

130. Tec Srun covers an area of 38,000 m², or 3.8 hectares. There are 5 warehouses, including one for “Less than Container Load” import cargo and another for the stuffing and dispatch of export cargo in containers.
Table 5: Tec Srun component facilities

<table>
<thead>
<tr>
<th>Item</th>
<th>Capacity</th>
<th>Detail</th>
</tr>
</thead>
<tbody>
<tr>
<td>Warehouse A</td>
<td>916 m²</td>
<td>No rack (Import)</td>
</tr>
<tr>
<td>Warehouse B</td>
<td>3855 m²</td>
<td>Rack (Export)</td>
</tr>
<tr>
<td>Warehouse C</td>
<td>3038 m²</td>
<td>Rack (Export)</td>
</tr>
<tr>
<td>Warehouse D</td>
<td>817 m²</td>
<td>No rack (Export)</td>
</tr>
<tr>
<td>Warehouse E</td>
<td>2572 m²</td>
<td>Rack (Export)</td>
</tr>
<tr>
<td>Cranes</td>
<td>25T - 50T</td>
<td>7 Units</td>
</tr>
<tr>
<td>Stackers</td>
<td>25T - 50T</td>
<td>5 Units</td>
</tr>
<tr>
<td>Forklifts</td>
<td>2T - 3.5T</td>
<td>12 Units</td>
</tr>
<tr>
<td>Trucks head</td>
<td>30T - 40T</td>
<td>160 Units</td>
</tr>
<tr>
<td>Trailers</td>
<td>20&quot;, 40&quot;, 45&quot;</td>
<td>280 Units</td>
</tr>
</tbody>
</table>

Picture 3: Satellite image of Tec Srun dry port

131. Five Customs Department staff are based at the dry port for the inspection of import cargo. Inspection of export cargo is the responsibility of officers of another customs department. A private company owns and operates Tec Srun. The company provides logistics and transport services for cargo to/from Sihanoukville and Bavet, as well as customs brokerage service. Some 70% of business for the dry port comes from freight forwarders and middlemen. Dry ports compete for business mostly in terms of processing time and range of consolidation services offered. Price has relatively little influence, as prices conform to competitive norms.

132. No long-term storage is provided, as this is precluded by the license conditions (license for temporary storage only). Some 70-80% of import cargo is related to garment manufacturing; only 20% is cars. In this respect, Tec Srun differs from other dry ports in the country, where the majority of import cargo consists of cars.
VII. CONCLUSIONS AND RECOMMENDATIONS

133. The Republic of Korea, as one of the high performing countries in the region, was taken as a good practice example of strong institutional infrastructure for dry ports and logistics that was overall both stable and enforced, based on the key dimensions of institutional strength. As such, the Republic of Korea was found to have seven core institutional elements that were deemed to have played a significant contributing role to its success in the planning, development and operationalization of dry ports, namely (i) it is a Party to ESCAP’s Intergovernmental Agreement on Dry Ports; (ii) its actions in that regard are guided by a relevant national masterplan; (iii) a lead decision-making entity has been designated; (iv) there is a multi-agency coordination mechanism at the policy level; (v) there is coordination across mode-specific authorities in defining infrastructure and/or investment plans; (vi) the private sector has a defined role and involvement in the policy consultation process and; (vii) there is a legal framework on Public-Private-Partnerships that enables/facilitates private sector financing and investment in facilities.

134. The project participating countries’ corresponding institutions were assessed against these core elements, both in terms of whether or not they are present but also, where present, as to their quality and implementation, in order to ascertain the reasons for differing levels of performance among countries with similar institutional set-ups and identify ways to strengthen their institutional framework.

135. From this exercise, a number of conclusions were drawn with respect to key strategic aspects, policy planning, institutional and organizational aspects, as well as legal and regulatory aspects all of which sum up to the be the institutional framework for dry ports in the participating countries.

136. Cambodia and the Lao People’s Democratic Republic can endeavour to strengthen their institutional architecture by becoming, in the first instance, Parties to the Intergovernmental Agreement on Dry Ports. As mentioned earlier in this report, this process would help put the development of dry ports on a solid trajectory as a clear competence over the Agreement would emerge from among the various government entities currently involved in relevant policies. This, in turn, would make it much easier domestically to designate a lead entity, which they are also currently lacking. Identified investment and financing issues related to the construction and operation of facilities could be “helped along” with the elaboration of a clear PPP framework and related implementing regulation that would incentivise and attract both foreign and domestic private investment.

137. The main challenge facing Viet Nam is that of coordination among sub-sectoral plans in the absence of institutionalised coordination and lead agency. The designation of Viet Nam’s Transport Development and Strategy Institute as
a key research and strategy actor across sectors is a first step forward, but this should ideally be accompanied by an entity with visibility and executive powers, as well as by a clear delineation of roles, including for the private sector.

138. Thailand has all the elements that point to a strong institutional basis. In that regard, Thailand is now taking steps to adapt legislation to evolving requirements, improve the implementation of policies, as well as sharpen the operational efficiency of transport and logistics operations.

139. In terms of overall strategic aspects, the project research and implementation have revealed that national policy should ideally be conceived in an integrated manner rather than the sum of sub-sectoral development plans. As such, policy planning and implementation should be designed on the basis of how cargo is serviced and not on the basis of the mode of transport, as well as take due account of the productivity and competitiveness of the goods and services a country produces and commercializes abroad or domestically.

140. Planning should be done with both a medium- and long-term global perspective through a participative process that is public-private and inter-institutional. Furthermore, the development of a national policy on infrastructure, transport and logistics is a process of ongoing improvements, requires periodic modifications and must consider the internal and external environments in which it is implemented.

141. Regarding the institutional and organizational aspects, it is essential that there is clarity on the meaning of “strengthened institutions”. In the context of dry port development, this is understood to mean that platforms should be created for dialogue and analysis, as well as that coordination and cohesion be achieved within the government and beyond. High performing countries in the region tend to have a coordination mechanism in which all government ministries and institutions involved in the process are represented, but in which the private sector, as the major generators and users of cargo, academia and NGOs are also present. A lead agency serving as the visible head under clearly defined jurisdictional relationships has shown to make a difference towards a common vision and implementation of related policies.

142. Finally, regarding the legal aspects, integrated logistics and multimodal transport call for modern legal frameworks and flexible structures. In the case of the cross-cutting nature of dry ports and logistics, this could materialize in the form of the establishment of a legal frame of reference that is clear, cohesive and condensed into a single legal body that will facilitate enforcement. Furthermore, the drafting of legislation should, in line with optimal policy, streamline the logistics and transport of products, and not merely represent the mode by which they are transported.