

Trade-led Growth in Times of Crisis
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Session 5

Stakeholder Consultation and Engagement
in a GMS Transport and Trade Facilitation Initiative:
An ARTNeT Case Study

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CDRI – Cambodia's Leading Independent Development Policy Research Institute

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'Trade-Led Growth in Times of Crisis'

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**Session 5: Design of Inclusive Trade Policies
'Stakeholder Consultation and Engagement in a GMS Transport
and Trade Facilitation Initiative:
An ARTNeT Case Study'**

by

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1. ARTNeT Project and Case Studies

Project: Asia Pacific Research and Training Network on Trade (ARTNeT), collaborative research project on *The Political Economy of Regional Integration in the GMS: A Stakeholder Analysis* - research institutes from Cambodia, Lao PDR, Thailand, Vietnam and Yunnan province of China.

Aim: To understand the drivers of regional integration in GMS countries and the characteristics and interactions of the various stakeholders influencing the integration process, particularly on trade and trade facilitation issues, using a stakeholder analysis and case study methodology.

Case Study: GMS Cross Border Transport Agreement (CBTA), as a key element of transport and trade facilitation in regional integration in the GMS, an instructive case study to analyse stakeholders, stakeholder involvement, consultative mechanisms and their role in programme design and implementation.



2. Context: Economic Cooperation and Regional Integration in the GMS and ASEAN

Duvall 2008 ARTNeT paper: *Economic Cooperation and Regional Integration in the Greater Mekong Subregion (GMS)* ‘Although all GMS countries have experienced rapid growth over the past 15 years, no evidence is found that participation of CLMV in subregional cooperation and integration initiatives has led to a narrowing of the gap between the least and most developed GMS and ASEAN countries. While significant progress has been made in reducing poverty, within country inequality also increased during that period. In addition, while intra-GMS and intra-ASEAN trade both increased, trade of Cambodia and Lao PDER with other GHMS or ASEAN countries remains small.

If the various subregional and regional cooperation frameworks are to significantly reduce the development gap among members, activities more directly aimed at this objective may need to be emphasised. Re-thinking institutional arrangements for regional cooperation at both national and subregional/regional levels may be considered in order to facilitate participation of a more representative set of stakeholders in the prioritisation of activities and to ensure synergies between the various initiatives can be captured’.

Lim 2008 ARTNeT paper: *Regional Integration and Inclusive Development Lessons from the ASEAN Experience*: ‘ASEAN’s current support for these arrangements could be expanded to include assistance in mobilising resources and providing expertise, and integration with wider economic cooperation. The benefits are twofold. First, the performance of these subregional initiatives would be improved. Second, ASEAN would be able to better align its goals with these arrangements, creating a more consistent and effective network of trade and investment cooperation in the region’.



3. Rationale: Exploring the Role of Stakeholders and the 'Missing Links' in Effective Initiatives for Regional and Subregional Economic Integration

Dr Surin Pitsuwan (ASEAN Secretary General) - a need for radical and innovative ways to make ASEAN regional integration more effective; a stock take of ASEAN integration measures; a lack of coordination within ASEAN and with GMS initiatives, and low GMS stakeholder interest and ownership; elements of the Initiative for ASEAN Integration (IAI) framework are the same as those for the GMS programme, with the GMS countries a sub-set of IAI. 'Something is missing!' in effectively linking and integrating these policy initiatives as they become operational.

ARTNeT project to: identify barriers, and plus and minus factors affecting integration; use stakeholder analysis to contribute policy recommendations that might promote coordination between initiatives, at regional, sub-regional level, and national levels by better analysing who is driving cooperation, identifying priorities, and developing action plans, and whether these processes are demand or supply driven; identify whether effective stakeholder consultation mechanisms are in place, and how existing mechanisms might be enhanced, particularly for key stakeholder groups such as the private sector, civil society, citizens and consumers.



4. Case Study: Sectoral Focus on Transport and Trade Facilitation (CBTA)

The project focused on transport and trade facilitation, with trade facilitation seen as a fundamental factor in GMS economic integration, but specifically examining the Cross Border Trade Agreement (CBTA).

This sectoral approach to stakeholder analysis was located in the broader context of trade and trade facilitation in the GMS, ASEAN IAI, and bilateral initiatives. Each country case study mapped institutions involved transport and trade initiatives to identify senior representatives of key stakeholders for interview.



5. Stakeholders in Regional and Subregional Integration

- **GMS national or central governments, political leaders, ministries, agencies and officials, and associated consultative mechanisms, varied given different systems of governance;**
- **Provincial, prefectural or sub-national government institutions and officials;**
- **Private sector and state-owned enterprises and their peak bodies or associations such as chambers of commerce, and associated government-private sector consultative mechanisms;**
- **International development partners providing development assistance in support of regional and subregional integration initiatives, particularly the ADB and its GMS programme, but also other multilateral and bilateral agencies providing support for related infrastructure, transport, trade and trade facilitation initiatives, and their international consultants;**
- **To a lesser degree, and more significant in some GMS country systems than others, civil society organisations and policy research institutions working on regional and subregional integration issues.**



6. Major Stakeholders in TTF and CBTA

- **Government:** In each GMS country in the study a national coordinating mechanism brings together the major relevant government agencies and other key stakeholders to assist with CBTA policy making, associated reforms and implementation as follows:
 - **Cambodia:** National Transit Transport Coordinating Committee (NTCC)
 - **Lao PDR:** GMS Trade Facilitation Working Group (TFWG)
 - **Thailand:** National Transit Transport Coordination Committee (NTCC)
 - **Vietnam:** GMS CBTA Working Group
 - **Yunnan, China:** National Transport Facilitation Committee (NTFC)
- **Government agencies, interests and stakeholders,** names vary between the different systems - ministries or departments of commerce or trade, finance, interior, public works, transport, customs and border inspection, health, agriculture, GMS coordination, and private sector interests in transport, logistics, banking and insurance.
- **Trade and transport service providers:** Transporters of goods and passengers, and related logistics companies, banking and insurance service providers.
- **Users of trade and transport services:** Traders and investors, tourists and other cross border travellers.



7. Methodology: Interview Questions

Project utilised a stakeholder analysis methodology developed by the World Bank and the UK's Department for International Development (DFID).

A series of standardised semi-structured interviews was administered with senior representatives of key stakeholders – government agencies, peak coordination bodies, and private sector companies and peak bodies. The interviews in each country case study, administered with some flexibility depending on stakeholder interests and differences in local circumstances, explored the following broad questions:

Stakeholders in regional integration:

- **What state bodies ultimately make decisions on regional integration initiatives and how do state bodies coordinate these initiatives?**
- **At present, what mechanisms are used by the state to consult stakeholders about regional integration initiatives and who are those stakeholders?**



Stakeholders in trade and transport facilitation (broadly conceived):

- **What trade and transport facilitation needs/priorities have been identified by the private sector and how?**
- **What other trade and transport facilitation needs/priorities have been identified by other stakeholders (non-private sector)?**
- **To what extent have official regional integration initiatives been relevant to private sector trade and transport facilitation concerns?**

Stakeholder analysis of Cross Border Transport Agreement (CBTA):

- **Describe the genesis and implementation status of the CBTA and, if available, evidence of gains and losses of various stakeholders.**
- **In the case of CBTA, what was the relative influence of each stakeholder in its genesis and implementation?**
- **What factors account for each stakeholder's influence and involvement in the genesis of the CBTA initiative?**

Two summary matrices were developed, with associated commentary:

- A Matrix of Degree of Influence, Importance, Interests and Impacts by each Stakeholder in CBTA**
- An Influence and Importance Matrix for Stakeholders in CBTA Implementation.**

A summary of key factors and obstacles in effective stakeholder consultation and involvement in regional integration initiatives, and specifically CBTA, and constructive recommendations for more effective stakeholder involvement.



8. The Case Studies – Some Major Findings and Issues

While considerable progress has been made nationally and bilaterally in CBTA implementation, there were challenging issues or 'bottlenecks' to CBTA implementation and associated TTF/subregional integration including:

- A lack of awareness and uneven access to information of CBTA and related TTF issues and initiatives among stakeholders, especially at lower levels of government, provincial and local, enforcement officials and the private sector;
- Competing vested interests, both formal and 'informal', among some stakeholders in government and the private sector, and between significant stakeholders in different GMS countries
- A lack of prior consultation with key nation and subregional private sector stakeholders to identify implementation issues, with poor and often uneven participation in consultative meetings;
- Poor participation and very limited resources to support the private sector and its associations' preparation for and participation in GMS processes such as the GMS business Forum;
- Poor planning and resourcing of capacity building for key government agencies involved in TTF and CBTA processes and implementation;
- Complex issues in relation to the ADB's role as both development partner or 'donor' and driver of the GMS programme and TTF/CBTA initiatives with ineffective coordination and involvement of major stakeholders. As one interviewee commented: 'The ADB's approach to project implementation is too centralised; it depends mainly on its own consultants while involving fewer than necessary stakeholders.'



- The need for a stronger shared GMS political will, national coordination and institutional capacity, and stakeholder engagement in regional integration and TTF and subregional integration initiatives;
- The need to strengthen and resource of national coordination mechanisms and linkages/integration with ASEAN agenda/initiatives, and for still developing GMS countries, associated development assistance/donor coordination, by the ADB and others;
- The need to improve planning, quality, advance notice and involvement of key stakeholders, especially private sector in ADB and other development agencies' consultant visits programmes; and more effective use of local knowledge and expertise, public and private sector and research institutes;
- The need to significantly strengthen and resource effective private sector consultation and participation, including key sectoral associations and chambers of commerce, in regional and subregional integration mechanisms, including the GMS Business Forum;
- The limited relationship to and integration of GMS/subregional integration and TTF initiatives with the ASEAN Economic Community agenda, initiatives and timeframe;
- A Major Challenge – 'The Sign Now and Work It Out Later Syndrome': A fundamental and very problematic issue emerging from the analysis in the case studies was referred to by one team member in a project meeting as the problem of the 'sign now and work it out later syndrome'. This refers to a situation, such as CBTA, where there is strong political and/or bureaucratic pressure, coming from either within or outside the GMS countries themselves, to prematurely sign a very significant and very complex agreement before essential groundwork has been done, over an appropriate lead-in period, to analyse its potential implications for the different GMS countries and their systems, the complex range of national and bilateral regulatory reform and negotiation that will be required, the often fundamental practical challenges to implementation, especially given the 'least developed country' status of some GMS members, and the fundamental local institutional and professional capacity building and strengthening of key stakeholders that will need to be done in advance if there are to be prospects of effective implementation to an agreed timeframe. This appears to be a fundamental and unresolved challenge for the ADB and its GMS programme, and other major stakeholders, and has significant implications for future GMS and ASEAN integration initiatives and their prospects for success.
- A broader lack of awareness of the benefits and mechanisms for subregional and regional integration in GMS and ASEAN among key stakeholders especially in the private sector;
- Limited involvement, coordination, resourcing of national GMS research and policy institutes in systematic research and policy support for regional integration initiatives in GMS and ASEAN including TTF.



9. A Strategy Set: Some Recommendations

Each of the draft case studies includes recommendations for further consultation with stakeholder representatives, some generic in their regional and subregional application, and some specific to each country or system. Some preliminary recommendations based on common themes from the case studies include the following:

- To integrate the GMS programme, including its TTF/CBTA initiatives into a more coordinated and well resourced ASEAN and ASEAN+3 initiative that contributes to the establishment of the ASEAN Economic Community and 'bridging the development gap' in ASEAN and East Asia;
- To design and implement an ASEAN-GMS awareness raising and 'community-building' initiatives that promotes awareness and understanding of the benefits and mechanisms for subregional and regional integration in the GMS and ASEAN among key stakeholders, especially in the private sector, and local communities significantly affected by the cross border movement of goods, services and people;
- To rethink 'The Sign Now and Work It Out Later Syndrome' so that, for any significant ASEAN-GMS initiative, significant prior groundwork is done to analyse its potential implications for the different GMS countries and their systems, the complex range of national and bilateral regulatory reform and negotiation that might be required, the often fundamental practical challenges to implementation, especially given the 'least developed country' status of some GMS members, and the fundamental local institutional and professional capacity building and strengthening of key stakeholders that will need to be done in advance if there are to be prospects of effective implementation to an agreed timeframe, and strengthen the institutional capacity of national agencies in the CLMVs to respond effectively;
- To design and resource a consultation and capacity building programme to promote effective ASEAN-GMS private sector participation, including the strengthening of chambers of commerce and industry in the GMS countries, in ASEAN-GMS economic integration initiatives, especially on trade, trade facilitation and investment, and to ensure that the private sector's entrepreneurial knowledge and experience is factored into design and implementation;
- To explore the feasibility of redesigning or reorienting the ADB's GMS 'Phnom Penh Plan' for capacity building to constitute a long term collaborative research, policy making and institutional capacity building programme for the GMS countries, that utilises GMS and broader ASEAN +3 expertise, on key issues and challenges for the GMS countries' effective participation in building the ASEAN Economic Community and regional economic integration in ASEAN and East Asia.



10. Some Recent Developments

- . **ADB IED *Learning Curves* March 2009: Transport and Trade Facilitation in the Greater Mekong Region – Time to Shift Gears**
- . **2nd GMS Economic Corridors Forum, Phnom Penh, September 2009 including Provincial Governors Forum**
- . **Toward A Strategy for Transport and Trade Facilitation (TTF) in the Greater Mekong Subregion (GMS), ADB Discussion Paper, September 2009**

Thank You!



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