



Regional: Support for Implementing the Action Plan for Transport and Trade Facilitation in the Greater Mekong Subregion (Subproject 2)

Project Name	Support for Implementing the Action Plan for Transport and Trade Facilitation in the Greater Mekong Subregion (Subproject 2)
Project Number	44174-032
Country	Regional
Project Status	Active
Project Type / Modality of Assistance	Technical Assistance
Source of Funding / Amount	TA 8748-REG: Support for Implementing the Action Plan for Transport and Trade Facilitation in the Greater Mekong Subregion (Subproject 2) Government of Australia US\$ 3.70 million
Strategic Agendas	Inclusive economic growth Regional integration
Drivers of Change	Governance and capacity development Knowledge solutions Partnerships Private sector development
Sector / Subsector	Industry and trade - Trade and services Transport - Multimodal logistics
Gender Equity and Mainstreaming	Some gender elements
Description	<p>At the 16th Ministerial Conference in Hanoi, Viet Nam in August 2010, the GMS Ministers endorsed a GMS Transport and Trade Facilitation Action Program (TTF AP) for 2011-2016, viewed as essential to promoting GMS competitiveness and accelerating transformation of transport corridors into economic corridors. Given the TTF APs importance, the Ministers requested ADB to facilitate its implementation as the lead development partner for TTF. Subsequently, ADB approved the Regional Policy and Advisory Technical Assistance Cluster (C-R-PATA) on Support for Implementing the Action Plan for Transport and Trade Facilitation in the GMS on 26 November 2010 in an aggregate amount not exceeding the equivalent of \$5,700,000 to be financed by the Government of Australia and administered by the ADB. Implementation of the C-R-PATA is to be undertaken in phases through 3 subprojects (SPs). SP1 was approved on 29 August 2011 and completed in 31 July 2014. Given the lessons learned under SP1 and a refined scope to support the remaining TTF issues and challenges, ADB and the Australian Government agreed to combine the SP2 and SP3. The SP2 was approved on 28 October 2014 and will cover the remaining timeframe period of 31 October 2014 through 31 December 2016. The SP2 therefore would constitute as the final phase of the Cluster TA. The refined scope of SP2 incorporates the feedback from extensive consultations with country counterparts and development partners supporting TTF initiatives</p>
Project Rationale and Linkage to Country/Regional Strategy	The GMS TTF-AP comprises a broad spectrum of initiatives in three areas: (i) transport facilitation; (ii) trade facilitation; and (iii) and capacity building and institutional reform. Based on the MTR of SP1, feedback from country-level consultations as well as the recommendations contained in GMS Sector Report on Transport and Related Services (Transport Sector Report), SP2 will address the following issues: (i) strengthening Transit Operations; (ii) Expanding Transport Rights and Traffic Rights; and (iii) Developing subregional trade logistics systems for more competitive services.
Impact	More efficient land-based trade within the GMS, leading to increased volumes of subregional trade along select corridors

Project Outcome

Description of Outcome	(i) Faster, easier, cheaper, and more inclusive cross-border transport and trade; (ii) Improved coordination between national, subregional, regional and multilateral commitments and activities, with particular focus on customs transit
Progress Toward Outcome	
Implementation Progress	

Description of Project
Outputs

- 2. Expanding transport rights and traffic rights
 - 2.1 Mapping Completed for harmonized bilateral and trilateral transport agreements
 - 2.2 Cross-border traffic rights expanded and routes extended
 - 2.3 Road usage charge scheme designed
 - 3. Developing subregional trade logistics systems for more competitive services
 - 3.1 Private sector transport operators and logistics services supported in CLMV
 - 1. Strengthening Transit Operations
 - 1.1 CLMV countries are better prepared to implement a GMS Electronic Customs Transit System (eCTS)
 - 1.2 GMS transit and inland customs clearance procedures are aligned with international best practices
 - 1.3 Coordinated risk management and subregional Authorized Transit Traders Scheme is developed
 - 1.4 Second Joint Customs inspection is piloted
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Status of Implementation
Progress (Outputs, Activities,
and Issues)

1.1 CLMV countries are better prepared to implement a GMS Electronic Customs Transit System (eCTS)
An introductory workshop on preparations to implement the ASEAN Customs Transit System (ACTS) with the Myanmar Department of Customs was held in Yangon on 19-20 February 2015. A detailed presentation of the ACTS was given as well as an overview gained of Customs automation as part of the planned new Myanmar Automated Cargo Clearance SYSTEM (MACCS), based on Japans NACCS and NCIS systems, with financial support from JICA. The main output of the workshop was an agreement on a draft 2015/2016 action plan, which will be developed further to cover IT aspects (along the East-West Economic Corridor or EWEC), customs procedures and training to help Myanmar adopt the ACTS early in 2017, following completion of the North-South demonstration project between Singapore, Malaysia and Thailand. Similar activities were held in the Phnom Penh, Cambodia, on 4-5 May 2015; and Vientiane, Lao PDR on 11-12 May 2015.
The second round of technical discussion on the ACTS was completed in October-November 2016 as follows: 12-15 October in Vientiane; 19-22 October in Hanoi; 9-12 November in Phnom Penh; and 16-19 November in Yangon. In this discussions, the ACTS technical and functional specifications, ACTS documentation, and hardware and software requirements were presented, together with a live simulation (for Customs, other government agencies and the private sector) of the European NCTS system on which the ACTS is based. Also, technical discussion was completed in Kunming, PRC on 17 March 2016.
The gap analyses (for business processes, IT and legal systems) in CLMV and Output 1 work plans / budgets for a full range of ACTS preparation activities with Customs, OGAs and the private sector for implementation in 2016 were also completed.
A series of follow up discussions on the work plan was conducted with the CLMV countries in June _ July 2016, and a firm has been mobilized to implement the work plan in January 2017. A detailed implementation work plan is being finalized, taking into account the outcome of the coordination session with ASEAN Secretariat on the updates of ACTS and consultation with the private sector. The activities are expected to be implemented with the countries in Q2 2017.

1.2 GMS transit and inland customs clearance procedures are aligned with international best practices.
A final draft amendments to the 1999 GMS Cross Border Transport Facilitation Agreement (CBTA) to align the transit arrangements under the CBTA with those of the ACTS, commitments made under the WTO Trade Facilitation Agreement (TFA), and current international best practice has been completed and submitted to the CBTA Joint Committee at their recent 5th Meeting in December 2016.
The draft was developed in consultation with the countries, and presents annotation of the current CBTA texts based on transposition of the CBTA, its Annexes and Protocols into a Word-document matrix, allowing Article-specific comments and recommendations for instrument of the Agreement in line with the agreed methodology was circulated including an executive summary and traffic light coded instruments according to perceived need for revision.

1.3 Coordinated risk management and subregional Authorized Transit Traders Scheme is developed
The suggested approach was to gather information, as a precursor to the tabling and subsequent development of common parameters for coordinated risk management in the GMS, linked to those of the broader ASEAN region; including the planned ACTS Authorized Transit Traders (ATT) compliance scheme as part of the ACTS. In the period to June 2015, materials were collected from Cambodia, Lao PDR and Myanmar. The planned mobilization of external resources was deferred, however, due to overlap with activities undertaken under the JFPR funded RETA 8707 Strengthening Trade Facilitation in the Greater Mekong Subregion through Partnership with the Private sector (US\$ 1.5 million) project, which also has a focus on RM. As such, a decision was taken to focus SP2 activities on RM in relation to Single Stop and Single Window Inspection, especially since clear weaknesses in current RM practice emerged at the July-August 2015 SP2 border visits in Cambodia, Lao PDR, Thailand and Vietnam (see Output 4 report in annex). Weaknesses included high (up to 100%) levels of physical inspection, lack of differentiated inspection techniques, absence of line-release, and lack of frontier post feedback to update trader profiles. These will each be addressed as part of the SSI/SWI Operations Manual development planned for Lao Bao Dansavanh and Savannakhet Mukdahan (as templates for subsequent use elsewhere in the subregion) in 2016.

1.4 Second Joint Customs inspection is piloted
Consultations and site visits were undertaken to review of the experiences of Lao PDR and Vietnam in implementing Single Stop Inspection as part of their coordinated border management (CBM) initiatives at the Lao Bao-Dansavanh border along the East West Economic Corridor. Support has also been provided in the conduct of joint task force meetings to discuss future SSI system in Mukdahan-Savannakhet. Subsequently, support will also be given to Myanmar, Thailand, Cambodia and Vietnam to develop a CBM demonstration project at the (i) Moc Bai-Bavet, (ii) Myawaddy-Maesot, and (iii) Aranyaprathet-Poipet border crossing points.
SP2 organized and intermediated three Joint Task Force Meetings (held in Mukdahan and Savannakhet on 10 to 11 August, 21 to 23 September, and 9 to 11 November) between the Customs, Immigration, Quarantine, Transport and Foreign Affairs agencies of Thailand and Lao PDR to revise, develop and operationalize their (unimplemented) 2005 MOU on the Initial Implementation of the GMS CBTA at the Savannakhet - Mukdahan border crossing. It has also supported the drafting, discussion and further amendment of an addendum to the 2005 Savannakhet Mukdahan MOU together with detailed technical arrangements for Customs, Immigration and Quarantine (covering human, animal, plant and health product inspection) and consolidated revised MOU text for signature by Lao PDR and Thailand in early 2016. Furthermore, it assisted in the coordination of a meeting on the technical arrangements for health product quarantine and inspection using SSI/SWI between Thailand and Lao PDR held in Udon Thani, Thailand on 28 and 29 October 2015 and drafting of an equivalent revised MOU for the border crossings at Mae Sot Myawaddy and Mae Sai Tachilek between Myanmar and Thailand, together with preparatory discussions between NTFC leaders on 4 December 2015 in anticipation of formal negotiations and historic (re-)opening of the Myanmar transport market in 2016.
SP2 organized and facilitated the discussions, process identification, and validation and document gathering for the development of the SSI/SWI Operations Manual at the Lao Bao (VIE) _ Dansavanh (LAO) border crossings in March 2016 and at the Mukdahan (THA) _ Savannakhet (LAO) border crossings in April 2016. Further process validation and document gathering for THA were done in Bangkok in July 2015. Country missions to discuss follow-on activities geared towards SSI/SWI implementation were conducted in June (MYA and VIE) and July (LAO) 2016. Other activities also include planning meetings on language training for Lao Bao _ Dansavanh officials, equipment receipt and Operations Manual validation for SSI/SWI on 6 _ 10 February 2017 at Lao Bao (7 _ 10 and 14 _ 15 February 2017); Hue (13 February 2017) and Hanoi (16 _ 17 February 2017).

2.1 Mapping Completed for harmonized bilateral and trilateral transport agreements
Consolidation of all the available (draft) transport agreements has been completed. Mapping of these agreements are currently being undertaken with a view to develop a common template to promote a more coordinated subregional approach to transport sector liberalization. In the case of tripartite or plurilateral agreements, they should also, necessarily, align with broader regional policy, such as ASEAN arrangements for transit transport. The template would serve as reference in deliberating new transport agreements and/or review existing agreements.

2.2 Cross border traffic rights expanded and routes extended
The TA facilitated countries deliberation on the review of the CBTA texts and possible early implementation of the CBTA. At the 5th CBTA Joint Committee Meeting, the Ministers agreed on the final text of the Memorandum of Understanding of the Early Harvest Implementation of the CBTA, which would enforce a subregional transport permit. The MOU would be signed by ad-referendum and is expected to be enforced by mid 2017 at the latest.
The TA also provides support to countries in preparing for the implementation of the Early Harvest Implementation. Among others, printing of the GMS permit, Temporary Admission Document, as well as meeting countries when requested, such as the one held on 16 _ 18 January 2017 in Vientiane with Lao PDR MPWT and Customs to discuss gap assessment for CBTA Early Harvest implementation.
In addition to the CBTA implementation, the TA has also facilitated the conclusion of the revision to the Thailand-Cambodia bilateral transport agreement, which was then signed by the two contracting parties in December 2016. The revised agreement increased the traffic right quota from 40 to 150. A bilateral transport agreement should be concluded between Thailand and Myanmar in 2017 as a stepping stone towards inclusion of Myanmar in full CBTA implementation.

2.3 Road usage charge scheme designed
Lao PDR has an extensive road network and as a transit country faces road maintenance charges many times higher than those of its ASEAN neighbors (as a percentage of both population and GDP). Consultation with the relevant government officials in Lao PDR has been conducted in the development of the road usage charge scheme for Lao PDR. The relevant experts will be mobilized to review the current situation in Lao PDR, identify international best practices, complete some basic financial modelling, draft recommendations and organize the national workshop.

3.1 Private sector transport operators and logistics services supported in CLMV
Support will be offered to CLMV as required to help the country develop its respective national transport and logistics strategy (complementary to work being undertaken by the World Bank and/or other relevant DPs) as well as to private sector operators looking to develop their cross border operations and prepare for the ACTS, including matters related to permits, guarantees and insurance.
As a related activity, ADB in close collaboration with the Australian Government Department of Foreign Affairs and Trade, organized the Second GMS TTF DP meeting on 12-13 March 2015 in Bangkok, Thailand. The Meeting was attended by representatives from the ASEAN Secretariat, European Union (EU), USAID, Japan International Cooperation Agency (JICA) Myanmar and Lao PDR, the World Bank (WB), UNESCAP and World Customs Organization Asia Pacific Regional Office for Capacity Building (WCO ROCB/AP). The DPs exchanged information on the progress of support to TTF. DPs also exchanged views on the possible development of a common monitoring and evaluation tools used for TTF support. The meeting also discussed the draft GMS TTF Partnership Program which DPs agreed to update regularly. A pamphlet on the ADB GMS Transport and Trade Facilitation Program has also been produced and launched at the recent GMS Ministerial Conference in September 2015, Naw Pyi Taw, Myanmar.

Geographical Location

Summary of Environmental and Social Aspects

Environmental Aspects

Involuntary Resettlement

Indigenous Peoples

Stakeholder Communication, Participation, and Consultation

During Project Design

During Project Implementation

Business Opportunities

Consulting Services A group of individual consultants (and firms as appropriate) will provide the advisory, technical, and administrative support services. It is estimated that it will require a total of 81 person-months of international consultants and 82 person-months of national consulting services. Detailed consultant terms of reference will be developed in the course of implementation.

Procurement Some office, telecommunication and transport equipment will be procured.

Responsible Staff

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Timetable

Concept Clearance	-
Fact Finding	17 Jun 2013 to 22 Jun 2013
MRM	-
Approval	28 Oct 2014
Last Review Mission	-
Last PDS Update	30 Mar 2017

TA 8748-REG

Milestones					
Approval	Signing Date	Effectivity Date	Closing		
			Original	Revised	Actual
28 Oct 2014	-	28 Oct 2014	31 Dec 2016	31 Dec 2017	-

Financing Plan/TA Utilization						Cumulative Disbursements		
ADB	Cofinancing	Counterpart				Total	Date	Amount
		Gov	Beneficiaries	Project Sponsor	Others			
0.00	3,700,000.00	0.00	0.00	0.00	0.00	3,700,000.00	28 Oct 2014	1,618,195.36

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