



global Transport Knowledge Partnership

FINANCING LOGISTICS AND FACILITATION

**Lynn Harmon, Theme Champion
Finance and Economics**



What is Logistics?

Logistics is the process of planning, implementing and controlling the efficient, effective flow and storage of goods, services and related information from the point of origin to point of consumption for the purpose of meeting customer requirements.

It gives firms the competitive advantage of delivering the product faster and more reliably.

Technology and information are enablers to effectively market, produce and deliver the finished goods.



What is Logistics?

*The goal of logistics is the right goods,
at the right place,
at the right time,
in the right condition,
in the right quantity,
and at the right price.*



Logistics and economic growth

With world-wide sourcing and production, logistics companies are a significant part of company success and economic growth:

- Revenue growth
- Operating cost reductions
- Working capital efficiency
- Fixed capital efficiency



What is Facilitation?

Trade and transport facilitation refers to the process of reducing transaction costs and delays by

- simplifying trade procedures and document flows,
- harmonizing cross border procedures,
- modernizing customs and transport systems,
- promoting quality and safety standards and
- improving logistics.

25% of the delays on transport corridors are a result of poor infrastructure, 75% are a result of poor facilitation.





Incorporating F & L in Projects

Increasingly, MDBs are including facilitation and logistics in projects or as conditions for loans. For example, Kazungula Bridge Project Preparation includes:

- Study of corridor performance and facilitation requirements
- One stop border posts
- Overload control system
- Formation of Corridor Management Committee (CMC)
- Financial assessment of BOT framework to include
 - maintenance and
 - fee for operation CMC



Greater Mekong Subregion

This regional program, initiated in 1992, is seeking to integrate infrastructure, facilitation and logistics at the regional level. The strategic thrust is to:

- strengthen infrastructure linkages,
- facilitate cross-border trade and investment,
- increase private sector participation,
- develop labor competencies and
- protect the environment in the process.

GREATER MEKONG SUBREGION
ECONOMIC CORRIDORS





Cross-border Transport Agreement

Facilitation impediments: difficult border formalities, restrictive visa requirements and vehicle entry, varying vehicle and driver standards and lack of transit regimes.

To eliminate these, the GMS Cross-Border Transport Agreement (CBTA) was negotiated and ratified. Twenty annexes and protocols were added for implementing

- facilitation of cross border movement of goods and persons,
- a single stop/single window inspection system,
- harmonization and integration of systems,
- exchange of traffic rights and
- transit traffic provisions.



Implementation

The new GMS Action Plan calls for full implementation of the CBTA, improved infrastructure management, private sector financing of infrastructure, improved logistics and training.

Proposed logistics facilities and TA for E-W Corridor:

- a border transshipment terminal
- a logistics facility at the Savannakhet Economic Zone in Laos
- training in logistics technology and management through foreign logistics businesses
- TA on advanced logistics services



Implementation Financing

The GMS organization with several proposed ADB RETA promote facilitation and transit regime. UNCTAD is a source of training/TA for customs computerization and IOM for immigration.

Seek international logistics partner (s) to develop facilities and provide training and TA as part of a joint venture. Seek right PPP formula to provide sustainability and connections to international network. Software developers offer many innovative forms for financing and spreading payment over time.



Facilitation Joint Venture Example

Ghana Customs Modernization

Joint Venture: Software company, customs, shippers council and bank to develop automated forms and procedures, bond, interconnectivity borders and headquarters, GPS tracking, etc.

Software developer paid per import and transit declaration put through system to recover development, operating and updating costs. Profits shared among partners.

Extension to other countries on same basis.



Why implement an OSBP?

- Approximately 270 trucks per day cross at Chirundu.
- Traffic monitoring exercise was carried out by FESARTA.
- Northbound Average Transit Times
 - Break bulk 35 hours
 - Consolidated 39 hours
 - Refrigerated 26 hours Range 20-50 hours
 - Containerized 48 hours
 - Tankers 21 hours
- Southbound Average Transit Times
 - Break bulk 19 hours
 - Refrigerated 5 hours
 - Containerized 18 hours Range 2-20 hours
 - Tankers 12 hours
- Idle trucks are trucks not making money and not moving goods. These delays cost money to transporters, shippers and consumers and make products less competitive in international markets.



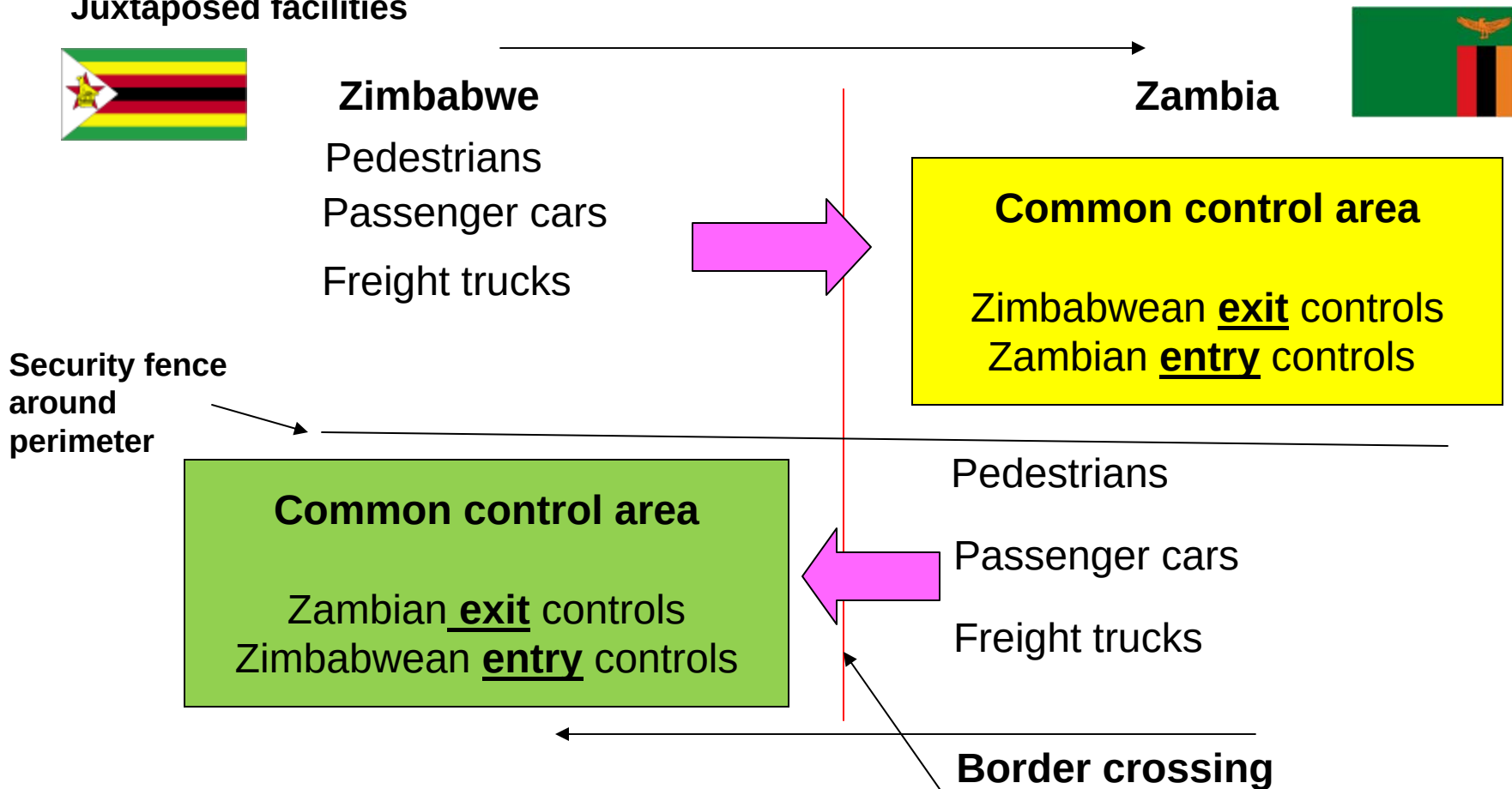
One Stop Border Post

To reduce the number of stops incurred in a cross border trade transaction by combining the activities of both countries' border organizations at a single location in each direction [juxtaposed facilities].

To increase the effectiveness of cross-border controls through greater data sharing.

One-stop border procedures

Cross-border movements from Zimbabwe to Zambia and from Zambia to Zimbabwe :
Juxtaposed facilities



ENTRANCE COMMERCIAL

POLICE

CUSTOMS

IMMIGRATION

OFFICE 1

SEARCH ROOM

IMMIGRATION

CUSTOMS

FUND ADMIN

CASHIER

IMMIGRATION

CUSTOMS

IMMIGRATION

CUSTOMS

POLICE

OFFICE FOR CONTROL OFFICER

IMMIGRATION

CUSTOMS

CUSTOMS

IMMIGRATION

POLICE

ENTRANCE TOURIST & GENERAL PUBLIC

NAMIBIA

ZAMBIA

ENTRANCE WIPER

FEMALE BATH

WC FOR THE DISABLED

SERVICE DUCT

WC FOR THE DISABLED

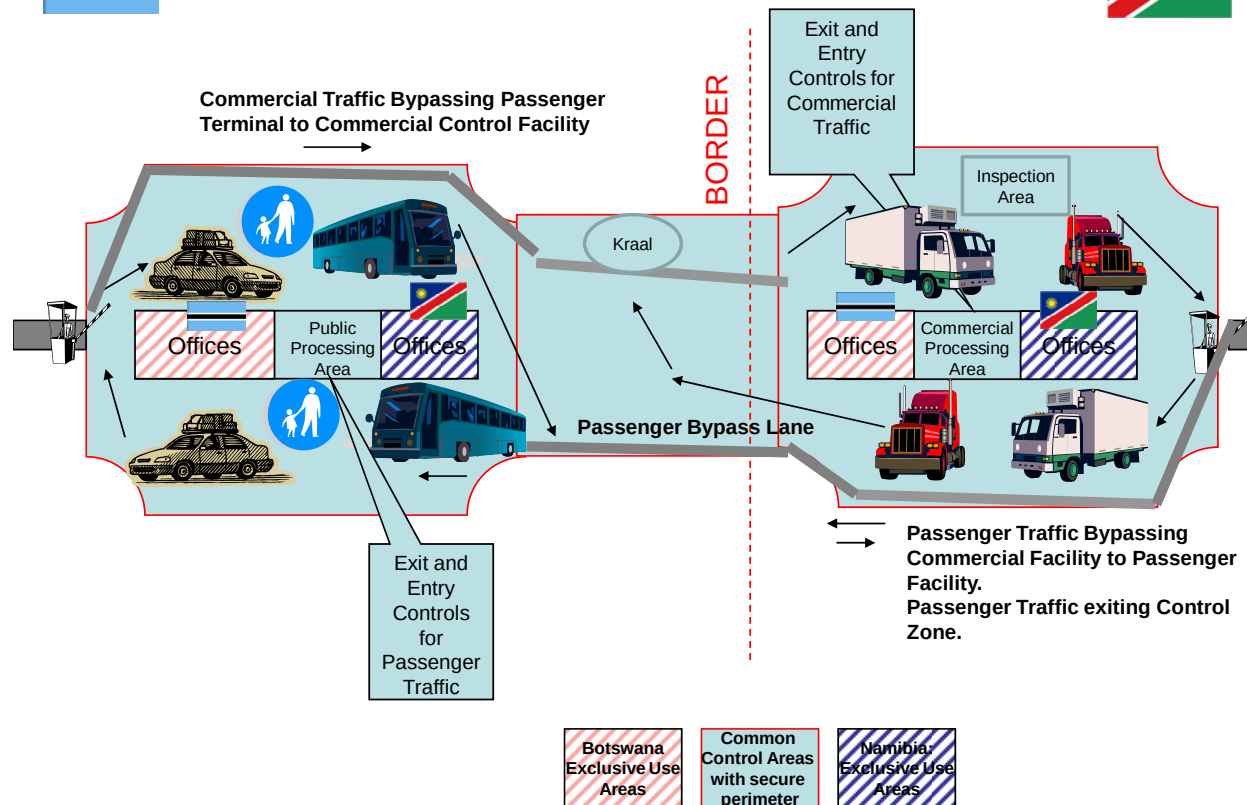
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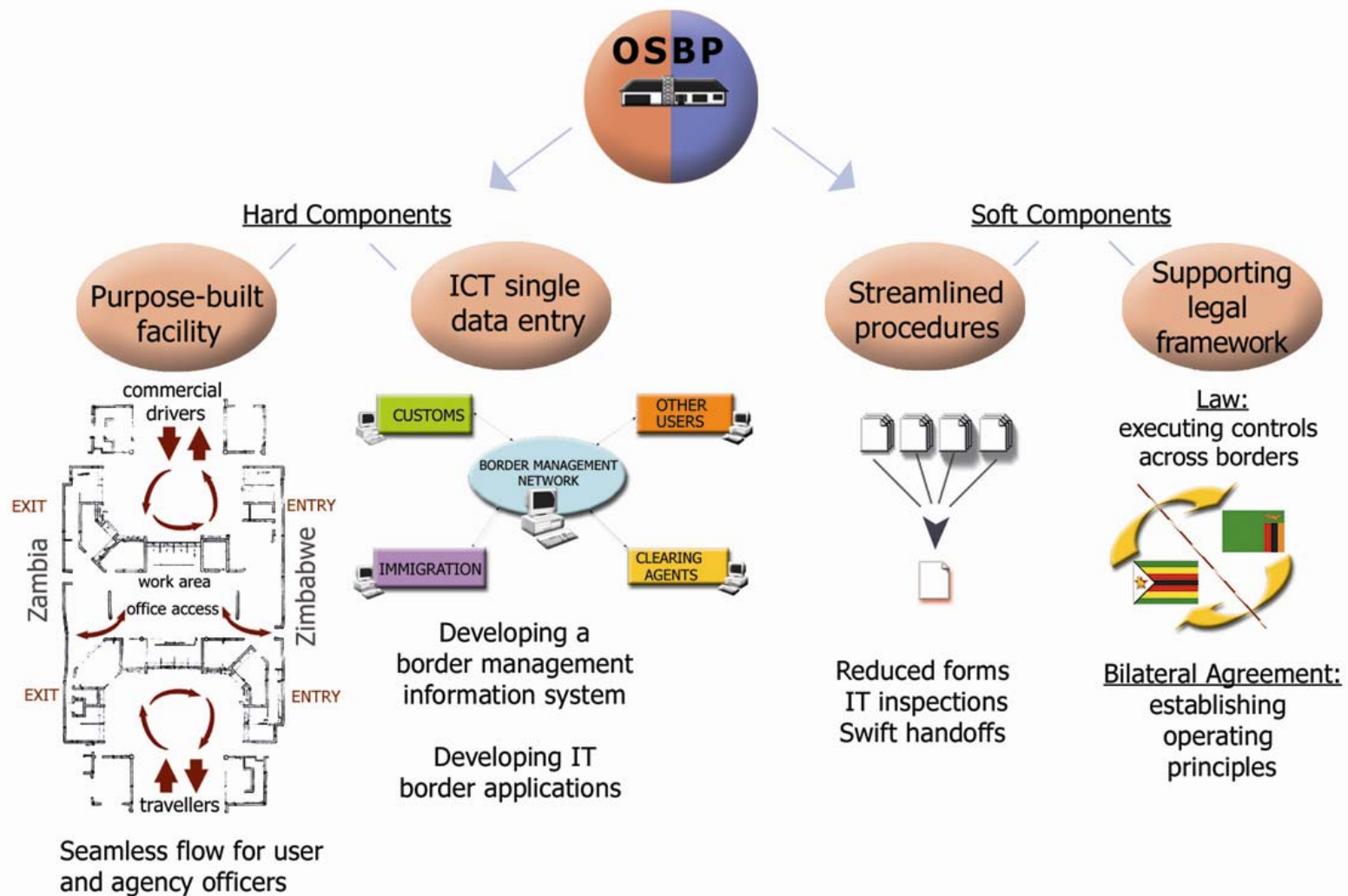
ENTRANCE STAIR

Another model



TRANS KALAHARI - MAMUNO ONE STOP BORDER POST







Why implement an OSBP?

- Time savings for transporters which enables more effective use of valuable assets and reduced cost
 - @\$140 daily fixed cost + driver, a two day delay Northbound at Chirundu once a month would be a loss of \$3,360 per year per truck; for 150 trucks, the loss is US\$504,000.
- Greater predictability of shipments and reduced need for buffer inventories at the end of long, cumbersome supply chains
- Greater competitiveness in markets and reduced prices for consumers
- Improved information sharing among control agencies
- More effective risk assessment and revenue collection
- Greater operating efficiency
- A win-win situation



Financing

National Governments: Facilities and Streamlining

ICPs: Some TA

Potential Private Sector:

Software design, development, installation, training and maintenance

- Border information management system
- Automating procedures for agencies
- Integration of scanning technologies
- GPS tracking system for trucks
- Seals for break bulk
- Interconnection borders, interim checks and port

Maintenance contract for facilities (government-financed)

Private sector facilities – clearing agents, food, banks, etc.



CMCs and DCIs

Corridor Management Committees have been formed by public and private entities to improve performance of transport routes by

- Transport infrastructure investments
- Facilitation measures to decrease time and cost on routes
- Marketing corridor routes

Economic Development Corridor Initiatives have been initiated to encourage economic development along transport corridors by

- Comprehensive infrastructure investment
- Anchor economic project identification, packaging, and investor mobilization
- Promotion and utilization of upstream and downstream linkages, including SME development



Effective DCI Implementation

- Socio-economic context
 - Socio-political stability
 - Focus on areas of inherent but under-utilized potential
- Development planning and programming
 - Identification of anchor/lead investment projects
- Marketing and investor mobilization
 - Integrated set of viable economic and infrastructure projects
 - Projects to be properly packaged
 - Projects to be appropriately marketed
 - Consistent development strategy
 - Reactive and proactive marketing
 - Investment conferences have limited success
 - Transparent bidding processes
 - Role of lead investors



Further Information

For further information:



global Transport Knowledge Partnership:

www.gtkp.com

SEACAP Southeast Asia Community Access Partnership:

www.seacap-info.org

Further information on Logistics and Facilitation can be obtained from the above websites and the gTKP Finance and Economics Theme Champion: lynn.harmon@gtkp.com