
Economic Commission for Europe

Inland Transport Committee

Working Party on Transport Trends and Economics

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Euro-Asian Transport Links

Transport corridor operationalisation in the Euro-Asian region and beyond

Note by the secretariat

Summary

This document was prepared further to the mandate given to the Working Party on Transport Trends and Economics (WP.5) by the Inland Transport Committee at its eighty-first session (ECE/TRANS/288, para. 22) to continue its work on the operationalization of Euro-Asian Transport Corridors and other transport corridors. This document takes into account the knowledge gained from the implementation of the Euro-Asian Transport Links project, phases I to III, and based on it, proposes ways ahead for WP.5, to serve as an intergovernmental body guiding specific action for international corridor operationalization.

I. Introduction

1. The increase of Euro-Asian inland transport flows requires the development of a set of operational multimodal international transit transport corridors. The facilities and services that compose a multimodal transit transport corridor include not only roads, railways, waterways but also include, border crossing/ customs clearance points, dry ports, seaports, logistics centres and intermodal facilities. In order to be effective and efficient, transit transport corridors need not only to have good and well-maintained transport infrastructure, they also require smooth implementation of agreed legal frameworks, transit rules and policies and transport and trade facilitation measures as well as well-established and fully operational integrated services.

2. Promoting and establishing efficient inland transit transport corridors is especially important for LLDCs as the corridors link them in a sustainable way to international markets, regional and global value chains decreasing therefore the cost for export/import and thus make their economies more competitive. Furthermore, establishing well-functioning and efficiently governed and facilitated transit routes also contributes to the reduction in time

spent at the borders and different gateways (i.e. ports or airports) making transport operations/services predictable therefore reliable to trade operators.

3. For almost two decades the UNECE has been providing support for the development of inland transport connections between Europe and Asia through the implementation of its transport infrastructure flagship initiative, the Euro-Asian Transport Links project, Phase I (2002–2007), Phase II (2008–2012) and Phase III (2013–2017).

4. The project has led to set of very concrete deliverables: the identification of 9 rail & 9 road, 17 water transport links, 52 inland river ports and 70 maritime ports routes, the prioritization of no less than 311 transport infrastructure investment projects with a total cost of USD 215 billion, the development of a Geographical Information System (GIS) database, the analysis of non-physical obstacles to transport, the comparison study between maritime and inland transport, the organization of numerous national capacity-building workshops on transport facilitation as well as the efforts to operationalize those corridors.

5. The Phase III report launched at the UNECE Inland Transport Committee (ITC) at its eighty-first session in February 2019 describes in detail the EATL routes and provides a comparative analysis of the delivery times and expenses of different modes of transport on selected routes between Europe and Asia. It also identifies cargo for which the EATL inland routes could compete with maritime and air routes between Europe and Asia.

6. *Inter alia*, it concludes that:

- Economic growth and growth in international trade are not the drivers of Euro-Asian freight flows as in the past. Hence, a more logistics-market-oriented model for enhanced operationalization of EATL inland routes is required.
- Even if the inland routes can never compete in volume of freight with maritime routes, they can be increasingly used for high value and time-sensitive freight.
- Markets create new opportunities, e.g. e-commerce, that can increase freight flows on inland routes. Inland routes to compete for high-value and time cargo need to respond to the requirements of modern supply chains.

7. It also identifies several remaining challenges:

- Missing road & railway and inter-modal/transshipment infrastructure links on some EATL segments, outdated border crossing infrastructure and equipment in other places.
- Cumbersome border crossing, customs and transit procedures, lack of access to & implementation of UN legal instruments.
- Missing unified railway regimes along EATL railway routes – absence of one contract of carriage, one liability and one consignment note decreases reliability of the rail services.
- Lack of harmonized operating and technical inter-operability standards for railway infrastructure & rolling stock (railway gauge, signaling and radio systems, train length and weight standards, block train intervals etc.) require further improvement. Other technical, administrative, linguistic and cultural barriers remain.
- Poor ICT connectivity and ICT interoperability on EATL corridors as a result insufficient attention paid to impact of intelligent transport systems, digitalization of transport documents, computerization of BCPs, satellite track and trace services, introduction of autonomous vehicles on EATL routes efficiency.

8. At the international conference on “Making Euro-Asian Transport Corridors Operational” held in conjunction with the WP.5 in September 2018, WP.5 Delegates recognised the importance of further work in operationalising Euro-Asian transport corridors and mandated the Working Party to continue its efforts in this field. In particular the role of WP.5 in serving as a platform to foster and monitor operationalization activities was highlighted.

II. Proposal on ways ahead – Reviewing of the performance and operationalisation efforts along Euro-Asian transport corridors (EATL Phase IV) and other international corridors

9. “Operationalization” typically covers issues such as: infrastructure connections and interoperability standards, efficient corridor management, harmonization and simplification of border-crossing formalities and other administrative formalities as well as application of new technologies and digitalization to set up regular transport operations. International standards, in particular those provided in the United Nations transport conventions provide a benchmark for the national standards.

10. The EATL Phase III report suggests that while the Euro-Asian corridors are operational, they would benefit from further operationalization efforts to make them truly competitive for the inter-continental transport of high-value and time sensitive cargo. This would require however that the above-mentioned remaining challenges identified in EATL Phase III, the infrastructural gaps as well as administrative/ regulatory gaps are addressed effectively to make the corridors meet the requirements of modern supply chains.

11. Such efforts need to be undertaken in two dimensions:

- Vertically (country level): to have in place national strategy to set directions for a country in international trade and transport, and to this end, establish effective laws, policies, regulations and administrative procedures to facilitate international transport and operation on the corridor, where appropriate through transposition of international conventions, and
- Horizontally (corridor level): to establish interoperability priorities that would ensure seamless border crossing from country to country and seamless transit through a country and to set operational targets (negotiate, agree and establish integrated - one price, one time schedule - transport services along the corridors: block trains, truck caravans etc.).

12. With no doubt, the operationalization of transport corridors is complex and challenging. Therefore, it is not always clear to individual countries what the specific action is, both in terms of vertical and horizontal work, needed to enhance the operationalization of the domestic leg of the international corridor they are part of. Furthermore, guidance may be needed to make it clear to the countries from where to start creating a system towards enhanced operationalization of the corridor. At the same time, through inaction, they may become the weakest link along the corridor and thus compromise the overall corridor performance. Ultimately, the performance of a transport corridor is only as strong as its weakest link.

13. Inaction needs to be avoided and therefore assistance should be offered to countries in identifying their role in the international transport arena and take informed decisions as to the most effective way forward. Countries could best benefit from tailor-made recommendations to establish effective laws and administrative procedures. They could further benefit from assistance in setting up and implementing the interoperability priorities.

14. Recommendations can be typically drawn up after assessments of the existing situation. Independent country performance review is a known tool to assess in an unbiased way the existing situation based on facts and, on that basis, suggest specific recommendations on whether and how the legal framework and administrative procedures could be changed, in case of corridors, to enhance their operationalization. Such reviews are usually done based on a set of clearly defined benchmarks derived from the available international legal framework, standards, principles and practices. Moreover, they can also assess the level of achievement of horizontal priorities if such exist.

15. Support in setting up interoperability priorities can be provided by the establishment of a corridor coordination/management group. Such group usually also sets up operational targets and monitors action towards achieving the set priorities and targets, as well as suggests corrective action.

16. In view of the above, and to support countries work towards enhanced operationalization of corridors, in both the horizontal and vertical dimensions, assistance through establishment of (i) Corridor Management Groups (CMGs), and (ii) Corridor Operationalization Performance Review (COPR) should be considered.

17. Moreover, in order to make both CMGs and COPR successful and game-changing endeavors for the operationalization of international corridors, both would need to be set up based on proven concepts.

A. Corridor Management Groups

1. Successful concepts for corridor or networks management

18. Taking as example the EU practice, corridor management is established to set up corridor horizontal priorities, agree on corridor work plans and monitor the corridor operationalization progress in the context of international rules, standards and principles.

19. The European Commission, for example, nominated a European Coordinator for each of the nine core network corridors. Their mandate includes:

- Drawing up the relevant corridor work plan (together with the Member States concerned);
- Supporting and monitoring implementation of the work plan; as and when necessary, highlighting difficulties and looking for appropriate remedies;
- Regularly consulting the corridor forum (a consultative body bringing together Member States and various stakeholders);
- Making recommendations in areas such as transport development along corridors or access to financing / funding sources;
- Annual reporting to the European Parliament, Council, Commission and the Member States concerned on the progress achieved.

20. Another successful example of corridor management is the Coordinating Council on Trans-Siberian Transportation (CCTT) which strives towards attracting higher volumes of transit cargo along Trans-Siberian routes. The Council has over 100 members from 25 countries (including railway and shipping companies, transport operators and freight forwarders, port authorities, government agencies, insurance companies, security services etc. Its main objectives are:

- To contribute to the strengthening of the legal regime surrounding transport along Trans-Siberian routes;
- To provide analysis of Euro-Asian transport market conditions; and
- To formulate proposals aimed at boosting cargo traffic volumes on the corridors under its purview.

21. At the same time, the UNECE TEM and TER Projects are examples to consider when looking for frameworks of successful intergovernmental cooperation towards the coordinated development of coherent international transport infrastructure networks.

22. TEM and TER are structured based on active participation and support of member countries through a Trust Fund Agreement, deposited with UNECE. The projects' Steering Committee its highest administrative and political body consist of national delegations from each participating country. The respective Project Coordinators are funded through the Trust Funds as are the various meetings held in the framework of the projects. The TEM and TER Project Coordinators report annually to the UNECE Inland Transport Committee.

23. As the above examples indicates, the entity responsible for corridor management needs to be established in the framework of an intergovernmental process. The entity should report periodically to the intergovernmental body in charge of the process. Corridor management thus requires a governance structure and institutional setup agreed upon by all stakeholders.

2. Corridor Management Groups: objective and set up

24. The CMGs objective would be to set up corridor interoperability priorities and monitor their implementation. CMGs should also set operational targets, prepare work plans and monitor them, as well as propose corrective action in support of achieving the operational targets. This work is to be done under the overall oversight of WP.5

25. The operational targets for each corridor should be developed based on a “snapshot evaluation” providing a complete assessment of the current status of the corridor, in particular with regard to: trade flows, number and nature of services provided, and nodes connected.

26. To make CMGs succeed in attaining the objective, the following governance process could be set up:

- WP.5 to take the role of the intergovernmental body overseeing the work of CMGs for the agreed international corridors, as part of its priority activity on the development of transport networks and/or links. In doing so, WP.5 would support securing the extra-budgetary funding to facilitate the CMGs operation.
- WP.5 to appoint Coordinators for each CMG on a rotational basis. They will be reporting on the work of CMGs to WP.5 at its annual session.
- WP.5 to operate as the good practices / experience sharing platform providing guidance to CMGs through the Coordinators on horizontal priorities and work plans and to ensure synergies with COPR and other international developments supporting corridor operationalization.

27. The necessary CMG institutional set-up could look as follows:

- Main members:
 - senior level Government representatives (i.e. Ministry of Transport/ Economy) of each of the countries along the corridor; Each country should formally nominate its CMGs representatives; and/or
 - senior level railway undertakings representatives of each of the countries along the corridor in order to discuss, agree and establish the integrated rail services - one rail service along the corridor (i.e. block train) with one commonly agreed tariff, one commonly agreed time schedule, commonly agreed operations, marketing and customer service; and/or
 - senior level road transport industry representatives of each of the countries along the corridor in order to discuss, agree and establish the integrated road services - one road service along the corridor (i.e. truck caravan) with one commonly agreed tariff, one commonly agreed time schedule, commonly agreed operations, marketing and customer service;
- Corridor Coordinator: appointed from among the main CMG members.
- Other members: various additional stakeholders including private sector operators at the invitation of the Coordinator.
- Meetings: annual or bi-annual meetings in one of the countries along the corridor.

28. Tasks of the Corridor Coordinator could involve:

- Preparing MoU among the different countries involved in the corridor declaring their commitment to work together;
- Preparing a draft work plan, agendas, accompanying documents that would facilitate discussions and decisions;
- Preparing corridor meeting reports and progress reports to WP.5;
- Proposing appropriate, corridor specific interoperability priorities and operational targets.
- Assessing expected impact of actions to be taken.

- Identifying, define and mediate between the interests of different stakeholders along a corridor (shippers, transporters, customs authorities, road authorities, security services, health authorities etc.).
 - Identifying and endeavor to remedy the capacity needs of the specific corridors (financial, human resources, infrastructure related etc.).
29. Tasks of the CMGs could involve:
- Setting up appropriate, corridor specific interoperability priorities and operational targets.
 - Developing a corridor work plan for the implementation of priorities and targets (including Key Performance Indicators, envisaged cargo volumes, pooling possibilities of rolling stock, containers etc.).
 - Monitoring implementation of the work plan; as and when necessary, highlighting difficulties and looking for appropriate remedies.
 - Formulating recommendations in areas such as transport development along corridors or access to financing / funding sources.
 - Advocating for regulatory and legislative reforms and piloting reforms in trade facilitation and logistics.
 - Monitoring individual country performance through COPR.
 - Marketing of the corridor, advocating for and promoting corridor use in line with the operational targets.
30. The operation of CMGs could be covered from different sources or options such as through in-kind contribution by the governments of their members as it is the case for the TEM and TER projects, or contribution from different International Financial Institutions already involved in transport corridors development. An annual budget – in the amount to be determined based on number of CMGs and financing options chosen – could be considered to be established to support CMGs work as required.

B. Corridor Operationalization Performance Review

1. Successful concepts of performance reviews – example of UNECE Environmental Performance Review programme

31. Taking as example the EPR Environmental Performance Review (EPR), performance reviews have as objective to systematically examine and objectively assess the performance of a State in a selected field. They follow the concept of peer review.

32. The ultimate outcome of the performance review is to develop recommendations that help the reviewed State “improve its policy making, adopt best practices, and comply with established standards and principles.”¹

33. A key feature of peer reviews is that they are objective, fact-based assessments of policies in a certain area by a team of experts, which gives them credibility and explains their influence.²

34. As the performance review is based on the peer review concept, a governance structure needs to be put in place, to ensure the peer review of the prepared reports. For EPR, ECE Committee on Environmental Policy (CEP) is the intergovernmental body managing the EPR programme. CEP mandates the ECE EPR secretariat to prepare an EPR and it carries

¹ Pagani, F. Peer Review: A Tool for Co-operation and Change, 2002. OECD, SG/LEG(2002)1. 11 September 2002.

² Lehtonen, M., OECD Environmental Performance Review Programme – Accountability (f)or Learning? Evaluation, Vol.11 (2), pp. 169-188. Lehtonen, M., Environmental Policy Integration through the OECD Peer Reviews: Integrating Economy to the Environment or Environment to the Economy? Paper presented at the IHDC conference, 3-4 December 2004, Berlin.

the formal peer review. In case of EPR, CEP has also established an EPR expert group to carry out the expert peer reviews of the EPR reports.

35. A performance review consists of several major phases. Based on the example of EPR, such phases are: (i) preparations, (ii) review mission, (iii) report drafting, (iv) expert and peer review, (v) publication and dissemination of the peer-reviewed report, and (vi) launch of the publication.

36. An additional important phase is an assessment of the implementation of recommendations by the reviewed state.

37. Each phase consists of several activities to be completed by different actors. For EPR, the main actors are the Government of the country under review, the ECE EPR secretariat, the EPR review team, the ECE EPR expert group and the CEP. During each phase of the EPR process there is an “output” to be achieved, which depends, however, on the timely and adequate completion of activities during the preceding phase. Each EPR project is managed based on an implementation plan developed by the ECE EPR secretariat in cooperation with the reviewed country during the preparatory phase.

38. Carrying out performance reviews requires funding. An EPR, for example, is carried out from extra-budgetary funds provided by donors directly to the EPR Trust Fund or through contributions in kind, mostly in the form of country experts provided by donors or international organizations. The EPR secretariat is provided through the ECE regular budget.

39. The EPR Programme inspired the Sustainable Transport Division’s Road Safety Performance Reviews, which are led by the secretariat and carried out from extra-budgetary funds.

2. Corridor Operationalization Performance Review: objective and possible set up

40. The COPR objective would be to systematically examine and objectively assess the performance of a state in corridor operationalization (vertical action) and the degree to which horizontal interoperability priorities have been implemented.

41. The Corridor Operationalization Performance Review should be based on a methodology – tool agreed by the WP.5 and the relevant CMGs which will include several modules / approaches ensuring continuous monitoring of performance of a corridor as well as its business development. Such modules could include:

- Peer reviews;
- Use of the Sustainable Inland Transport Connectivity Indicators (SITCIN) being developed by the UNECE Sustainable Transport Division;
- Use of the International Transport Infrastructure Observatory developed in the framework of WP.5;
- Trade analysis tools;
- Ports connectivity tools;

42. The COPR governance process could be:

- WP.5 to take the role of the intergovernmental body managing COPR programme. In doing so, WP.5 would support securing extra-budgetary funding for COPR execution. WP.5 with relevant CMG would mandate COPR execution.
- WP.5 secretariat to support execution of COPRs, preparation of each COPR report and the peer review process.
- CMG leaders to be an expert body – serving as a WP.5 subsidiary body – for the peer review of the COPR reports.
- CMGs to be the principle bodies to monitor the implementation of the COPR report’s recommendations by reviewed countries and report to this end to WP.5.

43. COPR could consist of the following phases:

(i) preparations – WP.5 secretariat and an appropriate CMG Coordinator to work with the reviewed country to jointly prepare the review mission, i.e. to establish a COPR implementation plan as well as a list of local interlocutors to be interviewed for the COPR report during the review mission.

(ii) review mission – WP.5 secretariat and an appropriate CMG Coordinator to work with the reviewed country to organize the travel of the peer-reviewers to hold the necessary interviews with the local interlocutors.

(iii) report drafting – peer reviewers to prepare their COPR report, WP.5 secretariat and an appropriate CMG Coordinator to finalize the report with the peer reviewers.

(iv) expert and peer review – CMG leaders to peer review the COPR report, WP.5 secretariat to finalize the COPR report after the report has been peer reviewed, WP.5 to consider the COPR report.

(v) publication and dissemination of the COPR report – WP.5 secretariat to publish the report, i.e. issue hard copy and electronic publications.

(vi) Launch event – WP.5 secretariat and the reviewed country to arrange an official launch of the COPR report in the country.

44. With the existing resources in the WP.5 secretariat, a maximum of two COPRs could be accepted for execution by WP.5 at its annual sessions. The following COPR schedule would be sensible, observing the annual session of WP.5:

(i) acceptance by requests of two countries for COPR by WP.5 – Sep

(ii) preparation – Oct-Nov

(iii) review mission – 5-day mission to the reviewed country by the peer-reviewer team – late Nov—Jan

(iv) reporting drafting – Feb- Apr

(v) CMG peer review – May

(vi) WP.5 peer review and adoption – Sep

(vii) publication and dissemination – Oct

(viii) launch of the report – Nov-Dec

45. The frequency of COPRs could be increased if WP.5 capacity could be enhanced with a COPR dedicated person hired from extra-budgetary funds to support the WP.5 secretariat.

46. Execution of COPR – operating costs – are estimated at US dollars 30 000-70 000. The lower-end value is assuming that peer-reviewers are offered as in-kind contribution. In that case 30 000 is calculated for travel in the preparatory phase, travel for review mission, formatting and editing the report, and organization of and travel to the launch event.

III. Guidance by the Working Party

47. WP.5, in line with its mandate to work on the operationalization of the EATL and other transport corridors, is invited to consider working towards the establishment of CMGs and COPR as synergetic processes to help enhance operationalization of international corridors.

48. The establishment of these processes would require, further to the decision by WP.5, its acceptance by the Inland Transport Committee and the Executive Committee.

49. It would further require WP.5 to:

- Agree on key corridors for which CMGs should be established or piloted and COPR be prioritized.
- Request confirmation from countries along the key corridors to nominate their members to respective CMGs.

- Request countries to inform of their interests to undergo COPR.
- Work towards establishing a Trust Fund, given the acceptance of these new endeavours, and secure funding to facilitating the CMGs operation and execution of COPR.

50. With the successful accomplishment of the above tasks, WP.5 could formally establish CMGs and mandate the execution of the first COPR at its 2020 session.
