FINANCING SUSTAINABLE TRANSPORT INFRASTRUCTURE FOR ENHANCED CONNECTIVITY OF LANDLOCKED DEVELOPING COUNTRIES

Government of Zambia; UN-OHRLLS; UNECA side event

Ashgabat, Turkmenistan
17:00 – 18:30
Saturday, 26 November 2016
• In today’s globalised economy, professional road transport is no longer merely a mode of transport. It is a vital tool that connects every business to suppliers and markets all over the world.

• Road transport is unique in its flexibility and scalability. Roads are the connectors, able to work with all other modes of transport, yet being the only mode to really cover the “last mile” and offer true door-to-door service.

• Efficient road transport turns landlocked countries into land-linked countries. It expands supply chains and market distribution opportunities, enhances regional economic integration, and helps achieve sustainable development goals. In short, roads make peoples’ lives and livelihoods better.

• However, there are often barriers that hinder effective road transport, and thus the economic and social benefits that it helps generate.

• For example, IRU’s New Eurasian Land Transport Initiative (or NELTI) monitored commercial deliveries of goods by road on various itineraries, including through landlocked countries. The results show a competitive potential for the development of trade, but highlight that over 57% of road transport time is lost at borders due to inappropriate procedures. Moreover, some 38% of transport costs are related to illicit payments and corruption, exacerbated by long border waiting times.

• Good roads are of course crucial, along with associated infrastructure such as secure parking areas, hotels and fuel stations. The continued support of governments and financial institutions, in particular the development banks, is essential in this regard.

• IRU has taken a lead with promoting innovative financing mechanisms with its Model Highway Initiative, focused on the modern routes of the Silk Road through Central Asia.

• The Model Highway Initiative aims to design and build, with public-private partnerships, exemplary sections of road with ancillary infrastructure such as secure parking, hotels and fuel stations.

• The continuing support of international financial community, along with the governments of the region, is of the utmost importance in fully implementing this initiative and helping the landlocked countries of this region to boost trade and prosperity.

• Along with good roads and related infrastructure – let’s call these the hardware of road transport – we also need good software. These are the processes, rules and services that support efficient transport. And improvements in these processes, in fact, is normally where the biggest and fastest returns on investment in transport come from.

• For international transport and trade in landlocked countries, streamlining customs procedures through ratifying and implementing key UN multilateral trade
and road transport facilitation instruments, in particular the TIR and Harmonization Conventions, is extremely important.

• The UN-OHRLLS Vienna Programme of Action has confirmed and endorsed this strategy, and the UN Resolution on Multimodal Corridors also calls on the implementation of the TIR Convention

• Implementing TIR has clear economic benefits for landlocked developing countries. A study earlier this year, for example, analysed the cost of acquiring a transit guarantee on key transport corridors in East and Southern Africa, and compared that with the cost of acquiring a TIR carnets.

• Several important trade routes were studied, all impacting landlocked countries:
  o the North-South Corridor, which links the port of Durban with South Africa’s main industrial regions and the landlocked countries of Zimbabwe, Botswana, Zambia, and the Lubumbashi area in DRC.
  o the Walvis Bay-Ndola-Lubumbashi corridor, which links the port of Walvis Bay in Namibia with the mining hubs in Zambia and southern DRC.
  o the Dar es Salaam corridor, which links the port of Dar es Salaam with the rest of Tanzania, and the landlocked countries of Zambia, Malawi and Zimbabwe.

• The results were striking: the potential impact of TIR on reducing the costs of trade is huge: up to 15 times less expensive than current transit regimes.

• The UN TIR Convention is a proven solution that has worked for almost seven decades across Europe and Eurasia. With minimal investment, it has the potential to bring huge gains to transport and trade for landlocked countries, helping turn them into prosperous land-linked countries.

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