



IMPROVING TRADE AND TRANSPORT IN LANDLOCKED COUNTRIES



Measuring Costs and Times

Performance Indicators for Transport Corridors

We measure to manage...

- Logistics performance index, Doing Business and other indicators show a country's logistics relative to others
- But we need more detailed costs and times of transit to know where action is needed
- Yet nothing available that is consistent across corridors

Our aim: common minimum indicators of corridor performance

- Adopt best-practice methods
- Produce indicators that are easy to understand and use
- Set benchmarks
- Apply them to many corridors and product types
- Be sure they're easy to replicate over time.

What we will measure

- Type of product, direction of travel, overseas origin or destination
- Overall costs and times, by location and whether formal or informal
- Pre-transit, transit in landlocked country, border crossings, transit in coastal country, port, maritime, port for destination country
- Variation in each, with comparative statistics and benchmarks

Where the data come from

- Freight forwarders, transport operators, and traders, both importer and exporters
- Structured interviews, but no fixed questionnaire
- Number interviewed depends on volume of trade
- At least 3 for each group, accounting for at least half the trade in a product
- So, more interviewed for corridors with more trade

What corridors we are looking at

Seven pilot corridors the be sure that definitions of cost and variability are usable and useful

- Almaty to Europe
- Asuncion to US east coast
- Bamako to Europe
- Kigali to Europe
- La Pas to US west coast
- Ulanbaataar to US west coast
- Vientiane to US west coast
- All should be completed by August 2008

How this is relevant to landlocked developing countries

- High dependence on coastal neighbors for access to world markets
- Framework for understanding where costs and delays occur in corridors
- How much corridors need to improve to make exports competitive in world markets

What we are finding

| | Kigali/ Europe | Ulanbaataar/ West Coast | Benchmark value |
|--|---------------------------|------------------------------------|----------------------------|
| Logistics cost per teu | U\$ 5,185 | U\$4,395 | U\$3,750 |
| Logistics time (Origin to destination) | 59 days | 45 days | 30 days |
| Cost as % of value of products | 26% | 18% | 12% |
| Cost increase compared with benchmark | + 34% | + 28% | 0% |
| Time increase compared with benchmark | + 96% | + 50% | 0% |

MEASURING COSTS AND TIMES

What we are finding

| | Kigali/ Europe | Ulanbaataar/ West Coast | Benchmark value |
|---|---------------------------|------------------------------------|----------------------------|
| Variation in cost as % of minimum | 13% | 24% | 10% |
| Variation in time as % of minimum | 37% | 51% | 10% |
| Land share of total cost | 44% | 43% | 20% |
| Land share of total time | 24% | 23% | 12% |
| Informal share of land (inc. port) cost | 8% | 8% | 0% |
| Informal share of land time (inc.port) cost | 31% | 23% | 0% |

MEASURING COSTS AND TIMES

What's next

- Consult with other agencies working on corridor indicators
- Adjust methods as necessary
- Analyze more corridors (12 landlocked and 6 coastal by end-2008)
- Maintain a web-based easily accessible database of corridor indicators