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# Engaging the Private Sector

## in Transport and Logistics Planning and Policy Making

### Options for Vietnam

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Transport & ICT Global Practice





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## List of Acronyms

<b>AEC</b>	ASEAN Economic Community
<b>AmCham</b>	American Chamber of Commerce
<b>ASEAN</b>	Association of Southeast Asian Nations
<b>CAAV</b>	Civil Aviation Administration of Vietnam
<b>DMICDC</b>	Delhi Mumbai Industrial Corridor Development Company
<b>DoT</b>	Department of Transport under Vietnam's Ministry of Transport
<b>DOT</b>	U.S. Department of Transportation
<b>DRVN</b>	Directorate for Roads in Vietnam
<b>EuroCham</b>	European Chamber of Commerce
<b>FIATA</b>	Federation of Freight Forwarders Associations
<b>GDP</b>	Gross Domestic Product
<b>FQP</b>	Freight Quality Partnership
<b>GoV</b>	Government of Vietnam
<b>HCMC</b>	Ho Chi Minh City
<b>ICD</b>	Inland Container Depot
<b>ICT</b>	Information and Communication Technology
<b>IFC</b>	International Finance Corporation
<b>ILC</b>	Inter-ministerial Logistics Committee
<b>JBA</b>	Japanese Business Associations
<b>KoCham</b>	Korean Chamber of Commerce
<b>LPI</b>	Logistics Performance Index
<b>LSP</b>	Logistics Service Provider



<b>MoF</b>	Ministry of Finance
<b>MoIT</b>	Ministry of Industry and Trade
<b>MoT</b>	Ministry of Transport
<b>MPI</b>	Ministry of Planning and Investment
<b>MPO</b>	Metropolitan Planning Organization
<b>NFAC</b>	National Freight Advisory Committee
<b>NLC</b>	National Logistics Committee
<b>PDOT</b>	Provincial Department of Transport
<b>PPC</b>	Provincial People's Committee
<b>PPP</b>	Purchasing Power Parity/Public Private Partnership
<b>TLPQM</b>	Transport and Logistics Partners Quarterly Meeting
<b>TPP</b>	Trans-Pacific Partnership
<b>U.K.</b>	United Kingdom
<b>U.S.</b>	United States
<b>VBF</b>	Vietnam Business Forum
<b>VCIS</b>	Vietnam Customs Information System
<b>VINAMARINE</b>	Vietnam National Maritime Administration
<b>VIWA</b>	Vietnam Inland Waterway Administration
<b>VLA</b>	Vietnam Logistics Association
<b>VNACCS</b>	Vietnam Automated Cargo and Port Consolidation System
<b>VNRA</b>	Vietnam Railways Administration
<b>VPA</b>	Vietnam Seaports Association
<b>WBG</b>	World Bank Group
<b>WCA</b>	World Cargo Alliance
<b>WTO</b>	World Trade Organization

## Executive Summary

In the 22 years between 1992 and 2014 Vietnam attained the remarkable average annual rate of economic growth of 6.9 percent. This led to an over 14-times rise in per capita income at market rates, which now surpasses the US\$2,000 mark, and to a dramatic fall in the share of the population living with under US\$2 a day in purchasing power parity terms, which went from 86 percent in 1993 to 12 percent in 2012. This impressive record of inclusive growth has taken Vietnam from one of the poorest countries in the world to lower middle income status in less than a generation.

However, the sources of growth that underpinned much of this period of economic transformation—ready availability of labor and a structural shift of national production from subsistence agriculture to industry and services—are gradually being depleted and cannot be sustained indefinitely. To drive the next wave of long-term growth, Vietnam must identify and exercise new levers of economic dynamism.

Given that a substantial share of Vietnam's growth has been associated with the expansion of manufacturing linked to international trade, more competitive freight logistics—which are the backbone of import-export activity—should be among those levers. The current value of Vietnam's merchandise trade is equivalent to 1.6 times the value of its gross domestic product, which places Vietnam's trade sector among the world's largest in relation to the size of the national economy. Improving the efficiency of the underlying freight operations that facilitate these import-export—and, increasingly, purely domestic—shipments, from trucking itineraries, to warehousing for goods storage and distribution, to the handling of containers at maritime ports, can increase firm-level productivity, create jobs, and be a sustained source of prosperity for Vietnam.

Even though Vietnam has made strides in the development of its logistics landscape, significant headroom for raising logistics performance remains, and much of this depends on the functions of government as a steward of the transport, logistics, trade, and investment sectors. This includes the need for greater provision of basic infrastructure and, even more urgently, strengthening the core public sector functions of planning, policy making, and regulation of service delivery in freight logistics.

Experience from countries around the world, in places like Malaysia, Thailand, the U.S., and the U.K., consistently shows that enabling private sector freight stakeholders to directly engage public sector agencies at the planning and policy making level is an effective way of strengthening the role of government in freight logistics. But this experience also shows that implementing such public-private collaborative platforms in practice is harder than it would appear at first blush and riddled with pitfalls. The fact that past efforts by the Government of Vietnam to establish such platforms have so far had limited impact—despite demonstrable and sustained demand for them on the

part of private sector stakeholders—illustrates this challenge. This should not, however, dissuade Vietnam from advancing this agenda in both the short and medium terms.

This report aims to compile the key lessons that have been learned by other countries in setting up platforms for direct dialogue between public sector agencies and private sector freight stakeholders at the planning and policy making level. This experience, in effect, yields options for Vietnam to strengthen its own approaches to public–private and public–public policy dialogue in logistics.

Countries whose public agencies have benefited from directly engaging the private sector in logistics planning and policy making—across high income and middle income countries alike—have adopted similar implementation approaches with remarkable consistency. These approaches include: (a) establishing institutional platforms for dialogue with formal, often legal, backing and sufficiently equipping them with financial, human, and technical resources; (b) carefully managing private sector stakeholder expectations while keeping them engaged over sustained periods; (c) allowing private sector outreach efforts in planning and policy making at both the national and sub-national government levels; (d) ensuring that the public and private sector freight stakeholders who join the collaboration platform are reasonably representative of the target supply chain(s) in their entirety as a means to support modal and functional integration; (e) carefully adhering to common sense protocols to make discussion meetings effective, similar to those routinely adopted in private sector circles; (f) seeking private sector input on a wide, rather than limited, range of issues and functions of government throughout the planning and policy making cycle; and (g) pursuing ways to improve collaboration not only between public sector agencies and private sector actors, but also among public agencies themselves.

Based on the above approaches, which have proven successful in the international experience, coupled with Vietnam’s own lessons learned from its own past experience in this field, and taking into consideration the nature of Vietnam’s institutional environment, Vietnam could consider the following as a roadmap towards enhancing decision making in the economically-vital freight logistics space:

1. In the short term, Vietnam should establish a platform for collaboration based on both practicality and formality. On the practicality front, rather than pursuing a comprehensive but also necessarily more complex institutional mechanism at the national level, coupled with similar mechanisms at the sub-national level, Vietnam should (i) seek first to establish a collaboration platform at the national level only, as a proof of concept; and (ii) appoint a single national-level agency (e.g., a line ministry) to lead it, as opposed to relying on a multi-agency led approach which has proven unwieldy in the international experience. On the formality front, this entity should be given the backing of (i) a formal government decision, and (ii) sufficient resources to support its daily functions.



2. International experience shows that a natural institutional candidate to lead this national-level entity in the short term is the Ministry of Transport—the U.S. and Malaysia are examples of strong logistics performers that have done this. Other relevant ministries, such as Industry and Trade, Planning and Investment, and Finance, should be invited as members.
3. The national platform for collaboration should adopt operational practices that are consistent with what has proven effective in the international experience, such as predictability in the timing and nature of its activities; a focus on issue-driven discussions; an ability to adequately manage participants' expectations; and exposure to issues relevant to all segments of the planning and policy making cycle.
4. Once a proof-of-concept has been attained, over the medium term Vietnam should seek to expand the national-level collaboration entity to extend decision making accountability to ministries other than the Ministry of Transport. Similar entities should also then be adopted at the sub-national level, led by Provincial Departments of Transport or Provincial People's Committees.
5. Vietnam should seek to establish—whether in the short or medium term—a platform for intra-government coordination, to enable the modally-and functionally-integrated policy making that will inevitably be needed to adequately address private sector stakeholder concerns.

Having facilitated its first wave of rapid manufacturing growth, trade openness, and international integration, Vietnam now has the opportunity, as it transitions towards middle income status, to better align demand and supply in an increasingly demanding freight logistics environment. One way to do this is by embarking on what could become the next generation of public sector management of freight sector competitiveness: the mainstreaming of public-private and inter-agency collaboration in freight logistics—at the planning and policy making level—in national and sub-national government.

# Introduction and Motivation

Vietnam is, in many critical respects, one of the world's most remarkable success stories in economic development. In the 22 years between 1992—which roughly marked the start of the “dynamic growth” period following the onset of the *Doi Moi* social and economic reforms of 1986-1990<sup>1</sup>—and 2014, Vietnam's gross domestic product (GDP) grew at an average annual rate of 6.9 percent in inflation-adjusted terms. This stands among the best average economic growth records anywhere in the world over the same period. And in the process, the incidence of poverty fell dramatically. Whereas most of the country—a full 86 percent of the Vietnamese people—lived under the US\$2-per-day income threshold in Purchasing Power Parity (PPP) terms in 1993, by 2012 the corresponding figure had dropped to 12 percent. A mere US\$144 in 1992, Vietnam's income per capita at market rates stood at US\$2,053 in 2014, breaking the US\$2,000 mark for the first time in the country's history, and solidly positioning Vietnam among the ranks of the lower-middle income countries—up from one of the poorest—in less than a generation.

Much of Vietnam's record of sustained, pro-poor economic growth was facilitated by a rapidly-expanding, young labor force and a shift in economic activity away from subsistence agriculture and towards the higher-productivity manufacturing, mechanized farming, and services sectors. A growing, cost-competitive, and increasingly well-educated labor force, along with political stability, ready access to energy supply, a privileged geographic position along the world's major East-West trades, a 3,200-km coastline with two large river deltas, and (more recently) rising labor costs in neighboring markets—particularly in China—have combined to produce an increasingly favorable environment for Vietnam-based manufacturing operations linked to international trade. Indeed, while in 1992 the value of Vietnam's merchandise trade (imports and exports) was equivalent to 52 percent of GDP, by 2014 the ratio had tripled, to 161 percent of GDP. Its 2007 accession to the World Trade Organization (WTO) further positioned Vietnam as a formidable node within the extended supply chains serving the main consumption markets of North America, Western Europe, Northeast Asia, and, going forward, China and other rapidly-growing, large middle-income economies.

The challenge is that relatively low labor costs and a rising share of manufacturing in the economy—nearly 80 percent of foreign direct investment in 2013 was in manufacturing—are competitiveness factors that cannot be sustained indefinitely. As the rate of growth of the working age population slows and the influx of investment narrows the gap between labor availability and demand, the labor cost arbitrage opportunity inevitably becomes more constrained. Similarly, as the share of manufacturing in the economy stabilizes, the *inter-sectoral* productivity gains attained by shifting large amounts of workers from subsistence farming or small-scale commerce into manufacturing and larger-scale farming (as well as services) will need to be replaced by *intra-sectoral* productivity gains within manufacturing and farming operations themselves. Further,

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1 Van Arkadie and Mallon (2003).



given that the competitiveness of manufacturing depends on a host of other factors beyond labor costs, the relevance and incremental competitiveness impact of labor as a factor of production begins to decline after a point. Though it is perhaps debatable whether Vietnam has reached this threshold, it is imperative for the country to build out capabilities along other attributes that can drive the next sustained period of growth and competitiveness *on the basis of productivity improvements*.

One of the most crucial of these new competitiveness drivers is logistics efficiency. Simply put, logistics refers to the chain of operations and information exchange involved in moving, handling, and storing raw materials and finished goods between origin and destination. The degree to which logistics operations—including, primarily, multimodal transport, warehousing, goods handling, and regulatory compliance—are reliable, efficient, and cost-effective is a strong determinant of trade competitiveness and, by extension, national economic growth<sup>2</sup>. This is especially true in the case of trade-oriented economies like Vietnam, which in 2014 attained the world's fifth-highest rate of merchandise trade in proportion to GDP, behind only Hong Kong, Singapore, Belgium, and the Slovak Republic.

Logistics particularly stands out as a facilitator of long-term growth for Vietnam given the country's long-term vision—and short-term goal—of spurring export-led growth. The prospect of joining the landmark Trans-Pacific Partnership (TPP) trade agreement, which would increase access to international markets for Vietnamese exports, as well as the ongoing implementation of the ASEAN Economic Community (AEC), further emphasize export competitiveness as a critical source of prosperity for Vietnam for years to come. Merchandise export operations necessarily interact with the national transport and logistics *system*—the combination of basic infrastructure provision, service delivery, and the institutional and regulatory environment—and depend on it as a matter of commercial survival. What is more, Vietnam's exports sector is particularly logistics-intensive relative to that of other countries in the East Asia region on account of the high import content of most of Vietnam's key manufacturing export products. For example, it is estimated that between 50 and 60 percent of the value of Vietnam's garment and footwear exports is made up of imported raw materials and components. The corresponding value for high-tech electronics, like smartphones and tablets, is likely higher still. Therefore, facilitating exports requires that attention be paid to improving the efficiency performance of both *import and export* supply chains.

Yet, while Vietnam's Logistics Performance Index (LPI)<sup>3</sup> ranking in 2014—48<sup>th</sup> in a sample of 160 countries—placed it within the top 30 percent of countries in terms of overall

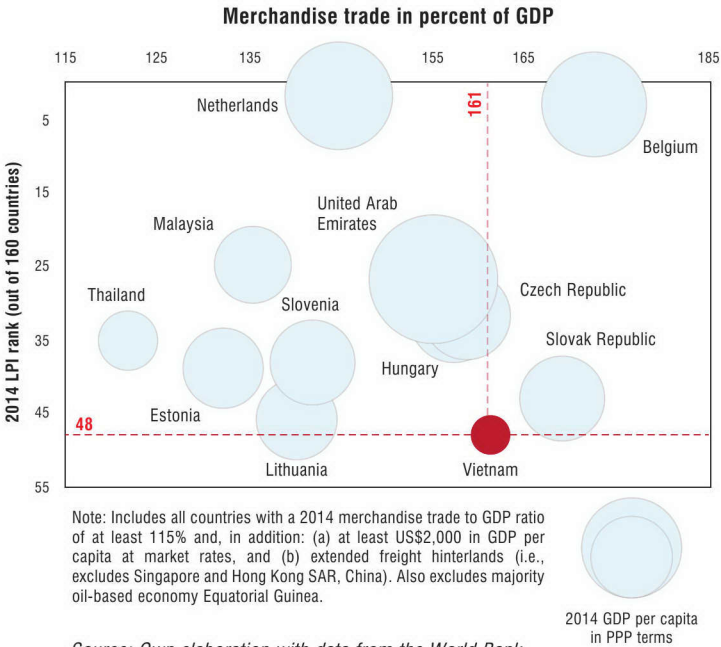
2 Arvis et al. (2014).

3 Developed by the World Bank, LPI is a multidimensional assessment of logistics performance at the national level which, by virtue of the use of a standard methodology, enables “like-for-like” comparisons of relative performance across countries and over time. A country's LPI score summarizes performance across six dimensions: customs and border clearance efficiency, quality of trade and transport infrastructure, ease of arranging competitively priced shipments, competence and quality of logistics services, availability of tools to reliably track and trace shipments en route, and timeliness of freight delivery itineraries. For more information, see <http://lpi.worldbank.org/>.

logistics performance, when this comparison is done vis-à-vis countries with similar levels of trade dependence (defined as merchandise trade-to-GDP ratios of at least 115 percent) and reasonably comparable economic geography characteristics, Vietnam's position is at the very bottom of the pile (see Figure 1).

By the mid-2000s, as Vietnam grew richer and more integrated into the global economy, the country faced the increasingly urgent need to modernize its transport and logistics infrastructure, and to overhaul the sector's policy and regulatory environment, to better align them with surging—and evolving—demand. In 2009 Vietnam operationalized a range of deep-water container port terminals at Cai Mep-Thi Vai, 85 kilometers outside of Ho Chi Minh City (HCMC), to support international trade to/from the import-export powerhouses of the Southeast and Mekong River Delta regions. These port facilities boosted Vietnam's trade competitiveness by providing it, for the first time in history, with direct liner connectivity to North America and Western Europe without the need to transship cargo at nearby regional hubs like Singapore or Hong Kong. Similarly, beginning in 2010 Vietnam has operationalized a growing network of international-standard expressways to link key markets. Vietnam's expressway network, barely 62 kilometers long in early 2010, has now reached approximately 700 kilometers, with an additional 2,000 kilometers expected to be built by the end of 2020. Improved highway connectivity has reduced time and cost in supply chains, dramatically increased reliability in inbound and outbound logistics, and directly facilitated trade by connecting cities to international gateways, such as in the case of the Hanoi-Haiphong and Noi Bai-Lao Cai expressways.

**Figure 1. Trade Openness Relative to Logistics Performance in Selected Countries, 2014**





On the policy side, in 2012 the Government of Vietnam (GoV) established a National Road Maintenance Fund—financed through user vehicle registration fees—to deliver better quality roads across the network through more adequate, predictable, and transparent road maintenance expenditures. And in 2014 the GoV introduced a rules-based e-customs system known as VNACCS/VCIS (Vietnam Automated Cargo and Port Consolidated System and Vietnam Customs Information System) to replace an ad hoc, paper-based clearance system that was prone to delays and routinely subject to informal payments and bribes. These improvements and reforms have undoubtedly contributed to Vietnam’s current position as the world’s best-performing lower middle income country in the LPI ranking—ahead of countries like India and Indonesia.

Yet, as tangible as these improvements in transport and logistics have been, the opportunities for further improvement remain enormous. Expressway penetration is still well below competitive levels for a country of 90 million people and an economic geography suited to long lengths of haul. Freight rail captures a negligible share (estimated at 2 percent) of all tons transported, a direct result of unreliable service delivery and under-funded infrastructure. Notwithstanding the fact that the Cai Mep-Thi Vai port range has been developed through Public-Private Partnerships (PPPs) with the participation of sophisticated, multinational terminal operators, the port (a) remains mired in over-capacity as inner-city (river) container terminals in HCMC continue to attract the bulk of regional volumes; and (b) suffers from limited hinterland connectivity. Meanwhile, deep water container handling capacity to service the Hanoi market—home to Vietnam’s electronics manufacturing hub, among other trade-led industries—is yet to be deployed, with the game-changing Lach Huyen international container terminal expected to open in 2017. But perhaps the greatest opportunities for improvement lie in the softer side of logistics operations: the delivery of trucking, inland waterway, warehousing, consolidation/deconsolidation, and multimodal connectivity services. These are sectors that remain largely underdeveloped, with a preponderance of small-scale providers offering low-quality services at rock-bottom rates.

It is not surprising, therefore, that testimonies by private sector freight stakeholders in Vietnam, including domestic and multinational shippers, transport carriers, container terminal operators, logistics service providers (LSPs), industry associations, and trade groups—supplemented by market research and international benchmarking—overwhelmingly corroborate that logistics costs in Vietnam are high relative to key regional peers like China, Thailand, and Malaysia, thereby constraining national competitiveness<sup>4</sup>. They also reveal that there is broad agreement among freight stakeholders as to the source, nature, and urgency of bottlenecks in Vietnam’s supply chains, as well as a meaningful level of consensus regarding the kinds of public sector interventions that could alleviate these challenges. The implication of this is twofold: (i) there is market-based evidence that significant economic value can be realized through improvements in Vietnam’s transport and logistics performance; and (ii) that such improvements

4 See Blancas et al. (2013).

are attainable through a combination of well-integrated public sector reforms (e.g., integrated across geographies, modes, service types, commodity types, and government jurisdictions), better-targeted government plans and investments, and continued private sector operational improvement.

But the question then becomes: How can Vietnam facilitate these needed reforms, integrated plans, well-targeted investments, and revamped private sector operations in logistics?

This report will argue that a necessary—although, admittedly, in and of itself insufficient—condition towards the *successful* adoption of these reforms is the mainstreaming of structured, predictable, continuous, transparent, trust-based collaboration in transport and logistics planning and policy making at two levels: (a) between public sector agencies and private sector stakeholders; and (b) among public sector agencies themselves. Implied in this statement is the fact that such collaboration at present is generally lacking and, to the extent that it takes place, it tends to be shallow, unstructured, opaque, and/or with little real accountability linked to outcomes, thus rendering the collaborative process ineffective<sup>5</sup>. This report will argue that a lack of effective public-private engagement in planning and policy making is a root-cause behind long-standing, seemingly well-understood and widely-recognized chokepoints in Vietnamese logistics—such as container terminal over-capacity at Cai Mep-Thi Vai, lack of a competitive trucking sector, poor availability of data and statistics in logistics, disconnectivity across modes, and multiple instances of supply-demand mismatches in infrastructure and service delivery throughout the network. It is this report's thesis that, should this collaboration be gradually *mainstreamed by government* at all levels and open to private sector stakeholders from across the logistics chain, Vietnam's major logistics challenges would be much less likely to remain unattended for as long as they have, and the country's overall logistics performance and trade competitiveness would improve. At a minimum, such a thesis is borne out by the international experience, whereby most countries that outperform Vietnam on the bases of indicators like overall logistics costs or index-based rankings like LPI have adopted these institutional approaches to varying degrees.

In a 2013 assessment of the state of Vietnam's logistics<sup>6</sup>, the World Bank found that there is a particularly urgent need to devise ways for the public and private sectors to collaborate in three key aspects of logistics management:

1. Data gathering, performance assessment, and market profiling;
2. The formulation of public policies for the sector; and
3. Generating better awareness among the shipper, carrier, and LSP community of the benefit-cost tradeoffs associated with modal and supply chain design choices.

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5 Ibid.

6 Ibid.

The purpose of this report is to build on the findings of previous World Bank analytical work on logistics in Vietnam by offering recommendations to the GoV, and in particular the Ministry of Transport (MoT), as well as the freight stakeholder community, towards operationalizing government-led institutional mechanisms to facilitate public-private and public-public collaboration in the sector *at the planning and policy making level*. To do so, the report will draw on (a) Vietnam’s own experience in this field, and (b) lessons learned from other countries that can be realistically considered applicable to Vietnam. The report will also offer recommendations towards promoting better public sector management of the transport and logistics sector beyond the collaboration agenda alone.

Chapter 2 of the report briefly summarizes the current state of private sector involvement in the public sector functions of management and oversight of Vietnam’s logistics industry. Chapter 3 draws lessons from a limited number of relevant countries where governments have instituted institutional mechanisms for private sector engagement and inter-agency collaboration in logistics and transport planning and policy making. By marrying Vietnam’s current situation with the lessons that can be gleaned from international successes and failures in the field, Chapter 4 offers recommendations for the GoV towards realistically implementing—and ultimately mainstreaming—robust private sector engagement and inter-agency collaboration in logistics. Chapter 5 presents the findings of a recent World Bank-MoT survey of Vietnam-based private sector freight stakeholders on the subject of private sector engagement in the planning and policy making processes of government. These findings further corroborate the diagnostic assessment—and support the policy recommendations—presented in the preceding chapters. Chapter 6 concludes by offering examples of the kinds of good public sector logistics management practices that the GoV could pursue if it availed itself of the collaborative mechanisms recommended by this report.



## Background and Current Situation

In February 2014, MoT's Department of Transport (DoT)—the ministry's lead agency for logistics policy making and performance management—announced that it intended to start holding regular face-to-face meetings with a limited number of prominent, committed private sector freight stakeholders to seek guidance on ways to make public policies in transport and logistics more responsive to private sector considerations. The idea of direct policy- and planning-focused dialogue between public and private sector freight stakeholders sitting around the same table was not only consistent with international best practice, but also long-supported by the Vietnam-based private sector stakeholder community. Not surprisingly, the initiative was well received by the shippers, carriers, and logistics service providers initially invited to attend.

Formally called the *Transport and Logistics Partners Quarterly Meeting* (TLPQM), the newly-unveiled initiative held its first meeting in March 2014, with the intent to reconvene, as its name suggested, every three months. TLPQM represented an important milestone at MoT in that it had no precedent: it marked the first time that a platform for public-private dialogue in logistics planning and policy making was sponsored—and led—by an MoT agency. Despite a low turnout in attendance at the first meeting which, while not ideal, was not inconsistent with similar efforts in the international experience, participants' immediate overall reaction was one of enthusiastic support. This was particularly true in light of previously unsuccessful efforts on the part of many private sector stakeholders over the years to directly engage with MoT at the policy level.

TLPQM's opening meeting was devoted to discussing and reaching consensus on the following organizational matters<sup>7</sup>:

- TLPQM mission and objectives;
- TLPQM basic working mechanism regarding:
  - Areas of discussion
  - Attendance
  - Frequency of meetings
  - Participants' roles
  - Segmentation of issues (by industry group and by priority) and guidelines for following up on them
  - Means and protocol for sustained communication after meetings
  - Response time from ministries; and

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7 As reported in meeting minutes.

- Procedures for recording and sharing meeting proceedings.

Specifically, it was agreed that TLPQM's mission was "to facilitate and promote a fair, competitive, and transparent business environment [in freight logistics]"<sup>8</sup>. TLPQM's adopted objectives included: (i) to act as a direct and effective interface between private sector freight stakeholders, government agencies, the international donor community, industry associations, and trade groups; (ii) to discuss and share comments on draft government (and, in particular, MoT) regulations and policies in transport and logistics; (iii) to assess issues and challenges faced by freight stakeholders in complying with existing policies and regulations; and (iv) to inform MoT of TLPQM's deliberations, such that MoT leaders may bring relevant issues to the attention of other ministries as appropriate. TLPQM's typology of participants would include MoT/DoT as the entity's lead agency and only permanent government agency member; international agencies; port operators; shipping lines; freight forwarders; truck carriers; and shippers, including domestic and foreign-invested enterprises.

Aside from the above, several views were expressed by the freight stakeholders in attendance regarding their expectations on the initiative, as well as the challenges that TLPQM could encounter. Their testimony included the following<sup>9</sup>:

- *"There needs to be an open discussion within TLPQM".*
- *"There should be active follow-up and updates on agreed upon actions via e-mail and MoT's website".*
- *"There should be timely responses from the relevant government agencies."*
- *"The main purpose of the TLPQM must be to facilitate the effective interaction between Government (MoT) and the transport/logistics stakeholders. This will help the TLPQM participants better understand the issues with Government regulation/policies and how they relate to the operations and physical infrastructure requirements of the transport, logistics, and shipper enterprises".*
- *"Discussions should be open, based on the best understanding of the participants and should not be treated as an official point of view of the agencies/enterprises/companies of the speakers. This will promote more in depth discussions during the meetings, especially from government representatives".*

Despite (i) the considerable promise held by MoT's leadership role in setting up this initiative, after years of private sector attempts at making the case for it; (ii) the early enthusiasm surrounding the opening meeting; and (iii) the continuing need for performance improvement in the logistics space across the country, the momentum surrounding TLPQM quickly receded. Three months after the first meeting, the second meeting was not convened. By late 2015—18 months after TLPQM's inception—a second meeting had yet to take place.

8 Ibid.

9 Ibid.



There were several drivers behind this suboptimal outcome. These included, *inter alia*: (i) lack of funding and staffing assigned to DoT to continuously plan, manage, promote, and implement the initiative, the need for which had likely been underestimated at the outset; (ii) difficulty in coordinating the availability of private sector stakeholders, many of whom had to travel to Hanoi to join in the deliberations; and (iii) insufficient clarity early on regarding TLPQM’s “value proposition” towards the private sector community.

While TLPQM’s early stumbles are unfortunate, DoT is by no means alone in facing these challenges: establishing mechanisms for meaningful, constructive public-private dialogue at the planning and policy level is demanding, more complex than it seems, and costly to implement and maintain over time. Similar efforts elsewhere have stalled in the face of these obstacles. The international experience suggests, as it will be argued later in this report, that the key lies in adequately empowering a lead agency to take on this role, not least through sufficient funding, a clear mandate, capable staffing resources, and, ideally, a committed champion that (a) stays in his/her leadership role for an extended period; (b) can manage stakeholder expectations over time; and (c) attains ‘quick wins’ early on, which can build confidence among members that the meetings are worth attending. Alas, none of this was true for TLPQM. Not surprisingly, as time elapsed and the “quarterly” meetings were not periodically held as initially envisioned, private sector interest—and patience—waned.

It must be noted, however, that while a TLPQM-like engagement program had no precedent *within MoT*, a variety of efforts to inform public policy and government decision making through feedback from the private sector have been launched in Vietnam for years, with varying degrees of success. Among the longest-running, best-organized such efforts is the Vietnam Business Forum (VBF). Established in 1997, VBF is “a not-for-profit, non-political channel for nurturing public-private dialogue to develop a favorable business environment that attracts domestic and foreign private sector investment and stimulates sustainable economic development in Vietnam [ . . . ] this is done primarily through high profile bi-annual Forums between the business community and Vietnamese leadership and through specialized Working Groups cutting across sectors”<sup>10</sup>. VBF was originally operationalized through a Secretariat led by the International Finance Corporation (IFC), the private sector arm of the World Bank Group (WBG). Since 2012, however, VBF leadership has been transferred to a consortium of private sector representatives, comprising the Vietnam-based American Chamber of Commerce (AmCham), European Chamber of Commerce (EuroCham), Vietnam Chamber of Commerce and Industry (VCCI), Korean Chamber of Commerce (KoCham), and the Japan Business Associations (JBA). VBF’s bi-annual meetings are chaired by Vietnam’s Ministry of Planning and Investment (MPI) and the WBG.

VBF’s longstanding track record as an ongoing, well-supported, capably-organized initiative for public-private policy dialogue in Vietnam has been ground breaking—even

<sup>10</sup> <http://vbf.org.vn/en/about-vbf.html>.

visionary considering its 1997 origins—and undeniably successful. However, VBF's success does not obviate the need for an institutional solution for substantive public-private dialogue in planning and policy making for *transport and logistics specifically*. This is due to a number of factors.

First, VBF's remit is wide ranging, including the facilitation of policy dialogue in no fewer than 11 sectors, including such varied fields as banking, education, mining, and tourism. VBF's coverage of transport and logistics is both indirect and incomplete, as it is done largely through their *Infrastructure* working group, and specifically through the *Ports* sub-working group. Given the integrated nature of logistics, only a comprehensive view across all modes (roads, rail, inland waterways, air), all infrastructure sub-sectors (expressways, maritime ports, airports, logistics parks, etc.), all service delivery sub-sectors (trucking, warehousing, container handling, etc.), and all relevant agencies of government (MoT and other national-level ministries exposed to trade competitiveness) could address the challenges facing freight stakeholders, as these challenges are found *all across the supply chain*, rather than in selected sections of it. While VBF's contributions are welcome and valuable, the critical nature of transport and logistics as regards the future competitiveness of the Vietnamese economy would seem to justify a dedicated, truly comprehensive approach to public-private dialogue specifically around this sector.

Second, VBF is, as stated above, private-sector led. International experience has shown that such a setup has advantages as well as disadvantages vis-à-vis *public-sector* led mechanisms. A typical advantage of VBF's setup is that it by definition guarantees a strong, committed participation of private sector stakeholders, since they play the leading role. It also typically results in a well-funded, well-managed initiative that is organized along the time-bound, objective-driven expectations of privately-run commercial enterprises. Among the disadvantages, however, is the fact that a private sector-led platform for dialogue increases the risk of conversations becoming unidirectional. Specifically, while public sector stakeholders may well attend the discussions, the lack of direct ownership of the initiative may allow them to do so without a stated obligation—or even the expectation—to act upon the resulting advice. In such a situation, the platform's role risks becoming more that of an advocacy one than a true partnership, and the views of stakeholders may be reduced, in effect, to petitions, rather than items for genuine debate and the basis for eventual compromise. Given the long-unresolved nature of many of the policy, regulatory, and planning issues facing Vietnam's logistics sector at present, it would seem appropriate to introduce an institutional mechanism for dialogue whereby the onus to show results fell on the side of government; one where it is the *private sector's expectations* that need to be managed, rather than the other way around.

Aside from VBF, existing channels for (direct or indirect) public-private policy dialogue in transport and logistics planning and policy making in Vietnam include, primarily, the following:



1. Chamber of commerce-issued white papers, position papers, publications, and self-funded technical assistance to public sector agencies, as periodically produced by the American Chamber of Commerce, European Chamber of Commerce, and the Vietnam Chamber of Commerce and Industry, among others;
2. Donor community (e.g., World Bank, Asian Development Bank, bilateral donor) reports and sector research, which are typically addressed to GoV agencies and present findings from private sector business surveys, trucking surveys, stakeholder interview programs, and data compilations;
3. Government-sponsored “dialogue conferences”, which bring together staff of numerous public sector agencies, senior government officials, and private sector representatives to discuss well-defined topics in freight logistics and share recommendations on same—MoT, for example, sponsored four such conferences in 2014, two focused on inland waterway transport and the other two on maritime transport and ports;
4. Various fora, symposia, conferences, and seminars, organized by private sector, public sector, and/or academia, such as the ongoing *National Logistics Forum* sponsored by the Ministry of Industry and Trade (MoIT), where information is exchanged and dialogue can be had to varying degrees of depth, representativeness, and orientation to action; and
5. Direct communication between private and public sector stakeholders, through the exchange of letters or other forms of formal or informal communication.

The above approaches have a legitimate role to play in the making and implementation of public policy. This includes facilitating knowledge and information sharing; supporting public sector decision making processes; promoting mutual understanding and deepening ties among stakeholders; and finding, internalizing, and disseminating lessons learned (the present report being an example of this). However, they are less well suited as inputs to—and should not be seen as a substitute for—the more hands-on, complex, time-consuming, demanding, compromise-driven, commitment-dependent, collective decision support processes that should underpin issues as critical as the gathering and dissemination of actionable market information and data; the policy-oriented profiling of industries and sub-sectors in transport/logistics; the prioritization of public investments in the face of limited resources; and the justification, conceptualization, design, and delivery of physical, regulatory, and policy interventions amid competing interests and an array of both potential beneficiaries and potential negatively-affected parties. In Vietnam, and in particular within MoT, most of the latter functions have historically been conducted with little to no substantive dialogue and collaboration with private sector stakeholders. Yet, the experience of countries like Thailand, Malaysia, the U.K., and the U.S. shows that a far more robust approach lies in government-led initiatives to regularly engage the private sector in a formal, predictable, transparent, and well-defined manner. Vietnam stands to benefit from such an approach to transport and logistics planning and



policy making as much as other countries have—many of which are among Vietnam’s largest trade partners.

In looking at the range of existing mechanisms—or lack thereof—to promote public-private and public-public engagement in Vietnam’s transport and logistics, it is important to distinguish between *trade and transport facilitation* on the one hand and *transport/logistics planning and policy making* on the other. Experience from Vietnam and other countries in the region, such as Malaysia, shows that institutional mechanisms for public-private engagement have been mainly prevalent in the trade and transport facilitation space. The latter largely comprises the resolution of existing, well-known, readily observable *procedural* bottlenecks in the domestic and international flow of goods. This includes issues like customs clearance procedures; the nature and number of documents required to process an import-export transaction; the nature and number of permits required to move goods (and the vehicles that transport them) across international borders; the nature and number of documents required to open a trucking company; and so forth. These are legitimate public and private sector concerns that can and should be dealt with in a collaborative manner through public-private engagement. And indeed in many cases this is already the case, as many such fora are not only recommended, but sometimes even mandated under international agreements to which Vietnam may be signatory, such as various cross-border trade and framework agreements under the Association of Southeast Asian Nations (ASEAN).

The key distinction, however, is that, *from the private sector’s point of view*, the collaborative resolution of trade facilitation bottlenecks—known chokepoints of a mainly procedural and/or legal nature—is far less complex, time consuming, technically demanding, and costly than collaborative planning and policy making in transport and logistics. That is because planning and policy making deal with not only observable bottlenecks, but also with future, as yet unknown challenges, and with the management of future performance risk in the face of uncertainty. They also are exposed to a much broader set of issues going well beyond procedural and legal measures in well-defined, transactional systems, such as a border crossing regime or the introduction of a single-window platform. Instead, planning and policy making get to the core of the public sector management agenda: setting the overall direction of the entire transportation and logistics system; painstakingly conducting long- and short-term market, regulatory, and performance needs assessments sector-wide—including procedural requirements—as regards open-ended, complex systems like entire highway, waterway, port, and airport networks; crafting a much larger array, indeed a comprehensive array, of interventions in response to such assessments; allocating limited government resources to a prioritized investment program; regulating entire sub-sectors; and similarly broad-based tasks.

It is the latter kind of public-private engagement—focused on the core government functions of planning and policy making in transport and logistics—that is the subject of this report. Naturally, Vietnam’s MoT has for years conducted short- and long-term planning and policy making in transportation and logistics as an integral element of its

mandate. Bringing private sector participation into an existing process could therefore be seen as an incremental, rather than transformational, reform. But lessons from the international experience suggest that doing this successfully is more complex than it would seem at first blush. In particular, it goes well beyond inviting private sector representatives to sit around the same table to share their views on issues. It is about truly partnering with a diverse set of stakeholders who have much to contribute but who also expect to be genuinely heard, their views to be taken into consideration, tangible improvements to follow as a result, and for all of this to happen at “business speed” rather than “government speed”. It is important for MoT and other public sector agencies interested in exploring institutional mechanisms for private sector engagement to be aware of such complexities and the sort of effort—and resources—needed to respond to them. But the potential benefits are also substantial.

In Vietnam’s case, this benefit-cost calculation should yield a solid rationale to embark on collaborative approaches to logistics planning and policy making going forward. The case for more robust planning and policy making in logistics has never been stronger in Vietnam given (a) the increasing need for better quality, more complex logistics services (e.g., time-definite itineraries, consolidation-deconsolidation services, rapid multimodal connectivity) as the value content of import-export and domestic freight climbs; and (b) the overwhelming need for productivity improvements all across the economy as a feasible basis for sustaining the past two decades of economic growth. By embracing private sector and inter-agency collaboration in freight logistics planning and policy making, Vietnam has the opportunity to embark on what could become the next generation of public sector management for connectivity, commerce, and trade.

# Best Practices in Government-led Public-Private Engagement in Transport and Logistics Planning and Policy Making

The kinds of activities that lie at the heart of logistics operations—the movement, storage, and handling of goods, both domestically and across international borders—are inevitably dependent on government leadership on a number of fronts. While it is true that commercial logistics are largely driven by private sector entities, including shippers, transportation carriers, logistics services providers, and other shipper-carrier intermediaries, public sector agencies at all levels—whether local, provincial, regional, or national—play an essential role in enabling and overseeing logistics activities.

The role of government in logistics can be summarized in three major functions. First, the planning, funding, and delivery of capital expenditures in public (and public-private) infrastructure, such as roads, bridges, ports, airports, and waterways; and the planning, funding, and delivery of infrastructure maintenance expenditures. Second, the design and enforcement of regulations to influence and promote the orderly functioning of the logistics industry—primarily including regulation on transport safety, goods handling and storage safety, national security, environmental protection, labor, market entry and competition, permits and certifications, pricing, and information disclosure. And third, the design and implementation of policies and processes to promote better industry performance and stronger trade competitiveness: things like crafting sector-wide strategic plans, collecting and disseminating industry data, monitoring and evaluating industry performance, and providing access to credit (and/or grants) programs, training programs, industry certification programs, and the like.

The latter public sector functions are not only extensive and critically important—there is not a single high-performance logistics market in the world which became so without proactive government involvement—but also highly complex and difficult, perhaps impossible, to balance successfully without input from private sector stakeholders: the very entities on behalf of which most of the planning, regulatory, and policy making functions are carried out in the first place. There are two primary reasons to support this claim. First, logistics networks are highly decentralized, multidimensional, vulnerable to a multitude of shocks, and in constant flux as they respond to ever-changing market requirements. These intricate networks are unlikely to be well understood by those stakeholders who—like government planning agencies—are not directly exposed to them and do not depend on them for their commercial survival.

Second, and more importantly, the governments of many top-performing logistics markets around the world—including countries like the U.S., U.K., Malaysia, and Thailand—have adopted, through a variety of approaches and with varying degrees of success,



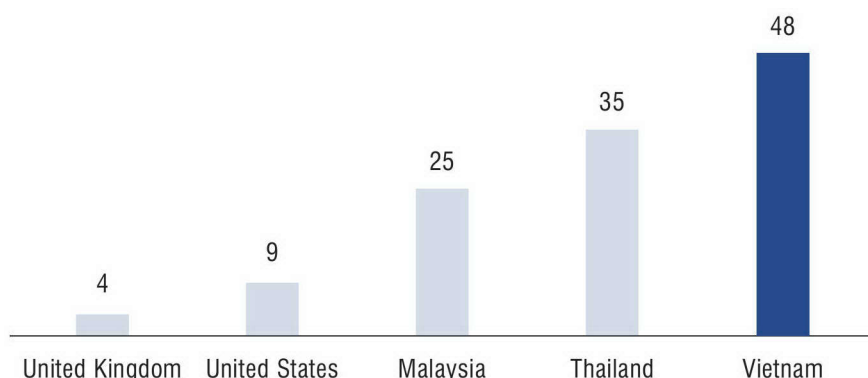
institutional mechanisms to engage private sector stakeholders in the logistics planning, regulatory, and policy making process. The remaining of this chapter will describe the key lessons that can be learned from the latter countries' experience. The following chapter will derive implications from this for Vietnam.

## Lessons from the U.S., U.K., Malaysia, and Thailand

The U.S., U.K., Malaysia, and Thailand—henceforth collectively referred to as our benchmarking “sample”—are a diverse set of countries at different stages of economic development. However, they share a number of things in common. They are all major trading nations for which transport and logistics competitiveness is a primary driver of economic growth and job creation. All four countries have attained high levels of logistics performance. By the LPI benchmark, the U.S. and the U.K. are both among the top 10 performing nations globally; Malaysia is within the top 25, and Thailand is the 35th best-performing logistics market in the world (see Figure 2)<sup>11</sup>. Like Vietnam, all of these countries have freight hinterlands, extensive coastlines, and a geographic position directly connected to the major East-West trades. Critically, all four sample countries have introduced, in one form or another, government-led institutional mechanisms for private sector involvement in transport/logistics planning and policy making, namely: Freight Advisory Committees in the U.S.; Freight Quality Partnerships in the U.K.; the National Logistics Task Force in Malaysia; and the National Logistics Committee in Thailand<sup>12</sup>. The implementation of these mechanisms can yield useful lessons for Vietnam and countries at a similar stage in their economic and transport/logistics development.

**Figure 2. Relative Logistics Performance Between Sample Countries and Vietnam**

Logistics Performance Index rank in 2014 out of 160 countries (1<sup>st</sup> rank being best)



Source: Own elaboration with data from the World Bank.

<sup>11</sup> Arvis et al. (2014).

<sup>12</sup> For more information on the nature and origins of these platforms, see Annex 1.

In particular, there are *seven major lessons* that have been shared by our sample countries with remarkable consistency. These lessons are described below.

***Lesson 1: Formally-established—as opposed to ad hoc—institutional platforms for collaboration tend to be most effective***

Public sector-led platforms for engagement with private sector stakeholders have been established around the world under various names, including freight task forces, freight advisory groups, logistics forums, logistics committees, stakeholder partnerships, and logistics councils. What truly sets them apart, however, is not their name but their *institutional status*. In the international experience, this status ranges from full legal backing (this being the most formal) to public endorsement by senior policy makers such as the Prime Minister or Ministerial-level leaders (formal) to being one-off exercises with little to set them apart from conventional meetings or round table discussions (least formal). In the case of the mechanisms implemented by the countries in our sample, all of them fall well within the formal/most formal category.

In the U.S., the National Freight Advisory Committee (NFAC)—a public-private engagement platform established in 2013 to advise the federal Department of Transportation (DOT) on such issues as the formulation of the (first ever) U.S. National Strategic Plan—is sanctioned by the Federal Advisory Committee Act of 1972, an act of the U.S. Congress. Similarly, the use of freight advisory committees in the U.S. at the subnational level (e.g., by state-level DOTs and metropolitan planning agencies) is explicitly encouraged by MAP-21, the current national funding law for surface and multimodal transportation, which itself was enacted by the U.S. Congress in 2012<sup>13</sup>.

Thailand’s National Logistics Committee is chaired by the Prime Minister, and Malaysia’s National Logistics Task Force is chaired by the Minister of Transport. In both cases, establishing a collaboration entity was mandated under the countries’ respective national plans for logistics: Thailand’s Logistics Development Master Plan 2007-2011 and Malaysia’s National Logistics and Trade Facilitation Masterplan.

In the U.K., the national-level Department for Transport strongly encourages local governments to set up Freight Quality Partnerships as a means to not only better understand the nature of transport challenges and derive potential solutions thereof, but also to “reconcile the need for access to goods and services with local environmental and social concerns”<sup>14</sup>. The Department for Transport’s express endorsement gives Freight Quality Partnerships a formal basis which helps public sector agencies justify the rationale for engagement and give legitimacy to it. As Allen et al. (2010) note, “the U.K. [Central] Government has been promoting [Freight Quality Partnerships] since 1999”.

13 MAP-21 stands for Moving Ahead for Progress in the 21<sup>st</sup> Century. More information on this legislation can be found at <https://www.fhwa.dot.gov/map21/factsheets/freight.cfm>.

14 Department for Transport (2003).

A primary reason why formal mechanisms work best is that they convey certainty and authority to the engagement effort. This lends credibility to it and helps manage private sector stakeholders' expectations as to, for example, the seriousness and likely sustainability of the effort over time. Second, a formal mandate makes it much more likely that the platform will be given sufficient resources—whether human, financial or otherwise—to allow it to deliver on its stated goals. And third, and perhaps most important, a formal mandate makes it far more likely relative to informal arrangements that the planning and policy making deliberations, such as investment prioritization decisions, will ultimately be carried out and funded. An entity's ability to translate collaborative discussions into tangible interventions is among private sector stakeholders' most important considerations when assessing whether joining a government-led engagement platform will be beneficial to *their* needs.

Formal initiatives have the disadvantage that setting them up is time consuming, potentially costly (e.g., they may require conducting—and paying for—studies to justify the entity's creation), and open to the risk of their approval becoming mired in the associated administrative or legislative process. Informal arrangements, on the other hand, can be implemented quickly and have the potential of generating valuable insight that can be put to use in the very short term.

One can balance the above factors in assessing Vietnam's experience with TLPQM, which was set up as an informal arrangement for public-private discussion in a "round table" setting. While on the one hand the chosen set up made it possible for TLPQM to move from concept to reality in a matter of weeks, the lack of a strong government mandate—and allocated resources—was among the primary factors that ultimately prevented the initiative from living up to members' expectations regarding its durability, operating model, and ability to influence public sector decision making. The international experience suggests that a more formal set up, such as through an MoT Decision with some (at least modest) funding attached to it, may yield a more robust, durable outcome. International experience also suggests that the benefits of establishing a platform for private sector engagement are likely to far outweigh the costs.

According to the U.S. Federal Highway Administration (2010), the direct benefits that public sector agencies can reasonably expect from directly engaging private sector stakeholders in planning and policy making in logistics include the following:

- Establishing realistic freight planning goals and objectives;
- Identifying problems and issues affecting freight mobility;
- Creating opportunities for building mutual understanding about planning processes and freight mobility needs;
- Generating political and public support for investments in transportation and logistics improvements; and



- Building trust to facilitate gaining access to private sector data and information that planners can use to help identify needs and potential projects to meet the needs.

What is more, the *indirect* benefits can be enormous if one assumes that the above direct benefits can in fact lead to better informed planning, better targeted interventions, and a deeper understanding of market requirements and underlying demand as a driver of investment, policy, and regulatory decisions.

It is worth noting that formal mechanisms for public-private engagement do not necessarily imply *permanent* bodies with a large amount of members, multiple working groups, a relatively complex institutional arrangement, and/or a permanent secretariat, all of which apply, for example, in the case of Malaysia's National Logistics Task Force. Engagement mechanisms that are established with narrow terms of reference and a limited operating period (after which the entity is disbanded) can be as effective relative to their intended goals as entities that are expected to operate permanently or over long periods. For example, in the U.S. numerous freight advisory committees have been successfully set up at the metropolitan and state level for narrow purposes, like conducting a study and vetting its work from inception to delivery, just as many other such committees have been meeting periodically—and uninterrupted—for years and under broad mandates. Yet, both the narrow and broad approaches are equally “formal” in that they are both pursuant to established U.S. federal (and/or state) legislation. What this implies for Vietnam is that a relatively modest approach to collaboration, à la TLPQM, with a limited number of members and/or narrowly defined terms of reference, can nonetheless make meaningful contributions to Vietnam's public sector management of the logistics sector—as long as the entity is afforded with sufficient resources and the authority to act on its own deliberations. This is precisely what a formal set up can facilitate.

## ***Lesson 2: Managing Expectations and Attaining Measurable Results are the Key to Keeping Private Sector Stakeholders Engaged***

Common sense tells us that private sector stakeholders—senior executives and corporate staff with commercial obligations, demanding customers, fierce competitors, and a fiduciary duty to shareholders—have limited time on their hands and are naturally interested in finding ways to strengthen the profitability of their businesses. Both of these factors—time limitations and the profitability imperative—have meaningful implications regarding government efforts to successfully and durably engage the private sector in the rather complex, effort-intensive, time-consuming task of collaborating in freight logistics planning and policy making. With regard to time, experience in the U.K. with Freight Quality Partnerships shows that “the simple answer to maintaining [private sector stakeholders'] interest and commitment [over time] is to make sure you achieve things quickly; the longer you take to agree on the issues and identify solutions, the more likely that partners will lose interest”<sup>15</sup>. Government agencies must therefore strike a

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<sup>15</sup> Department for Transport (2003).

balance between tackling long-term challenges on the one hand, and pursuing “quick wins”—the proverbial low-hanging fruits—on the other. They must also endeavor to attain a track record of translating discussions and plans into action. This implies that the collaboration entity should either possess or set out to develop the capacity to track and demonstrate results based on objective evidence.

With regard to the bottom line, a 2008 survey of U.S.-based private sector freight stakeholders with experience in public sector collaboration revealed that they “were the most engaged in public forums for freight planning when topics affected their interests, especially their business interests”<sup>16</sup>. Similarly, evidence from Metropolitan Planning Organizations (MPOs) in the U.S. shows that “economic considerations serve as the strongest predictor of continued and engaged stakeholder interest [in freight planning outreach programs]”<sup>17</sup>. The implication of this is twofold. First, the staff of public sector agencies seeking to engage private sector stakeholders must have sufficient understanding of the markets in which the stakeholders’ businesses operate, and of the significance of those markets and businesses to the broader economy, to ensure that the topics and issues for discussion are relevant to both the sponsor agency and the private sector participants. Second, the “results” and “quick wins” alluded to earlier should be logically linked to stakeholder business activities—and, ultimately, their bottom line. For example, representatives of the trucking industry would be expected to be interested in seeing reductions in congestion levels at a target corridor, since this would increase asset utilization for their fleets; warehouse operators would be interested in seeing better multimodal connectivity in markets where they operate, since this would make their facilities more attractive to current and prospective customers; etcetera.

But perhaps the biggest challenge facing public sector agencies towards keeping the private sector motivated and engaged over time is not necessarily to deliver quick wins or to address topics that directly or indirectly impact business profitability, but to adequately manage stakeholders’ expectations. One of the most common pitfalls faced by public sector agencies trying to attract the interest of private sector stakeholders is generating unrealistic expectations about the nature and timing of improvements they are likely to effect through the collaboration effort. If left unmet for long enough, such expectations may lead to disappointment—and, eventually, disengagement. Therefore, while it is critical for public sector agencies to articulate the value proposition of a partnership arrangement with the private sector (i.e., to articulate the all-important “what’s in it for me” question), the arrangement’s limitations should also be acknowledged, such that stakeholder involvement is elicited on the basis of realistic expectations as to, at a minimum, the level of effort required, likely end results, funding availability/fiscal space, and timelines. And since some of these factors—such as funding levels and fiscal constraints—may change over time, these discussions should be had regularly, and not only at the outset.

16 U.S. Federal Highway Administration (2010).

17 National Cooperative Highway Research Program (2007).



Secondly, when it comes to planning and policy making, there can be multiple instances where private sector interests may not align with those of society at large. In those cases, it is the public agency's responsibility to strike a careful balance between private/financial gains (and losses) and social/economic gains (and losses) in the formulation of public policy. The key to maintaining private sector engagement in the face of this balancing act is for public sector agencies to convincingly explain the rationale behind final decisions when these do not fully reflect private sector views or match their expectations.

Lastly, as valuable as private sector outreach has proven to be in the international experience as a means to strengthen logistics planning and policy making, these arrangements are neither a silver bullet nor a panacea. There are myriad factors that must be put in place for interventions to be implemented and ultimately reflected in desirable market outcomes. These factors include, inter alia, political will on the part of senior decision makers in government; sufficient and timely availability of funding; and the mobilization of capable implementing agencies. All of these lie well outside the collaboration platform's likely span of control. This being the case, a "reality check" along these lines should be established at the outset, such that participants' expectations—among public and private sector stakeholders alike—are properly managed. The end result, as suggested by the international experience, will be a collaboration platform that is able to endure, resilient in the face of (inevitable) setbacks, delays, and difficulties.

### ***Lesson 3: Private Sector Outreach in Freight Planning and Policy Making is As Relevant—and as Viable—at the Sub-national Level as it is at the National Level***

Thailand's National Logistics Committee, Malaysia's National Logistics Task Force, and the U.S. National Freight Advisory Committee are all examples of institutional platforms for private sector (and inter-agency governmental) engagement at the *national* level. These entities address issues of national importance, pursue policies and interventions that are national in scope, and report to national-level senior policy makers or political leaders. The case for outreach entities that are national in scope is clear: there is a need for well-informed planning and policy making regarding interventions that are truly national in significance or reach—such as developing national logistics strategies<sup>18</sup> or delivering better multimodal infrastructure across major national corridors—and these functions should benefit from private sector guidance.

But the planning of interventions at the sub-national level—e.g., those targeted at state/provincial infrastructure such as state roads, or aimed at strengthening urban logistics in metropolitan areas—stands equally to benefit from private sector involvement and

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<sup>18</sup> One of the main responsibilities of the U.S. National Freight Advisory Committee is to provide advice and recommendations to the U.S. Secretary of Transportation on the development of a National Freight Strategic Plan. A detailed report with recommendations was submitted to the Secretary on June 12, 2014, and can be found at: <https://www.transportation.gov/sites/dot.gov/files/docs/NFAC%20Task%201-Recommendations%20for%20NFSP-Final%286-12-14%29.pdf>.



inter-agency coordination. This has been strongly corroborated by experience with sub-national Freight Advisory Committees in the U.S. Specifically, according to the U.S. Federal Highway Administration, more than 60 percent of state DOTs and MPOs “report engaging the private sector in activities such as transportation planning, special studies, and/or networking”<sup>19</sup>; furthermore, 35 percent of state DOTs and 40 percent of MPOs “report having some form of Freight Advisory Committee”<sup>20</sup>. According to the U.S. National Cooperative Highway Research Program, “MPOs with successful freight planning programs typically cite the active participation of [private sector] freight stakeholders as a key success factor”<sup>21</sup>.

These state and local planning agencies derive the same kinds of benefits from private sector engagement as do national-level agencies. This includes, *inter alia*: more accurate sector profiling; deeper understanding of bottlenecks and requirements; consideration of well-targeted, demand-driven interventions; access to sectoral data and information; and the garnering of support for public sector interventions among the end-user and stakeholder community. Private sector participants in collaboration platforms at the state and local level, on their part, report that their main motivation to join such efforts include better understanding the public sector planning and decision making process; becoming better informed about current and future public sector transport and logistics interventions; and getting in touch with other freight stakeholders in their jurisdiction. And while the functioning of collaboration platforms is, in essence, the same at both the national and sub-national levels, there may be some differences in the types of stakeholders that are engaged by each. For example, experience with MPOs in the U.S. shows that metropolitan and local authorities find it particularly important to engage maritime port operators and port authorities, since ports are a critical component of the urban fabric of cities as both generators and attractors of transportation demand for freight and passengers.

The implications of this for Vietnam are that, just as the country would benefit from a national-level public-private/public-public institutional platform for collaboration in freight logistics planning which is led, as TLPQM was, by a national-level agency (MoT’s Department of Transport in TLPQM’s case), provincial and local authorities—such as Provincial Departments of Transport (PDOts) or Provincial People’s Committees (PPCs)—could also engage private sector stakeholders active within their jurisdictions. This would strengthen, and promote, decentralized planning, whereby freight planning is done closer to the source of the actual needs, requirements, and bottlenecks being addressed.

19 U.S. Federal Highway Administration (2010).

20 Ibid.

21 National Cooperative Highway Research Program (2007).

#### ***Lesson 4: Private Sector Participants in Engagement Platforms for Planning, whether at the National or Sub-National Level, Should be Reasonably Representative of the Target Markets***

One of the most fundamental features of freight logistics operations is that they comprise numerous types of participants organized in supply chains—shippers, transportation carriers, logistics service providers like warehouse operators and freight forwarders, and other transport intermediaries. And the nature of supply chains is such that disruption at any node or link along the chain (say, a supply-demand bottleneck in the roads sector that leads to highway congestion at a given spot in the network) can disrupt the functioning of the entire chain (hence the oft-cited quip that a supply chain is “as strong as its weakest link”). A good example of this is the supply-demand mismatches at the deep water container terminal port range at Cai Mep-Thai mentioned earlier in this report. While the terminals themselves are first-rate, international-standard facilities, some of the surrounding infrastructure to provide hinterland connectivity, such as roads and storage facilities, remain underdeveloped and cannot yet match the service level requirements of many of the local shippers that would otherwise be the port’s main customers. Such gaps in the regional containerized supply chain are among the root causes behind the low utilization rates plaguing the terminals at present (at approximately 35 percent), the implication being that a more integrated approach to freight planning would reduce or eliminate the gaps, enable “end to end” connectivity, attract more cargo and, ultimately, better balance terminal handling demand and supply. In other words, when it comes to freight logistics planning and policy making, integration—across modes and supporting services, geographies, and administrative jurisdictions—is a critical competitiveness driver.

Involving the private sector in freight logistics public sector management can be an effective tool towards promoting integrated planning—but particularly so to the extent that the chosen private sector participants represent all segments, links, and nodes of the target supply chain(s). In other words, public sector agencies should ensure that private sector participants, as a group, span the supply chain and the various needs and requirements therein: transport carriers (or their representatives, such as industry associations) for all relevant modes; owners or operators of relevant infrastructure (such as port or warehousing facilities); shippers of different sizes and geographic locations, moving a variety of commodity types at different stages of the production chain (e.g., raw materials, components, and finished goods); and logistics service providers of various types (freight forwarders, third-party logistics firms, customs brokers, etc.). Similarly, integrated planning can be further facilitated by engaging with the various government agencies responsible for administering key portions of the supply chain, such as police departments (for trucking operations), customs administrators, environmental regulators, industry and trade administrations, land use authorities, etc. Non-representative stakeholder engagement efforts, where only a subset of the relevant players and authorities are engaged, run the risk of perpetuating silo-based planning.



Planning agencies seeking to engage representative groups of private sector stakeholders will quickly be faced with the difficult decision of *how many* stakeholders to invite. The key consideration being, there is a need to strike a balance between representativeness and operational complexity: larger groups are more likely to be representative of the market, but may also struggle to reach consensus or may result in more time consuming and/or costly discussion sessions. Experience from the U.S. and the U.K. shows that a typical size for collaboration platforms, whether at the national or sub-national level, organized as a single discussion group is 25 participants. Larger groups would typically need to be broken down in to sub-areas of discussion. As the U.K. Department for Transport notes, “[lead agencies] do not want too large a group, otherwise meetings will be more difficult to manage and decisions and actions less likely to be reached... if numbers become a problem, [lead agencies] may wish to create a smaller core steering group supported by a number of working groups, which focus on specific objectives, involving a larger number of participants”<sup>22</sup>.

***Lesson 5: Common-sense “Business Meeting Etiquette” Applies to Stakeholder Outreach Platforms for Freight Logistics Planning and Should Not Be Taken for Granted***

Experience from across our sample countries confirms that, when considering whether to join a public-private outreach program for planning and policy making in logistics, private sector stakeholders tend to be wary about the process becoming mired in “bureaucracy”. That is to say, wary that the decision making process will be slow and cumbersome; that there would be little transparency as to the nature of final decisions; and that private sector input would get “lost” along the way or not necessarily taken into consideration. And so they tend to ask themselves, *Is it worth the effort?* This is what public agencies are typically faced with when establishing outreach platforms—especially when they are doing this for the first time or with limited precedent—and being aware of this can make a difference to the initiative’s eventual impact.

Against this backdrop, public sector agencies are well advised to observe some of the business meeting etiquette items that are the norm in the boardrooms of private sector circles. For the initiative as a whole, clear objectives and terms of reference should be established at the outset, and measures should be adopted to assess progress relative to those objectives over time. In addition, public agencies should spend sufficient time upfront informing private sector participants about the nature of public sector processes (e.g., as to timelines, approval mechanisms, agency protocols, and the like) that set the context in which the outreach platform takes place—to make the point that the initiative does not exist in a vacuum and to further manage participants’ expectations. As for regular meetings, unambiguous objectives and an agenda for each should be defined well in advance, as well as the date, time, and place assigned to them; meeting duration should be manageable, and deliberations should be issue-driven and linked to objectives, rather than open-ended. After the meetings, minutes should be promptly drafted and

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22 Department for Transport (2003).



circulated, specifying decisions made, listing next steps, and assigning responsibilities for pending actions. To handle issues of confidentiality, which are paramount to private sector stakeholders, engagement platforms should establish non-disclosure agreements, data aggregation protocols, and public communication and transparency guidelines. While confidentiality can promote candid discussion and greater access to data and information, public agencies must balance this with the need to inform the general public about the platform's activities.

While much of the above may seem obvious, international experience suggests that these basic principles have not always been observed in practice. It also suggests that failing to observe these guidelines can quickly undermine the initiative's credibility and limit its uptake within the private sector stakeholder community. Public agencies should carefully plan the arrangements and "rules of engagement" for their outreach platforms before their launch. Fortunately, many of these common-sense measures add little to the cost of setting up these platforms, while playing a critical role in their eventual success.

### ***Lesson 6: Private Sector Stakeholder Advice Should be Sought on a Rather Wide Range of Issues***

Private sector stakeholder contributions to the logistics planning and policy making process are overwhelmingly associated with the identification and resolution of bottlenecks that impact the daily operations of their businesses. This includes issues like congestion and other supply-demand imbalances in infrastructure and service delivery; unnecessary or redundant paperwork for government-mandated transactions; especially onerous regulation relative to that of competitor markets; and similar outcome-oriented advice. But experience shows that private sector insights can add value to a number of other analytical and decision-support activities typically performed by planning agencies. For example, MPOs in the U.S. routinely engage private sector actors, to varying degrees of intensity, in a range of planning-linked activities, as listed in Figure 3.

The list of activities shown in Figure 3 goes well beyond the identification of bottlenecks. But perhaps more important than the universe of activities to consider is the fact that, in the U.S. MPO and state DOT experience, private sector engagement is a core element, not an ancillary element, *throughout the planning and policy making cycle*.

In the U.K., Freight Quality Partnerships have been utilized to<sup>23</sup>:

- Balance environmental, economic, and societal considerations in the development of freight distribution strategies and interventions
- Stimulate knowledge sharing and dissemination of best practices

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<sup>23</sup> Department for Transport (2003).

- Enhance mutual trust and understanding between private and public sector actors
- Instill results-orientation in public sector practices
- Survey issues and problems
- Conduct site visits
- Pinpoint solution measures
- Produce action plans and monitor and evaluate performance
- Share planning information with the wider public.

**Figure 3. U.S. Metropolitan Planning Organizations (MPOs): Relevant Activities for Private Sector Engagement throughout the Planning and Policy Making Cycle**

Freight Logistics Planning and Policy Making Cycle		
Planning Framework	Diagnosis	Long-term Planning
<ul style="list-style-type: none"><li>▪ Definition of policy principles to inform the totality of the planning process</li></ul>	<ul style="list-style-type: none"><li>▪ Freight market profiling</li><li>▪ Freight needs and deficiencies assessments</li><li>▪ Freight corridor studies</li></ul>	<ul style="list-style-type: none"><li>▪ Long-term freight investment and policy plans</li></ul>
Short-term Planning and Programming	Monitoring & Evaluation	Analysis and Capacity Building
<ul style="list-style-type: none"><li>▪ Freight project identification assessments</li><li>▪ Project definition, justification, and scoping</li><li>▪ Project prioritization and funding allocation</li></ul>	<ul style="list-style-type: none"><li>• Freight project evaluation criteria</li><li>▪ Freight performance measurement indicators and approaches</li><li>▪ Funding and financing options and techniques</li><li>▪ Freight project impact assessments</li></ul>	<ul style="list-style-type: none"><li>▪ Data gathering and deployment of analytical tools</li><li>▪ Training and education efforts</li></ul>

Source: Own elaboration with information from National Cooperative Highway Research Program (2007).

In the East Asia region, Malaysia’s National Logistics Task Force, established by the country’s Master Plan for Logistics and Trade Facilitation, has been given a broad mandate to address the following<sup>24</sup>:

24 Malaysia Ministry of Transport, “Logistics Sector in Malaysia,” presentation to the Regional Seminar and Workshop on Trade in Services, June 15, 2015.

- Provide leadership and overall coordination on strategies, policies, regulations, and rules related to the logistics industry
- Monitor activities of the relevant ministries and agencies—including state governments—involved in the development of the logistics industry
- Ensure that the development of the industry is in line with the overall Master Plan.

To deliver on the above mandate, the National Logistics Task Force has been organized into 5 clusters, or working groups, as follows:

- Institutional mechanisms and regulations
- Trade facilitation mechanisms
- Infrastructure and freight demand
- Information and Communications Technology (ICT)-driven innovation
- Human capital development.

As these examples attest, private sector stakeholder involvement can benefit a host of public sector functions in transport and logistics, although not all planning agencies will have the need—or the resources—to implement such comprehensive engagement. And indeed, in many cases the best approach might be precisely to pursue limited engagements under narrowly-defined terms of reference, depending on the situation and the goals at hand. But as a matter of lessons learned from good practice around the world, it bears emphasizing that, should an adequate mandate be given and sufficient resources allocated, planning agencies should pursue private sector engagement over *substantial portions* of the planning and policy making cycle, rather than on discrete (traditionally diagnostic-focused) activities within it. Private sector stakeholders typically value being involved deeper into and at more strategic levels of the cycle, such as in project prioritization, funding, and impact assessment.

***Lesson 7: Collaboration Among Government Agencies Themselves is as Impactful—and necessary—as That Between Public and Private Sector Stakeholders***

Most of the above discussion has focused on one or more lead government planning agencies setting up institutional mechanisms to engage with private sector stakeholders. But the reality is that in practice these mechanisms are used to engage both private *and* public sector stakeholders. This is true for all countries and platforms in our sample. For example, Malaysia's National Logistics Task Force is chaired by the Ministry of Transport as the lead agency, but, in addition to private sector partners, it brings to the discussion table at least two dozen government agencies at the federal level, including, inter alia, the Economic Planning Unit, the Ministry of Finance, the Ministry of International Trade and Industry, the Land Public Transport Commission, the Ministry



of Works, the Public Private Partnerships Unit, the country's five regional development corridor authorities, all major port authorities, and the state-owned rail operator. Such "public-public" coordination is critical towards the planning and delivery of integrated interventions in logistics, particularly when there is modal and functional fragmentation in the transport and logistics institutional environment, which in Malaysia's case is especially pronounced. Ultimately, however, institutional fragmentation is a relative term, as this issue is present in virtually any scenario: government functions at the national and sub-national level must be compartmentalized and institutionally allocated in sectoral pieces to some degree. Therefore, it is the rule rather than the exception that platforms for public-private collaboration in logistics planning also serve as platforms for public-public collaboration—i.e., to foster government collaboration *with itself*. International evidence, which is replete with examples of engagement platforms in logistics where a range of both public agencies and private sector entities interact, strongly corroborates that both lines of collaboration are necessary towards improving logistics performance.

In some instances, however—and in particular those cases where modal and other forms of institutional fragmentation is high—it may be beneficial to establish a dedicated inter-agency coordination platform for government-to-government deliberations only, separate and distinct from any freight stakeholder engagement program(s) that may exist. The rationale for standalone inter-agency coordination entities—sometimes referred to as *inter-ministerial logistics committees*<sup>25</sup>—is that this kind of coordination tends to be sufficiently mission-critical, and sufficiently complex to manage, so as to warrant its own platform, rather than adding this to the (typically already ambitious) terms of reference of a public-private collaboration platform. The more focused nature of an inter-agency platform allows it to better address issues that are largely the purview of government, such as public management effectiveness and cross-agency planning and delivery integration, which may become a distraction if addressed within private sector-oriented programs. The disadvantage of a dedicated entity, on the other hand, is that it implies the creation of another standalone agency or decision making body, which will create the need for additional funding and may increase institutional complexity. Both these factors—focus on government's core responsibilities versus higher cost and complexity—should be compared and assessed by governments on a case by case basis.

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25 Meyrick and Associates et al. (2006).

## Options for Vietnam

On September 11, 2015, the representatives of four multinational container shipping lines with operations in Vietnam submitted a letter to the country's ministers of transport, finance, and industry and trade—arguably the most senior policy makers responsible for overseeing Vietnam's transport and logistics system. In Vietnam, like in many other countries both in the East Asia region (e.g., Malaysia) and around the world (e.g., the U.S.), the vast majority of containerized imports and exports—approximately 90 percent—are transported by foreign container shipping lines. The views and insights from these carriers, therefore, are highly relevant to the everyday functioning of Vietnam's trade logistics system. The goal of the letter was to set forth the carriers' assessment of the likely consequences of the enactment of a draft decision by Vietnam's Prime Minister that would require shipping lines to make public the transportation rates (also known as transport “tariffs”) and related surcharges (e.g., documentation fees, fuel surcharges, peak season surcharges, container cleaning and repair fees, and the like) that they charge their customers—i.e., Vietnam-based exporters and their end-customers in major consumption markets overseas. In the liners' view, such a decision, if enacted, would (a) hurt the growth prospects of Vietnam's containerized imports and exports in the future; (b) be inconsistent with international practice; (c) decrease, rather than enhance, competition in shipping; and (d) impose a significant administrative burden on both government agencies (chiefly among them the Vietnam Maritime Administration under MoT) and the shipping lines themselves. All such likely outcomes, the liners' argued, would be the exact opposite of the government's stated intentions when first announcing the potential enactment of this draft regulation. On account of these views, the letter pleaded for the addressed ministers to give further consideration to the decision and its likely effects before making it into law.

Crucially, the letter called for a more formal platform to discuss the points argued therein. Specifically, it stated that “more structured consultation and dialogue among concerned parties will allow development of solutions that will protect Vietnam's trading economy and good relations with other countries”<sup>26</sup>. In other words, the liners' contended that the justification, design, and eventual introduction of new regulation—and especially laws of this magnitude, impacting the vast majority of import-export volumes—would greatly benefit from meaningful, evidence-based, two-way dialogue between public sector policy makers and private sector stakeholders.

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26 A copy of this letter was received by the World Bank in Vietnam; the key messages of the letter were also amply covered by Vietnam's national press.



Regardless of the technical merits of this particular draft decision<sup>27</sup>, the liners' last point, on Vietnam's need for a platform for constructive public-private dialogue on issues of significant economic consequence, illustrates well—and aptly summarizes—this report's main thesis. The goal of such a platform would not be to ensure that the private sector's views necessarily prevail, but to ensure that points of view from all sides are heard, that objective evidence is presented in support of same, and that final decisions are well informed. As argued in the preceding chapter, the international experience strongly suggests that this kind of dialogue is associated with stronger competitiveness outcomes in the jurisdictions—whether at the national or subnational level—where it is sought. At this critical point in its development trajectory, Vietnam should introduce institutional measures to operationalize the “constructive consultation and dialogue among [all] concerned parties” that the liner shipping companies requested<sup>28</sup>. And the benefits of doing so will likely accrue not only to the container shipping segment of Vietnam's logistics system, but the system's other segments as well. In other words, the possibilities opened up by public-private dialogue with not only container shipping lines, but with shippers, carriers, and logistics service providers from across the various modal, commodity, and geographic segments of the freight logistics industry would be substantial.

This, of course, gives rise to the question of *how specifically* should Vietnam go about establishing an institutional platform for public-private dialogue in freight logistics. This report's main recommendation is the suggestion that the answer to this question lies in deriving implications from (a) Vietnam's own experience with TLPQM, and (b) the international experience as presented earlier. These implications are fleshed out below.

## Marry Formality with Practicality at the Outset

The oft-cited cliché that “the perfect should not be the enemy of the good” typically applies to the introduction of new and complex measures that benefit from trial and error over time. The introduction of institutional mechanisms for public-private dialogue in logistics is no exception. The TLPQM experience made it clear that in order to succeed, a collaboration platform would need (a) the allocation of sufficient, dedicated resources to provide for staffing, procuring equipment, and managing the platform's day-to-day operations; (b) a committed champion on the part of government; and (c) a well-honed message to articulate the benefits that private sector stakeholders can derive from investing (likely significant) time and other kinds of effort (e.g., data and information sharing), which can help galvanize a critical mass of stakeholder support for the

27 The ability of freight transportation carriers—of all modes—to enter into confidential contracts with shippers has been a hallmark of transport sector deregulation in countries like the U.S. for decades and, evidence shows, has been associated with increased competition, higher-quality service delivery, and significantly lower real-term rates for the general public. See OECD (2015) for an analysis of this in liner shipping, and Winston (2009) for a broader assessment of transport sector deregulation and its impacts in the U.S. experience.

28 Other prominent, long-standing private sector stakeholders in Vietnam, such as Nike, have made similar requests over the years.



initiative early on and maintain same over time. On its part, the international experience suggests that formally-established mechanisms, particularly at the national level and for the treatment of issues of national significance, work best. It also suggests that the public sector stands to benefit most from—and can create the most impact by—utilizing this platform to enable dialogue at the planning and policy making level, rather than to limit it to the discussion of known bottlenecks. Putting these two insights together, the implication is that Vietnam: (a) should establish an entity—essentially, a new *institution*—to enable public-private dialogue in freight logistics specifically to inform the planning, regulatory, and policy making functions of government; (b) that it should do so through a formal decision or act of government; and (c) that it should empower this agency with minimally-adequate resources—human, technical, and otherwise—in the knowledge that the benefits of such an initiative are highly likely to outweigh any administrative costs it may generate.

But TLPQM also illustrated two additional key considerations. First, it showed how difficult it is in practice to establish a policy-focused dialogue platform and, most importantly, to keep it in place over time. And second, it showed that simple, rather than complex, arrangements can lead to quick—even bold—action, as opposed to seeking more comprehensive solutions that may be better on paper but also far more challenging, costly, and time-consuming to enact (witness TLPQM’s ability to move from concept to reality *in a matter of weeks*).

In light of this, Vietnam should aim for the practical at first. Specifically, it should seek to establish, in the short-term, a national-level platform for collaboration—leaving sub-national initiatives to later stages, at least once their national counterpart achieves sufficient proof-of-concept. This will allow policy makers to focus their efforts on one key initiative at a time. Second, given that MoT accounts for the majority of freight logistics planning and policy making across the supply chain, Vietnam should establish a collaboration platform through—and led by—MoT. This should be done, as suggested above, through a formal MoT decision that can (a) adequately fund the initiative to deliver on its mandate, and (b) empower the initiative with real decision making “teeth”, by setting a clear line of sight between the initiative’s deliberations and actual planning and policy making.

Are other national-level ministries—outside MoT—relevant to logistics planning and policy making? Absolutely; but organizing a public-private collaboration platform led by more than one agency may prove complex and time consuming, whereas the international experience shows that attaining ‘quick wins’ is critical early on. Instead, representatives from ministries like Industry and Trade, Finance, and Planning and Investment should be invited to participate in the MoT-led platform as members<sup>29</sup>. In later stages, a formal

29 Elsewhere in the East Asia region, Malaysia is an example of a leading logistics performer that chose the Ministry of Transport in particular, as opposed to any other relevant line ministry (such as, say, the Ministry of International Trade and Industry), to lead their national-level collaboration entity. An earlier incarnation of this entity had been co-led by two national-level ministries, which in practice made decision making and allocation of accountability more difficult and diffused.

government decision could be issued, for example by the Prime Minister, to establish a multi-ministry led platform for private sector engagement where several ministries, and not just only MoT, would be expected to provide a clear line of sight between discussions held and public sector decision making. The lead agency role for this multi-ministerial platform could be kept with MoT, or it could be rotated periodically (say, on an annual basis) across participating ministries.

The rationale behind this step-wise approach is that a track record of success by the less institutionally ambitious but nevertheless likely impactful MoT-led initiative would presumably facilitate the eventual passage of a more complex decision to establish a multi ministerial-led initiative. Conversely, shooting for the latter in the short term, however ultimately desirable this may be, may run the risk of getting bogged down by power-sharing negotiations, resource allocation decisions, and the need for more intricate operational guidelines. As the shipping lines' letter case illustrates, the need for public-private dialogue at the policy level is both real and urgent. A more feasible approach, even if not comprehensive, will most likely allow Vietnam to in fact respond to this need in the short term.

## **Build on the International Experience to Inform Daily Operations and Avoid “Reinventing the Wheel”**

Once formally established, this MoT-led initiative should carefully heed the lessons from the international experience—as outlined earlier in this report—regarding the operational approaches that work best towards enabling public-private collaboration entities to succeed over time.

First, the entity should manage private sector expectations at all times by dwelling in the realm of the possible. TLPQM may have overstated the initiative's true likelihood to endure. Its inability to convene meetings every quarter, as initially envisioned, likely generated disappointment among private sector participants and contributed to further reducing TLPQM's impact potential. Such misunderstandings should be avoided in future. Similarly, the new entity should be careful not to overpromise regarding the nature of government interventions, such as the level of infrastructure investments, that the market is likely to see. In order to make the best use of every participant's (limited) time, discussions should address issues in a realistic, time-bound, fiscally-constrained way.

Second, the initiative should strike a reasonable balance between being large enough to adequately represent the logistics sector across the entire supply chain, and small enough to keep deliberations manageable and meetings productive. In TLPQM's case, the concept called for a small group of members, likely no more than 10, precisely with the express intention of facilitating candid discussion and quick and responsive decision making. The international experience suggests, however, that 10 participants may be on the low side. The U.S. National Freight Advisory Committee—which, incidentally, is led by the U.S. federal Department of Transportation, the institutional equivalent to Vietnam's



MoT—has 46 members, for example. The reason for this is that it is difficult to adequately represent the views and concerns of the wide array of players in the supply chain, including government agencies themselves, without allowing them to speak for themselves as members of the collaboration platform. And while trade groups and industry associations—through which a multitude of stakeholders can be represented by, in effect, a single member—undoubtedly have much to contribute, the international experience suggests that allowing individual stakeholders to represent themselves is equally important. In light of this, the proposed MoT-led initiative should seek a larger membership than that originally envisaged for TLPQM, perhaps in the order of 25 members, which is a common membership size for freight advisory committees at the sub-national level in the U.S. This membership should include representatives of transport carriers across all modes, port terminal operators, logistics service providers (e.g., freight forwarders, customs brokers, and third-party logistics firms offering warehousing, inland container depot, and other handling services), and a reasonably wide array of shippers across sizes, commodity types, and geographic locations. International experience shows that the most typical periodicity of meetings for entities of this type is, in fact, quarterly; TLPQM has set a valid precedent in this respect.

Third, the staff of the proposed initiative should give utmost care to keeping to the basic elements of business meeting etiquette that are the norm for, likely, all of the prospective private sector stakeholders in attendance. This entails establishing a limited number of operational principles at the outset and predictably and reliably adhering to them over time, including protocols to: (a) announce the time and place of the next meeting, its agenda and objectives; (b) produce, distribute, file, and distribute minutes of the meetings; (c) allocate work and responsibilities for next-steps based on meeting deliberations; (d) designate “homework”—i.e., work to be done by members during the periods in-between meetings; (e) control the proceedings of each meeting, including their duration, the time allotted to members for their participation, the various uses that meetings can be expected to accommodate, and the like; and (f) any other procedures that may be deemed necessary for the adequate functioning of the initiative. In a nutshell, the objective of these protocols—and their enforcement—is, above all, to lend the meetings the professionalism and effectiveness they will need in order to be credible in the eyes of the stakeholders invited to join them.

Fourth, the governance arrangements for the proposed platform should be transparent and geared towards instilling accountability. Initiative leaders should be clearly identified and a chair person should be designated. Ideally, the chair person should have a track record of expertise in and commitment to the freight logistics industry, so that he or she may be identified as a champion for logistics competitiveness—and act accordingly. Since there is limited precedent for this kind of platform in Vietnam in general and at MoT in particular, the platform’s introduction will require not only political will, but likely the personal effort of the core staff that will bring it to fruition. Senior MoT leadership, including the Minister and his/her management team, working hand-in-glove with the platform’s implementation team, should come to an agreement about how to translate



platform deliberations into real policy. This is the policy “line-of-sight” aspect referred to earlier. For example, MoT could pass a decision by which incentives—e.g., for additional funding—are given to MoT staff who develop interventions which have been informed by private sector stakeholders. These arrangements, once agreed, should be shared with platform members and the general public.

And last, the proposed platform should seek to engage the private sector on issues that run the totality of the planning and policy making cycle. Discussion of bottlenecks and other challenges that are known, observable “in the here and now”, and (typically) short-term in nature is critical towards attaining the “quick wins” that are necessary to maintain interest and demonstrate the value of the collaborative effort. But discussions should go beyond this and assess matters that are important in the long run, a task that usually entails making sense of an uncertain future, anticipating unknown, unobservable challenges, and making tough choices about allocating resources to deliver solutions to future problems. Examples of the latter include measures to adapt to and/or prevent impacts from climate change, influence modal choice, respond to future changes in transport demand as Vietnam’s standards of living continue to climb, develop or promote better funding mechanisms for transport interventions, and responding to global or domestic shocks in transport demand and supply or disruptions in the supply chain. Issues like these lie at the heart of transportation planning. They are more complex to deal with than the more certain realm of resolving short-term bottlenecks, but are equally relevant and eminently necessary. Aside from long-term planning and short-term programming, the platform should engage the private sector in developing sector profiles; promoting a better mutual understanding among public sector and private sector actors as to their respective practices, motivations, and priorities; sharing data and information, and setting in place protocols to protect the portions of same that may be proprietary and confidential; monitoring and evaluating the impact of freight logistics investments, regulations, and policies; and educating the next generation of freight logistics executives and public sector leaders.

## Expand the Platform’s Scope in the Medium Term

Once the proposed platform attains tangible results on the ground and cements its credibility with the private and public sector community, the time will come when it will be feasible to expand it. And it should be expanded. Specifically, over the medium term Vietnam should establish a national platform for public-private engagement—let us call it, for the sake of simplicity and to use a common term in the international experience, a National Logistics Committee (NLC)—that can not only bring together around the discussion table private sector stakeholders and public sector agencies relevant to logistics, but can also implement mechanisms to hold the various government agencies accountable for translating NLC discussions into informed policy. In other words, the medium term goal should be to not only entrust MoT with the responsibility of translating private sector insight into better-targeted, demand-driven public sector initiatives, but to formally do so with other line ministries at the national level. This would logically

include, but may not necessarily be limited to, the ministries of Finance, Industry and Trade, and Planning and Investment. Such a set up would truly be a national committee, in that it would represent *and hold accountable* all national authorities on which the public administration of the freight logistics sector depends. It would be a more complex arrangement than one where only MoT (or any other singly selected agency, for that matter) is ultimately responsible for decisions and agreements made in the collaboration effort. But it would also carry the promise of being more impactful by virtue of its larger scope.

Further, over the medium term Vietnam should build on the national-level experience to champion collaborative approaches at the sub-national level, whereby PDoTs and PPCs implement their own outreach platforms to inform planning and policy making within their jurisdictions. To facilitate this, national-level agencies, such as the Office of the Government, could issue a decision encouraging provincial authorities to implement these arrangements, just as the federal legislation MAP-21 has done in the U.S. to promote the use of freight advisory committees at the state DOT and MPO level. What is more, PDoTs of adjacent provinces could co-chair logistics committees to engage the private sector on issues pertaining to freight corridors than span more than one province—such as the vital HCMC-Cai Mep Thi Vai and Hanoi-Haiphong corridors. Much of the same principles and success factors that apply to national-level entities for collaboration will apply as well at the sub-national level.

## Consider a Platform for Coordination Among Public Sector Agencies Themselves

Irrespective of how useful obtaining insight from private sector freight stakeholders may be to the planning and policy making functions of government, this in and of itself is insufficient towards ultimately bringing these plans and interventions to fruition. That will require coordination among government agencies, given the administrative silos that characterize Vietnam's institutional environment for the transport and logistics sector (not unlike many, perhaps most, countries around the world). For example, implementing integrated planning for transport would require coordination and collaboration between MoT's modal agencies—the Vietnam Inland Waterway Administration (VIWA), Vietnam National Maritime Administration (VINAMARINE), Directorate for Roads of Vietnam (DRVN), Civil Aviation Administration of Vietnam (CAACV), and Vietnam Railways Administration (VNRA)—and between them and the MoT functional departments of transport (responsible for logistics management), planning and investment, and construction quality control. Similarly, integrated solutions may require coordination between transportation interventions (led by MoT), trade facilitation and private sector development interventions (led by MoIT), and customs interventions (led by the General Department of Vietnam Customs, under MoF). And the task of determining the fiscal space for and funding viability of any investment or intervention would benefit from coordination between MoT and MoIT on the one hand, and ministries of finance (MoF) and planning and investment (MPI) on the other. Vietnam lacks at present mechanisms—

whether institutional or otherwise—to facilitate this inter-agency collaboration and make it transparent, predictable, and rules-based.

To address this challenge, Vietnam should establish a platform—let us call it, for the purposes of this analysis, an Inter-ministerial Logistics Committee (ILC)—where such coordination among government agencies can be operationalized through dialogue and collaboration. An ILC would be similar to the above-recommended NLC, the key distinction being that an ILC is solely focused on discussions that are relevant for the government to *have a conversation with itself*. The latter conversation will still be informed by private sector insights (as gathered through the NLC), but will focus on the actions, needs and requirements that can lead to more integrated government interventions, help avoid inter-agency overlap, and make better use of limited government resources.

Since setting up an ILC tends to be, just like an NLC, a more complex intervention than a single-agency led platform for dialogue, Vietnam should proceed with caution and establish an ILC only when a sufficient amount of support has been galvanized among participating agencies. This could be attained through more—and more frequent—ad hoc discussions among agencies at the leadership and operational staff level, or it may evolve naturally from a successful roll-out of a private sector outreach platform like the one suggested above.



# Insights from Vietnam-based Private Sector Freight Stakeholders

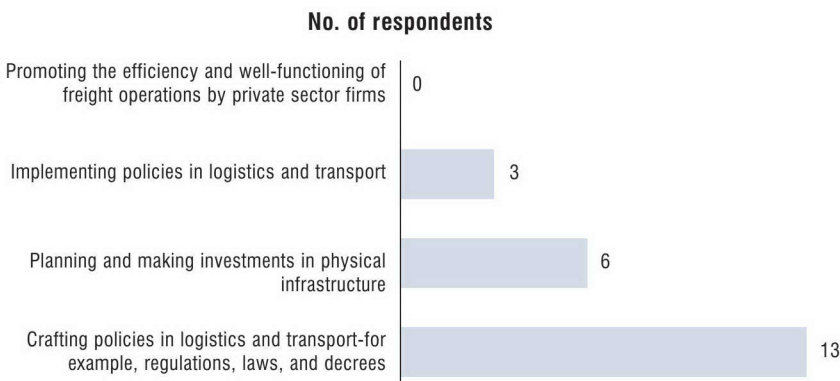
During the three-month period between May and July 2015, in collaboration with MoT's Department of Transport, the report's team conducted a survey<sup>30</sup> among Vietnam-based private sector freight stakeholders. The purpose of the survey was twofold: (i) to explore stakeholders' views and sentiments regarding the need for greater public-private consultation in transport/logistics planning and policy making; and (ii) to better understand stakeholders' assessment of the performance gaps facing Vietnam's logistics sector at present. A total of 21 individual responses were obtained from across the supply chain, including shippers (3), carriers (5), logistics service providers (9), commercial banks (1), consulting firms (2), and academics (1). Respondents were also equally divided between large, medium, and small enterprises.

The findings from this survey confirmed two things: (i) there is an unmet need in Vietnam's freight logistics industry for greater engagement between government and private sector at the planning and policy making level; and (ii) private sector stakeholders' views overwhelmingly support the kinds of approaches and recommendations outlined in the preceding chapter.

The content below presents the answers to the survey's questions in their entirety, along with highlights and commentary on same.

## Survey Responses

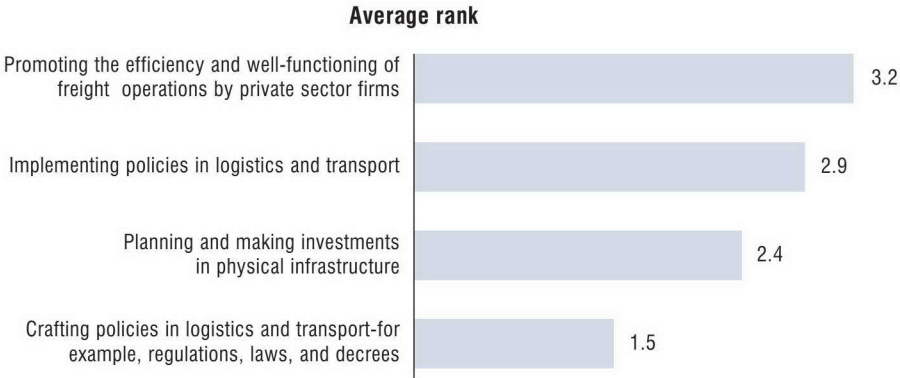
*Q. In your view, in carrying out which activities are the Ministry of Transport and other government agencies (e.g., Ministry of Industry and Trade, the General Department of Vietnam Customs, etc.) most effective?*



30 The full survey instrument, as distributed to survey participants, is presented in Annex 2. The survey was distributed in both English and Vietnamese.

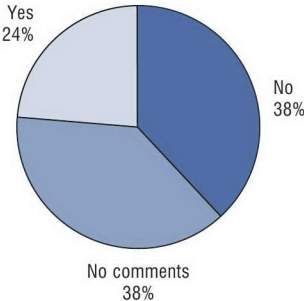
The above suggests that, while stakeholders consider government agencies to be effective in making policies, there is little evidence to support the notion that these policies (a) are implemented effectively (perhaps due to inadequate enforcement), and (b) translate into operational efficiency improvements at the firm-level.

*Q. How would you rank these government-led activities in your order of priority (from 1 to 4, where 1 is highest priority and 4 is lowest priority)?*



In the view of private sector stakeholders, the most significant role of government in freight logistics should be to craft policies—like laws, regulations, and decrees—closely followed by the planning and delivery of investments. There are two implications of this survey response. First, this view is consistent with the premise of this report’s advice regarding the ideal focus of platforms for public-private dialogue: policy making and planning. Second, if one sees this response in the context of the views expressed on the previous question—that the government tends to be most effective at policy making but comparatively less effective at planning, policy implementation, and promotion of firm-level operating efficiency—this suggests that there is an opportunity for public agencies to improve upon their performance particularly in planning and in the implementation of policies on the ground.

*Q. Are government agencies in the logistics sector—Ministry of Transport, Ministry of Industry and Trade, General Department of Vietnam Customs, Provincial Departments of Transport, etc.—responsive at present to private sector needs? Feel free to share examples of why or why not:*



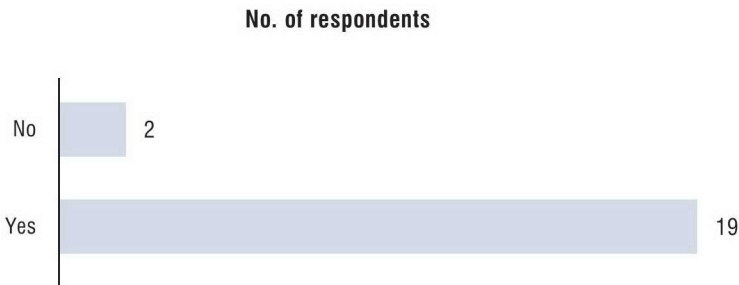
Only a quarter of respondents believed that Vietnam government agencies at present are responsive to private sector needs. This finding is well aligned with the recommendations made in the preceding chapter, which could help reverse this perception. Write-in comments from respondents included the following:

*“Not yet; Ministries only focus on policy making rather than providing guidance or creating more open conditions for private enterprises. Too many overlap papers cause difficulties for enterprises”.*

*“In general [government agencies are] not able to meet the demand of the private sector:*

- *Long time for procedures at some ports / border gates --> freight, especially agriculture goods, is kept for very long at border gates / ports.*
- *Inappropriate road transport regulations, e.g. weight control at border gates / ports cause traffic jams and long delays for containers kept at the port, which increases logistics costs.*
- *Unclear and changing regulations on customs and import export policies cause difficulties for enterprises”.*

*Q. Would you/your company be interested in regularly meeting with MoT officials (and other government officials) to discuss policy making in transport and logistics and the challenges facing the private sector in these fields?*



Freight stakeholders expressed overwhelming interest in regularly engaging MoT and other government officials at the policy level. This corroborates that there is real, significant demand in Vietnam for collaborative approaches in logistics planning and policy making. This being said, it should be noted that one of the two “no” responses was a stakeholder that expressed deep skepticism regarding the utility of any such interaction based on past experience, and for this reason this stakeholder was not keen to even try again. The latter stance, while unfortunate, is consistent with the international experience: it illustrates the importance of managing private sector expectations, keeping them engaged through “quick wins”, and providing them with clear, realistic assessments of whether and how their views will be reflected in actual policy.



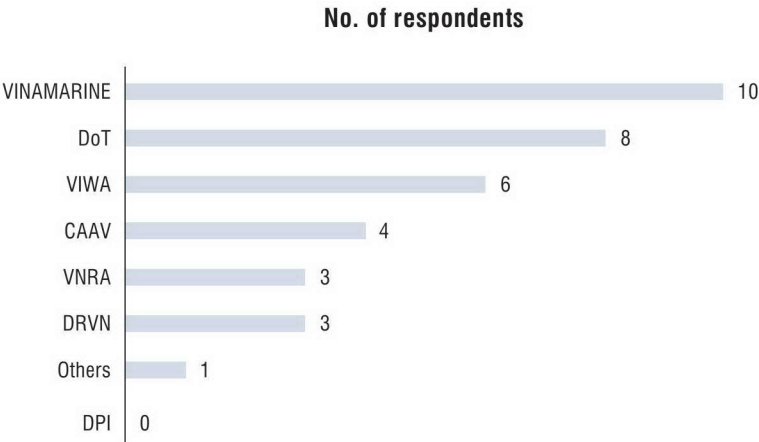
*“We are interested in greater engagement with the government departments, but general comments on logistics policies are not responded; instead, government agencies always have one response: ‘I have to check and come back to you later’...”*

*“Frequent meetings are opportunities for contact and discussion between enterprises and policy making agencies, recognizing difficulties when applying regulations in practice. Open and constructive discussion can bring about a common voice, and help find out practical amendments/solutions to improve the transport sector”.*

*“There is a need to collaborate among all (public and private) stakeholders since technologies are available for sharing data and forming partnerships among business and government to ‘speed time to market’. All public sector decision making in transport and logistics must be meaningfully informed by private sector input from end-users”.*

*Q. Which government agencies would you like to meet with individually or in a group?*

- a.) Directorate for Roads of Vietnam (DRVN)*
- b.) Vietnam Inland Waterways Administration (VIWA)*
- c.) Vietnam Maritime Administration (VINAMARINE)*
- d.) Vietnam Railway Administration (VNRA)*
- e.) Civil Aviation Authority (CAAV)*
- f.) Ministry of Transport Department of Transport (DoT)*
- g.) Ministry of Transport Department of Planning and Investment (DPI)*
- h.) Other ministries, and if so, which.....?*



Among MoT modal and functional agencies, stakeholders expressed most interest in engaging with the Vietnam Maritime Administration, DoT, and Vietnam Inland Waterways Administration. This is not surprising given the critical importance of maritime, inland waterway, and logistics connectivity for Vietnam's economy in general, and for import-export freight stakeholders in particular. The relatively low number of responses stating interest in engaging with DRVN–MoT's roads and highways agency—is surprising given the dominance of roads, as a mode (not least at the “last mile”), in Vietnam's containerized supply chains. This may signal an opportunity for DRVN to proactively reach out to private sector stakeholders through the national-level outreach platform recommended in the previous chapter.

*Q. If you/your company would be interested in regularly engaging public officials on policy, why are you interested in doing so? What kinds of results would you expect to see from such participation? If you are not interested, why not?*

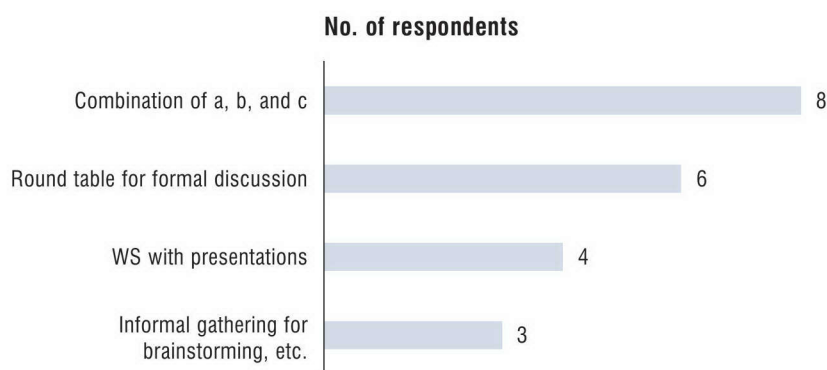
*“Improve efficiency of railway and inland waterway transportation, particularly railway”.*

*“Getting direct responses to questions on new regulations and decrees on logistics”.*

*“Policies and plans made by these ministries/agencies have direct impacts on business activities, therefore periodic meetings and discussions are necessary to resolve difficulties, support enterprises, and help them understand new policies correctly/comprehensively/clearly”.*

*Q. What sort of format would you envision for such dialogue?*

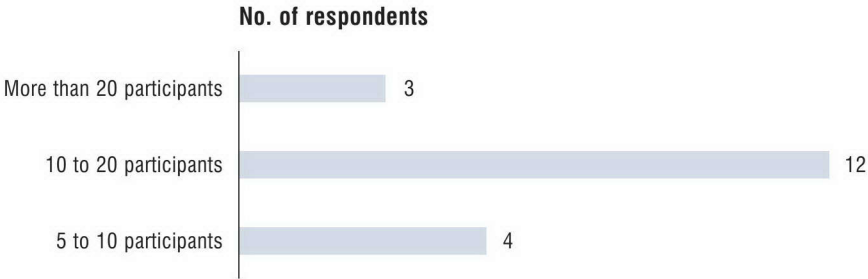
- a.) Round table for formal discussion*
- b.) A workshop with presentations*
- c.) An informal gathering for brainstorming, etc.*
- d.) A combination of a, b, and c*



Respondents' most common answer to this question was, essentially, to keep a wide variety of options open as regards the particular setting for public-private engagement. It must be noted that this is not inconsistent with the adoption of the proposed formal, MoT-led platform for dialogue, as this can be supplemented by informal gatherings, workshops, and presentations—which by and large already take place routinely in Vietnam.

*Q. What would be the ideal number of private sector participants in such a platform for dialogue?*

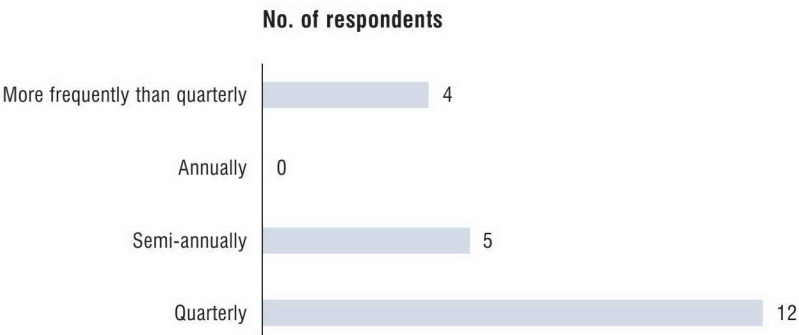
- a.) 5 to 10 participants
- b.) 10 to 20 participants
- c.) More than 20 participants



Survey respondents seem to agree with the report's recommendations in the preceding chapter that the ideal number of members for at least an initial platform for public-private engagement should be higher than the "10 at most" original vision for TLPQM.

*Q. How often, realistically, should discussions be convened?*

- a.) Quarterly
- b.) Semi-annually
- c.) Annually
- d.) more frequently than quarterly

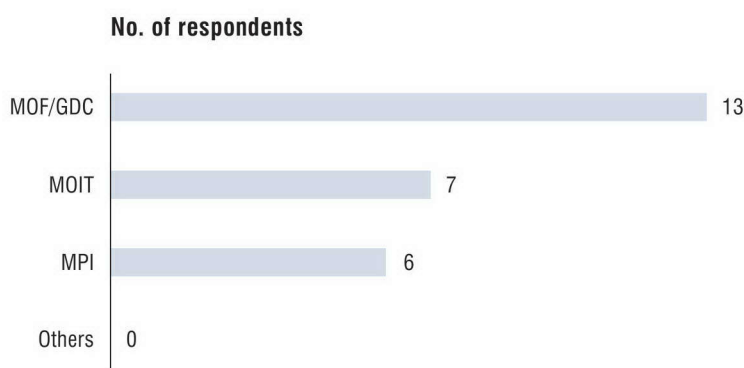




The above responses are fully aligned with the international experience, where the most common periodicity for logistics dialogue meetings between government and private sector is quarterly. This is true whether the underlying platform for collaboration is permanent or mobilized for a specific purpose under narrowly-defined terms of reference. That said, the actual periodicity may be altered in especially circumstances as required, to make them more or less frequent, depending on the task at hand. This however should be done with the support of most members and in a transparent manner.

*Q. Other than the Ministry of Transport, which government agencies should participate?*

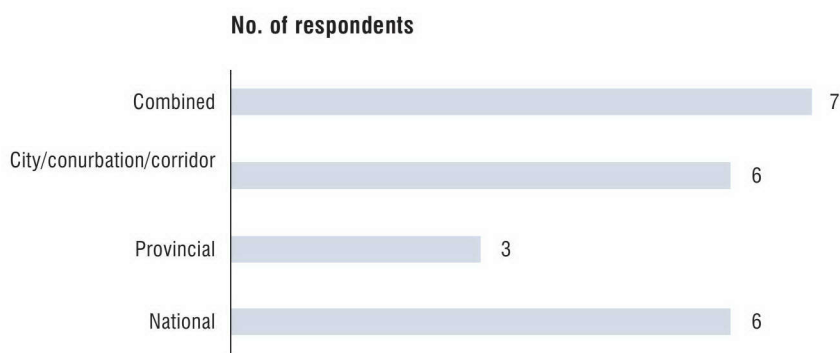
- a.) *Ministry of Industry and Trade*
- b.) *Ministry of Finance/General Department of Vietnam Customs*
- c.) *Ministry of Planning and Investment*
- d.) *Others - please specify:*



It is interesting to note that the number of respondents who believe that the Ministry of Finance should be involved in efforts to engage the private sector in logistics far exceeds those that believe that MoIT should be involved. Some comments from respondents indicate that this is because taxation and customs issues strongly impact their business operations.

*Q. At what level of policy should these gatherings take place?*

- a.) *National level only*
- b.) *Provincial level only*
- c.) *City/conurbation/corridor level only*
- d.) *A combination of the above*



Responses to this question suggest that there is equal support among respondents for national- and sub-national level platforms for public-private engagement in logistics. This is consistent with the international experience and should be taken into careful consideration by national-level agencies, as their support would be critical in enabling sub-national agencies to introduce their own collaboration platforms.

*Q. What sorts of policies in logistics and transport do you expect to be pursued by government agencies? List topics.*

*"Policies to develop inland waterways, rail transport to reduce the pressure and overcome weaknesses of trucking method".*

*"Road improvement: separate lanes for container, trucks etc. Establish focus / circle models, avoid segmentation, cost rising".*

*"Logistics development strategy, Railway transport, Port development master plan, Costs for freight transportation in Vietnam".*

*"Regulations on Import-Export and road transport".*

*"Administrative / Customs clearance / Taxation procedures, permit and license issuance by inter-ministries".*

*"Road and inland waterway logistics".*

The sorts of policies raised by respondents as those that should be tackled by government agencies in general, and through public-private engagement platforms in particular, run the gamut. Interestingly, they include a combination of short-term, bottleneck-focused issues (e.g., road improvements) and long-term, strategic issues (e.g., development of a national logistics development strategy). All of this is consistent with the international experience and the preceding chapter's advice.

*Q. How should government agencies go about developing ideas for those policies, debating those policies, informing those policies with data and hard evidence, etc.? Describe any specific examples.*

*"Consultations at Workshops".*

*"A Web-based Forum is an effective and most convenient way to build ideas, discuss and provide data and evidence on policies".*

*"Data for analysis and evaluation must be practical, solutions must be effective and comprehensive, and there must be reports on implementation results".*

*"Getting comments from enterprises and people, then draft regulations and projects, and pilot / implement lessons learned".*

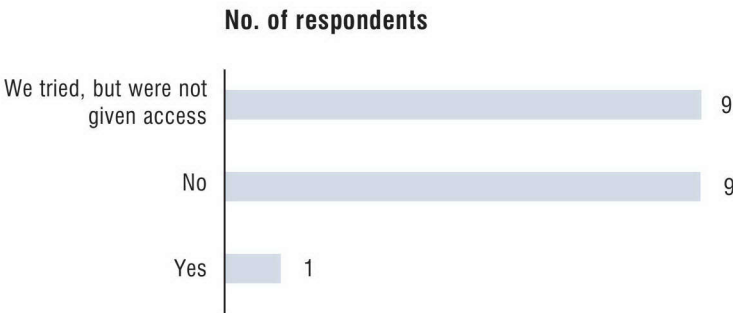
*"Topical workshops/discussion with enterprises".*

*"Collect enterprises' comments, problems, obstacles to work out logistics management and operational improvements".*

A number of valuable suggestions are offered above, all or most of which would be consistent with an institutional mechanism for direct engagement with the private sector. One of the suggestions points to the importance of the use of data not only for the planning and design of solutions, but also for tracking their implementation and evaluating their results.

*Q. Have you/your company ever engaged or attempted to engage in dialogue with the public sector to make changes to transport and logistics policies, infrastructure, and freight operations?*

- a.) es*
- b.) No*
- c.) We tried to reach out and engage, but were not given access to policy makers or a platform to hold these discussions*





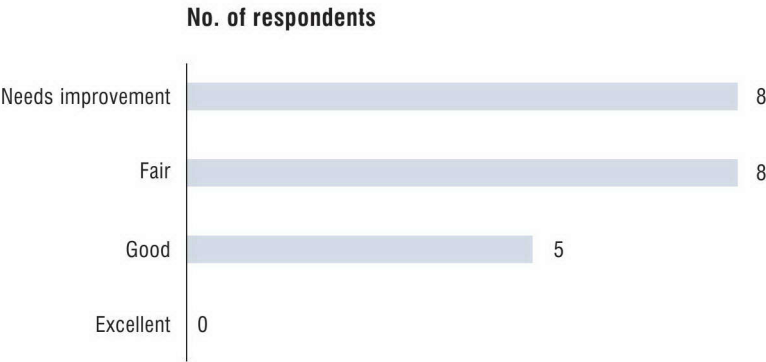
The above responses corroborate the fact that meaningful platforms for public-private collaboration in logistics in Vietnam have little to no precedent. The fact that more than 40 percent of respondents have tried to proactively engage government agencies in the past, but were not able to do so, suggests that there is significant amount of support for initiatives that can credibly bring together government and private sector to address issues and strengthen trade competitiveness.

**If so, what was the result? Describe any specific examples.**

*“Reports and analysis discussed at the dialogue have shown areas for improvement in Vietnam Logistic sector compared with other countries in the region and the world. The dialogue has also collected opinions from domestic logistics enterprises, proposing to the higher levels for consideration of more appropriate remedies”.*

*Q. What is your opinion of the quality of government-provided services in the transport and logistics sector (e.g., customs and other technical clearances in import-export, issuance of licenses and permits, policing of highways for trucking operations, and the like)?*

- a.) *Excellent*
- b.) *Good*
- c.) *Fair*
- d.) *Needs improvement*



In the view of a majority of respondents, government-provided services in logistics and transport are in need of improvement. The gathering of direct feedback from the end-users of those services should be seen by government agencies at the national and sub-national level as an essential component of the process towards increasing end-user satisfaction and make Vietnam a more attractive manufacturing base.

*Q. For example, do your interactions with government entities or government officials for these purposes tend to go smoothly, or tend to involve delays?*

*"We are relatively satisfied with GoV agencies".*

*"They tend to be delayed".*

*"Tend to be delayed".*

*"Unclear and non-transparent decentralization of authorization between central and local authorities for transportation of oversize / overweight / over length etc. freight, extra permits are required resulting in increased costs and prolonged time, though the issues will finally be solved. It is recommended to establish clear regulations on requirements for transportation services of the above freights".*

*"Despite many changes, interactions between enterprises and government entities / officials is still delayed and bureaucratic".*

*"Application of policies and regulations are not unified".*

*Q. What is the specific issue by name or topic?*

*"Responses from the General Department of Vietnam Customs, unexpected policy changes, increasing fees".*

*"Slow response; complicated solutions; weak consultation capacity, particularly for imports and exports".*

*"Responses to questions and recommendations of enterprises and people are delayed, unclear, and not constructive".*

*"There is a lack of support for enterprises and people".*

*Q. Do you/your company belong to any representative business membership organization(s)?*

*a.) Yes*

*b.) No*

*If yes, what is the name of that organization(s)?*



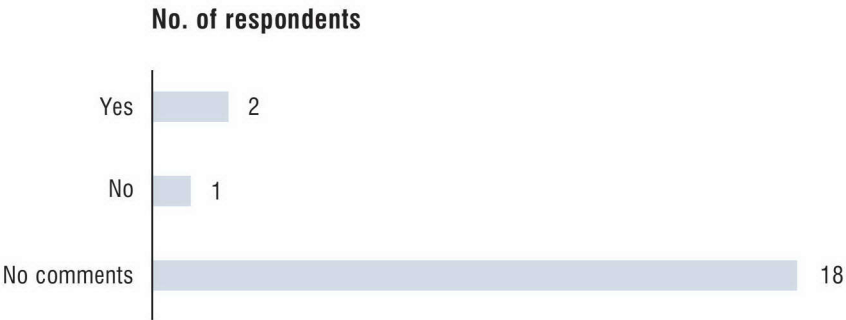
Some of the associations named include the Vietnam Logistics Association (VLA), the International Federation of Freight Forwarders Associations (FIATA), the World Cargo Alliance (WCA), the Vietnam Chamber of Commerce and Industry (VCCI), the Vietnam Seaports Association (VPA), and the National Logistics Association.

*Q. For each organization: What services do you receive from them?*

*“Through the Vietnam Logistics Association we receive weekly news and annual membership; we participate in the association’s meetings”.*

*“All are aimed at collaboration, cooperation, support and mutual assistance in the development of professional activities, improvements in operational efficiency, and protection of the legitimate interests of members operating in the Logistics field”.*

*Q. Do you feel you are well served by them?*

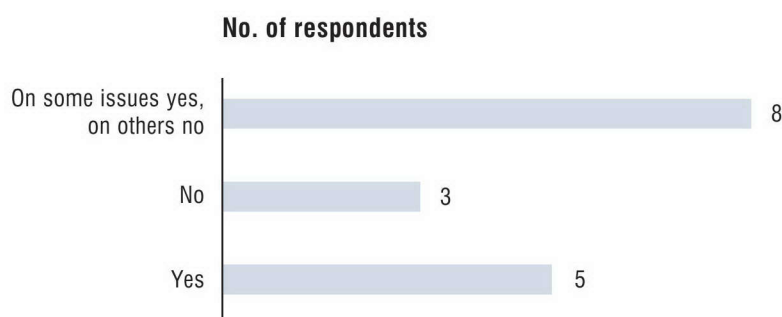


*“Relatively good services but voice not yet raised to the State management agencies”.*



*Q. Do you think they are genuinely representative of the interests of people/companies like you?*

- a.) Yes
- b.) No
- c.) On some issues yes, on others no



The category with most responses—“on some issues yes, on others no”—corroborates that, while being represented through a trade or industry organization is no doubt useful, many individual stakeholders continue to feel that their specific issues and concerns are not being addressed. A combination of national and sub-national public-private collaboration platforms, in addition to existing activities like workshops, seminars, and industry-group events, could help bridge this gap.

*Q. Thinking about efforts to promote public-private dialogue to improve conditions for doing business, if a well-known person, firm, or organization were to appeal publicly for businesspeople and government to work together for the good of the country, who do you think that should be? Who would be listened to? Is there a prominent business leader, firm, and/or organization that you could name here?*

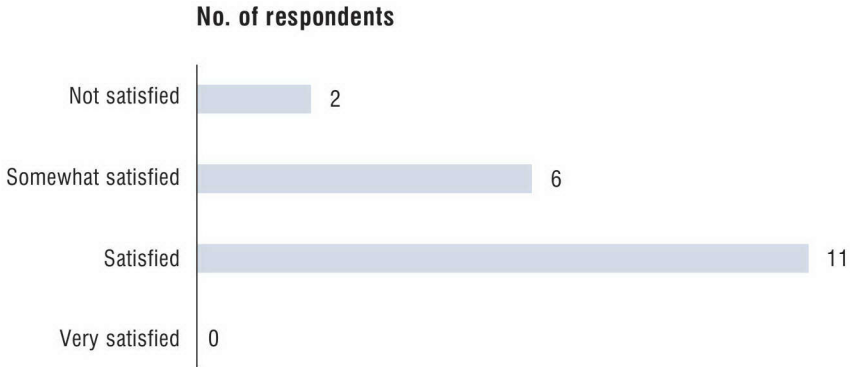
*“Vietnam Business Association”.*

*All parties, particularly associations and organizations”.*

*“Appeal by big corporations Hoang Anh Gia Lai, Vin Group, etc. Well profitable companies / corporations should lead the appeal”.*

*Q. How satisfied are you with concrete solutions proposed by government agencies to your specific problems?*

- a.) *Very satisfied*
- b.) *Satisfied*
- c.) *Somewhat satisfied*
- d.) *Not satisfied*

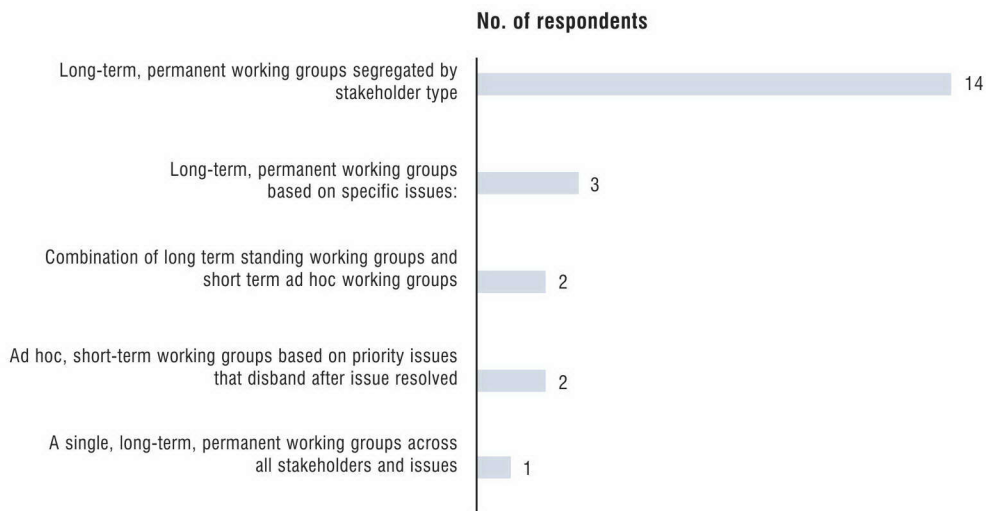


While a significant number of stakeholders (more than half of respondents) stated feeling satisfied with current government actions to address their specific problems, it is still the case that 45 percent of respondents felt the opposite. On the whole, this is not unlike what one sees in logistics and freight markets in other countries, and further supports the rationale for improving the ways in which public sector agencies assess firm- and system-level challenges in logistics and devise interventions to address them.

*Q. What working groups would you suggest be formed to discuss and find solutions to these problems?*

- a.) *Long-term, permanent working groups segregated by stakeholder type – e.g., marine terminal operators, shipping liners, freight forwarders, shippers, etc.*
- b.) *Long-term, permanent working groups based on specific issues: Infrastructure, Freight Operations, Policy and Regulations, etc.*
- c.) *A single, long-term, permanent working group across all stakeholders and issues.*
- d.) *Ad hoc, short-term working groups based on priority issues that disband after issue resolved.*

- e.) *Combination of long term standing working groups and short term ad hoc working groups.*
- f.) *Other suggestions for working groups?*



Responses to the last question in the survey suggest a clear consensus among private sector practitioner: long-term, permanently established forums for discussion and dialogue would be the most effective channel for dialogue. This, once again, is consistent with the international experience. This is also consistent with this report’s advice that government agencies should seek to establish formal, rather than ad hoc, intuitional platforms for collaboration.



# Global Good Practice in Public Sector Management of Freight Logistics

The core government functions of integrated freight planning and logistics policy making—ideally aided by guidance obtained through institutional platforms for dialogue between public agencies and private sector practitioners—can manifest themselves in myriad ways in practice. This chapter illustrates two instances of the application of integrated planning and policy making in logistics that have proven effective in the international experience. The first—an example of integrated planning—is the government’s role in the development of logistics clusters. The second—an example of policy making in logistics—is the role that government agencies can play in promoting higher-quality logistics service delivery. These vignettes may illustrate the kind of public sector involvement in the logistics sector that could be championed in Vietnam.

## Developing Logistics Clusters

Logistics clusters—variously referred to in the jargon as logistics parks, logistics centers, freight villages, inland ports, dry ports, and the like—refer to the geographic colocation (“agglomeration”) of logistics activities. Such activities may include transportation terminals (e.g., maritime ports, inland waterway ports, rail terminals, trucking terminals, and airports); goods handling and light-manufacturing facilities (e.g., warehouses, distribution centers, consolidation/deconsolidation facilities, container freight stations, inland container depots); equipment handling facilities (e.g., empty container depots, chassis pools); logistics services (e.g., freight forwarding, freight brokerage, customs brokerage); and trade services (e.g., trade finance, insurance brokers, export-import facilitation services, commercial banking); all of these typically located in close proximity—and directly linked to—trunk multimodal transport infrastructure like inter-city highways, rail lines, waterways, and navigation channels, as well as to urban and/or industrial areas that act as freight-generating/freight-attracting hinterlands. The colocation of logistics activities linked to ready sources of demand generates operational efficiencies, increases productivity, strengthens firm-level profitability for those companies located at the cluster, and generates a number of socially desirable outcomes like expanded connectivity, jobs creation, and reductions in congestion<sup>31</sup>.

Given the above, the development of a focused network of logistics clusters in national logistics markets is desirable. The challenge is that logistics clusters rarely succeed if their development is left purely to the commercial decision making of individual firms. In Vietnam, for example, while the country has been successful at developing *industrial*

31 Sheffi (2013).

parks—the geographic agglomeration of industrial activity—it has been comparatively less successful at enabling the colocation of logistics activity, even as industrial parks may face limited multimodal connectivity and access to quality logistics services. International experience shows that the most successful logistics clusters have been developed through partnerships between the public and private sector, and particularly through partnerships between public sector agencies and private sector real estate developers<sup>32</sup>.

The above partnership necessitates integrated planning. For example, there may be no single planning factor more critical to the eventual success of a logistics cluster than the integration between land use and transport planning. Weak land use-transport planning integration may lead to a proliferation of logistics facilities scattered across a geographic area—the opposite of agglomeration—resulting in atomization of demand, loss of economies of scale and scope, loss of transport efficiency, and increases in congestion; in a word, a loss of logistics competitiveness (see Box 1 for an illustration of this challenge in the context of India’s North-West Corridor). Conversely, by integrating land use and transport planning, *sufficient* land area may be demarcated and made available to match current and future demand, and *at a location* (or set of locations) that promotes transportation and logistics efficiency by virtue of not only colocation of transport/logistics services, but also access to transport infrastructure and proximity to the underlying sources of demand (e.g., industrial parks, manufacturing plants, urban areas). Coordination between the public agencies responsible for land use with those responsible for transport planning (and within the latter, coordination among modal agencies)—which can be facilitated by the institutional approaches recommended by this report—could greatly enhance the GoV’s ability to designate well-justified, well-located parcels of land for the purpose of developing logistics clusters.

But integration with the private sector is also critical. For example, shippers (i.e., the end-customers of logistics clusters and the source of all freight flow demand running through them) may inform planning agencies about their needs, demand prospects, facility location decisions, and business competitiveness requirements. Critically, real estate developers with a focus on commercial—and, specifically, logistics—real estate can partner with planning agencies in the conceptualization, development, and management of logistics clusters. These firms tend to have a more demand-driven, commercially-disciplined understanding of the underlying market needs for logistics services clustering and the specific locations where this could or should take place. They also have the marketing skills and financial resources to attract large, sophisticated *anchor tenants* to logistics clusters (whether shippers, carriers, or logistics service providers) which in turn tend to be the key attractor of other tenants into the cluster (thus reducing the scattering of logistics activities elsewhere). The combination—through public private partnerships—of real estate specialized capabilities by private developers with

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32 See Blancas et al. (2015) for a fuller treatment of this subject as applied to the contexts of China and the U.S.



public agencies' administration of land use, basic infrastructure provision, commercial services licensing, government-provided incentives (e.g., on taxation), and economic and transport planning has been the hallmark of logistics cluster development in North America. This is also now poised to be increasingly the case in China. And it could be a source of logistics competitiveness for Vietnam in the years ahead.

## Promoting Stronger Service Delivery

Even though good public infrastructure is indispensable for logistics performance, logistics essentially remains a service industry. And the challenge is that, as they set out to enhance performance and deliver quality services, a large majority of logistics service providers have precious little within their control. For example, a trucking company is dependent on the quality of roads that its trucks are running on, the check posts that they encounter on the way, the ethics (or lack thereof) of the enforcement personnel deployed en-route, and so forth. Similarly, a freight forwarder's service delivery timelines can vary significantly across markets and locales around the world depending upon the customs official encountered and their specific interpretation of compliance requirements. The result is unreliable and low quality of service delivery, which raises costs and reduces the competitiveness of national logistics over the long term.

In many industries, the competitive process of market entry and exit guarantees that service delivery of a certain minimum standard is maintained, as service providers not meeting the minimum service delivery standard lose out to those that do and are forced to exit. However, often in the case of logistics—particularly in segments like long-haul and local drayage trucking, as well as warehousing—there remains a widespread demand for services that do not meet what would normally be minimum acceptable quality standards. Since catering to this demand does not require any specialized capabilities, barriers to entry are low, leading to the proliferation of small scale and unorganized service providers and an overall fragmented industry structure.

### Box 1. Experience from India: Addressing the Scattered Development of Inland Container Depots in Delhi

Liberalization of the container rail transportation space in India in 2007 led to the entry of several private sector container rail operators seeking to tap into the burgeoning import-export container traffic, especially on what is referred to as the "North-West Corridor" between Delhi and Mumbai. From a single public sector operator of container trains owned by Indian Railways, within a couple of years India had at least half a dozen private sector players operating container trains, with most having the Delhi-Mumbai corridor as a key focus. However, given that the license to operate container trains was open to all, and upfront investment was not exorbitant, entry barriers were low and the more progressive operators soon realized that unless they had dedicated access to multimodal container handling facilities, their margins would be subject to continuous pressure.



This realization in turn led to the mushrooming of multiple Inland Container Depots (ICD) around Delhi, which is not only a significant destination market for imports, but an even larger hub for containerized exports from the northern hinterland. High investments in such facilities around the circumference of Delhi followed, so much so that by 2009, the combined capacity utilization of all facilities in the Delhi market was less than 50 percent. Though this was in part due to the global economic slowdown at the time, which led to lower than expected growth in container volumes in 2008 and 2009, a major reason for this was that most of the container rail operators developed their own facilities at locations that worked best for them individually and/or where they could best negotiate land acquisition and development or had the resources (and clout) to obtain the numerous approvals required from central, state, and local authorities besides the Indian Railways.

Investments in ICDs were made not just by container train operators but also other investors seeking to service those entities running container trains but not having access to terminals. As of 2009, there were seven operating ICDs with plans for another six under development, all in the proximity of Delhi. Each of these facilities was individually struggling with challenges in finding, developing, and expanding on land in proximity to the trunk rail line from where a siding for their ICD could be drawn. They also faced the challenge of obtaining approvals from not only Indian Railways, for constructing the siding, but also from other state, central, and municipal authorities. Obtaining access both in terms of road connectivity and right of way vis-à-vis heavy passenger traffic on rail also proved difficult. Thus while volumes were available and growing, they were fragmented between multiple locations, each struggling with disconnectivities that could be addressed not only through consolidation of volumes, but by avoiding duplication of efforts towards putting the basics in place for development of an integrated ecosystem (permissions, approvals, connectivity etc.).

Partly in recognition of this issue, but mainly to ensure greater rail freight capacity on this corridor, a dedicated rail freight corridor has now been under development over the last few years. Specific nodes have been identified along the corridor where industrial and logistics clusters are being developed. For example, the Delhi Mumbai Industrial Corridor Development Company (DMICDC) was incorporated in 2008 as a dedicated nodal agency to undertake the planning and other project preparatory activities in coordination with various state governments and other central ministries. DMICDC is jointly owned by the Government of India (49 percent) and corporatized infrastructure development financial institutions with majority non-government holdings. For intermodal logistics hubs at each identified node, Special Purpose Vehicles are being setup for implementation of projects with the intent to involve the relevant government agencies and the private sector to ensure coordinated development.

*Source: World Bank analysis.*

In such a context where high quality—that is to say, reliable—services are neither being sufficiently demanded nor being sufficiently delivered, the segment falls into a vicious cycle of low quality services doled out at low prices—and hence low margins—which in turn affords no leeway for enterprises to scale and invest in higher quality services.

This inability of the logistics market to “self-regulate” the quality and reliability of service delivery creates a case for government intervention and facilitation given that the performance of logistics, particularly in the case of trade-dependent economies

like Vietnam, is core to economic development. Government actions, through policy and regulation, can ease this situation through specific interventions directed to actively facilitate the quality and reliability of service delivery. Three examples of such interventions include that have proven effective in the international experience include adoption and enforcement of standards, demand management, and skills development.

### *Driving adherence to standards*

Developing a system of standards for safety<sup>33</sup>, interoperability<sup>34</sup>, and overall efficiency<sup>35</sup>, and strengthening the enforcement of and compliance with these standards, can go a long way in raising the bar of service quality—by essentially raising barriers to entry and in effect forcing non-performing firms to exit the market. Though enforcing better compliance to these standards may raise short term costs, it helps to push the sector out of the vicious cycle referred to above by ensuring that only capable service providers that can adhere to standards remain viable businesses.

One way to drive compliance is through the development of certification programs. It is imperative, however, to support existing industry players in building their capacity to be able to adhere to the standards in the first place. This can include access to credit programs for businesses with credible expansion plans and a proven ability to attract and retain customers; financial incentives for the modernization of fleets to make them more environmentally efficient; and government-provided training programs on issues of compliance, good driving practices, good merchandise handling practices, and the like. Without this, there is a risk of eliminating small scale players that are willing to upgrade services but are simply unable to, on account of their limited understanding of requirements and/or their constrained access to credit for making investments in the expansion and modernization of their services.

### *Managing demand by influencing individual decision making by buyers*

Often even large-scale and well organized buyers of logistics services make do with low-quality, low-cost services, allured by the transaction-level savings. Such services, however, can in the long run end up resulting in higher overall logistics costs once the consequences of low-quality services are taken into consideration: the cost of delays, cargo lost or damaged, lack of access to freight carrying capacity when needed, cargo obsolescence—and the cost of the higher levels of inventory that are needed to be held on hand to shield daily operations from these disruptions. Such transactional buying typically results from skewed incentives on the part of logistics administration managers,

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33 For example, maximum driving hours per day and minimum guaranteed continuous rest times for truck drivers.

34 For example, standard unit load sizes, containers, truck chassis, and handling equipment to be used to enable ease of transshipment and modal change.

35 For example, minimum roadability standards of trucks permitted to ply.



which may focus on the more immediate—and simpler to assess—incentive of saving on transport costs (see Box 2).

### Box 2. The Latent Demand for High Quality Logistics Services

When latent demand for high quality and reliable logistics services is present, the reason for low actual demand is the attraction for the cargo owner towards the immediate benefit realized from lower transaction-level costs—which are typically accompanied by low quality services. Often, cargo owners do not accurately measure their “total logistics costs”, which includes not just the price paid for transport, warehousing, and handling services, but also the (sometimes called “hidden”) costs that are directly impacted by logistics: the damages arising from poor handling and packaging; losses arising from more frequent accidents on account of low safety standards or poorly trained operators/drivers; and greater inventory carrying costs arising from longer transit times (which in turn, for example, could arise from the poor quality or old trucks being used or wrong choice of mode made for the attraction of the immediately visible “cost per kilometer”).

These costs can account for a substantial portion of the logistics costs of cargo owners. And therefore, rather than being “hidden”, they should be explicitly measured—and understood—by shippers as a matter of ongoing commercial and financial management of their businesses. Nevertheless, incentives of the logistics administration managers in cargo owning companies, who actually place the orders for piecemeal logistics services, are often driven only by the short term delivered cost, which typically only reflects the cost of transportation.

*Source: World Bank analysis.*

Opportunities for frequent engagement with the private sector afforded by an institutionalized platform for public-private dialogue in logistics can be leveraged to devise tools and other ways to help cargo owners—and particularly those of small and medium enterprises—become more aware of the “total logistics cost” implications of their logistics decisions. Buyers should be encouraged to use this information to compare different *cargo routing, modal, and handling options* rather than just quotations from service providers, so that those service providers that meet the standards necessary for attaining lower logistics costs at the firm level are rewarded with demand volume. For example, private sector stakeholders experienced in using or supporting this type of decision making could be invited by the collaborative platform to share their experience with others. This can also be a way to foster better relationships among private firms themselves<sup>36</sup>.

Public agencies may also consider developing decision making tools for logistics routing, modal choice, service choice, and logistics cost management, which (especially, but not only) small and medium enterprises could use to better inform their logistics decision.

<sup>36</sup> Experience from the U.S. shows that one of the most common motivating factors cited by private sector freight stakeholders when considering whether to join public-private collaboration platforms is the opportunity to “network” and develop stronger relationships with other private sector stakeholders in the supply chain.



Such tools, and the informed decision making they would support if widely adopted, can potentially lead to (a) higher demand for more reliable service delivery, and (b) lower generalized logistics costs. A public-private platform for collaboration could inform the elements of a particular tool and the tradeoffs therein between analytical complexity/realism and practicality/accessibility. The tool could be made available online for firms and the general public to download and use, and be ideally spreadsheet-based, to make it intuitive, user-friendly, and accessible to most firms (as spreadsheet software is standard in most businesses). Guided by private sector stakeholder feedback, public agencies could seek to partner with private software developers to create the tool on an open-source basis. It is not uncommon for individual developers to participate—at no charge—in efforts to produce “public goods” that can result in benefits to the economy at large, such as through lower congestion and lower emission of greenhouse gases and local pollutants. The urban transport space, for example, has seen active participation from software developers around the world producing “apps” and other software solutions that promote the use of public transit and inform public sector planning of urban transport. Software technology at the micro level could have a similar impact in the freight logistics space.

### *Raising the level of skills and capacities in the work force*

In many countries, such as the U.K. and India, the small scale and unorganized nature of service providers in some segments of logistics—Vietnam’s trucking and warehousing sectors are an example of this—prevents them from making the typically long-term investments that are necessary for building a sustained team of well-trained professionals. Faced with this challenge, active facilitation of the development of training curricula and promotion of training programs to build skills in the logistics sector workforce is something governments can do well to prioritize. Again, direct consultation with the private sector on specific profiles and skills in short supply can help drive collaboration in bridging this gap. Similar to the case of driving adoption of standards, establishing (or endorsing privately-launched) certification programs, financing (in whole or in part, e.g., in partnership with private providers) the provision of training in sectors with skills shortages, and incentivizing companies that employ certified individuals can accelerate skill development.

Another challenge in skill development in the case of logistics markets around the world, India being a case in point among emerging markets, is that logistics has proven to be relatively unattractive as a career option for the youth vis-à-vis alternative options like Information Technology or Retail, which tend to be easier to define and/or are better known. It is therefore worthwhile to consider public support for campaigns and/or events to promote logistics as a career option, for example through partnerships with public universities and job fairs.

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# Annex 1: Brief Description of Mechanisms for Private Sector Engagement in Logistics Planning and Policy Making in the U.S., U.K., Malaysia, and Thailand

## United States

The U.S. National Freight Advisory Committee (NFAC) advises the federal Department of Transportation on a range of matters pertaining to freight movement in the country, including developing a National Strategic Plan, defining measures for performance management of freight transportation, developing data and other planning tools, and providing legislative recommendations. NFAC's membership, capped at 50 voting members, comprises various segments of freight transport, which are meant to be collectively representative of the perspectives of the various modes, regions, policy areas, cargo owners, service providers, and government agencies involved in the sector.

U.S. national legislation also supports states and metropolitan planning organizations in the setup of sub-national level freight advisory committees. Dozens such committees have been established.

NFAC's advice is derived from consultations between the members to whom the committee provides a platform for discussions. It reports to and obtains its administrative and other support from the Department of Transportation. NFAC's charter calls for meetings to be held at least three times a year. The committee's estimated annual operating costs are in the order of US\$350,000.

While the NFAC was established in 2013, state- and metropolitan-level freight advisory committees have been functioning in the U.S. for years, in some cases going back to the early 1990s, with a similar mandate and functions being mirrored at the sub-national level.

## United Kingdom

Freight Quality Partnerships (FQPs) in the U.K. serve a similar purpose as sub-national freight advisory committees in the U.S. Namely, they provide a platform for industry and local and regional governments to collaborate in creating safe and efficient freight transport.

FQPs were originally introduced by the Freight Transport Association, a trade group, in 1996. Since 1999, however, they have been strongly promoted—and supported—by the U.K. central government. They are usually established by local authorities and

facilitate dialogue about freight issues between local authorities, private sector freight transportation companies, cargo owners, other businesses, local residents, and other interested parties. Transport plans prepared by local authorities take guidance from this dialogue.

The purposes FQPs serve range from regional planning to city- or town-specific partnerships to issue-specific partnerships. They serve as a means for local policy makers, businesses, freight operators, environmental groups, the local community, and other interested stakeholders to work together to address specific freight transport problems.

## Thailand

Thailand established a National Logistics Committee under the Logistics Development Master Plan 2007-2011.

The ongoing leadership of the National Logistics Committee is set at the highest level with the Prime Minister being its chairman. Representation is ensured not only from several ministries (including Commerce, Transport, Industry, Finance, Education, Agriculture, and Labor), but also from key representative bodies from the private sector, such as the Thai National Shippers' Council, Thai Chamber of Commerce, Federation of Thai Industries, and Thai Bankers' Association, in addition to the inclusion of appointed industry experts.

To ensure deeper focus on specific issues without taking up excessive bandwidth of senior representatives, sub-committees directed towards specific areas (e.g., industrial logistics development, agricultural logistics development, and data harmonization) are established and work with the main Committee.

The Committee was established by cabinet decree under the larger National Committee on Competitiveness, along with the National Single Window committee that deals with the more specific trade facilitation aspects which interplay closely with logistics efficiency.

Overall, the Committee is responsible for policy and planning for the logistics sector; the development of measures to promote the logistics industry; following up and reporting on the development of logistics; recommending measures on financing, marketing, research, human capacity and tax policy; recommending measures for customer protection; and improving and amending institutional frameworks when necessary. An example of the work of the Committee is the designation of government agencies to lead the policy agendas within Thailand's national-level strategy for logistics.

## Malaysia

In Malaysia, a National Logistics Task Force under the leadership of the Ministry of Transport was established in 2014 to lead the development of the logistics industry and trade facilitation. The Task Force main, overarching goal at inception was to monitor and coordinate the implementation of the national-level Logistics and Trade Facilitation Masterplan 2015-2020.

Besides driving and monitoring implementation of the Logistics and Trade Facilitation Masterplan, the Task Force would (a) address issues raised directly by freight stakeholders; (b) provide a secretariat to oversee technical discussion groups focused on the key elements that drive logistics efficiency (e.g., institutional mechanisms and regulation, trade facilitation, infrastructure, information technologies, and human capital development); and (c) evaluate and assess the impact of the Masterplan towards meeting expected goals.



# Annex 2. Survey Instrument on Government-led Private Sector Outreach at the Policy Level in Freight Logistics

## PROMOTING PUBLIC-PRIVATE POLICY DIALOGUE IN VIETNAM’S TRANSPORT AND LOGISTICS

### Assessment Survey

The Ministry of Transport (MoT), in collaboration with the World Bank, is interested in exploring mechanisms to better promote substantive policy dialogue and feedback sharing between public and private sector stakeholders in Vietnam’s transport and logistics sector. The following 10 questions are intended to gather views from stakeholders on how best MoT and other government agencies can engage with the private sector to make government policies—such as investments in infrastructure or the implementation of new regulations—more aligned with the shared goal of improving Vietnam’s trade competitiveness. We kindly ask you to complete the questions below. Your anonymous feedback is greatly appreciated, and will be directly shared with MoT leaders and policy makers.

**1a. In your view, in carrying out which activities are the Ministry of Transport and other government agencies (e.g., Ministry of Industry and Trade, the General Department of Vietnam Customs, etc.) most effective? (mark one)**

- ☐ Crafting policies in logistics and transport—for example, regulations, laws, and decrees?
- ☐ Implementing policies in logistics and transport—for example, regulations, laws, and decrees?
- ☐ Planning and making investments in physical infrastructure—roads and bridges, ports, waterways, logistics parks, etc.?
- ☐ Promoting the efficiency and well-functioning of freight operations by private sector firms?

**1b. Rank the above functions of government in your order of priority:**

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**1c. Are government agencies in the logistics sector—Ministry of Transport, Ministry of Industry and Trade, General Department of Vietnam Customs, Provincial Departments of Transport, etc.—responsive at present to private sector needs? Feel free to share examples of why or why not:**

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**2a. Would you/your company be interested in regularly meeting with MoT officials (and other government officials) to discuss policy making in transport and logistics and the challenges facing the private sector in these fields? Which government agencies would you like to meet with individually or in a group:**

- ☐ Directorate for Roads of Vietnam (DRVN)
- ☐ Vietnam Inland Waterways Administration (VIWA)
- ☐ Vietnam Maritime Administration (VINAMARINE)
- ☐ Vietnam Railway Administration (VNRA)
- ☐ Civil Aviation Authority (CAAV)
- ☐ Ministry of Transport Department of Transport (DoT)
- ☐ Ministry of Transport Department of Planning and Investment (DPI)
- ☐ Other ministries, and if so, which: .....

**2b. If you/your company would be interested in regularly engaging public officials on policy, why are you interested in doing so? What kinds of results would you expect to see from such participation? If you are not interested, why not?**

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**3. What sort of format would you envision for such dialogue?**

- ☐ Round table for formal discussion
- ☐ A workshop with presentations
- ☐ An informal gathering for brainstorming, etc.
- ☐ A combination of the above.

**4a. What would be the ideal number of private sector participants in such a platform for dialogue?**

- ☐ 5 to 10 participants
- ☐ 10 to 20 participants
- ☐ More than 20 participants

**4b. How often, realistically, should discussions be convened?**

- ☐ Quarterly
- ☐ Semi-annually
- ☐ Annually
- ☐ More frequently than quarterly

**4c. Other than the Ministry of Transport, which government agencies should participate?**

- ☐ Ministry of Industry and Trade
- ☐ Ministry of Finance/General Department of Vietnam Customs
- ☐ Ministry of Planning and Investment
- ☐ Others – please specify:.....

**4d. At what level of policy should these gatherings take place?**

- ☐ National level only
- ☐ Provincial level only
- ☐ City/conurbation/corridor level only
- ☐ A combination of the above

**5a. What sorts of policies in logistics and transport do you expect to be pursued by government agencies? List topics.**

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- 5b. How should government agencies go about developing ideas for those policies, debating those policies, informing those policies with data and hard evidence, etc.? Describe any specific examples.**

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- 6. Have you/your company ever engaged or attempted to engage in dialogue with the public sector to make changes to transport and logistics policies, infrastructure, and freight operations?**

- ☐ Yes
- ☐ No
- ☐ We tried to reach out and engage, but were not given access to policy makers or a platform to hold these discussions

**If so, what was the result? Describe any specific examples.**

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- 7a. What is your opinion of the quality of government-provided services in the transport and logistics sector (e.g., customs and other technical clearances in import-export, issuance of licenses and permits, policing of highways for trucking operations, and the like)?**

- ☐ Excellent
- ☐ Good
- ☐ Fair
- ☐ Needs improvement

- 7b. For example, do your interactions with government entities or government officials for these purposes tend to go smoothly, or tend to involve delays?**

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**7c. What is the specific issue by name or topic?**

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**8a. Do you/your company belong to any representative business membership organization(s)?**

☐ Yes

☐ No

If yes, what is the name of that organization(s)?.....

**8b. For each organization: What services do you receive from them?**

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**8c. Do you feel you are well served by them?**

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**8d. Do you think they are genuinely representative of the interests of people/ companies like you?**

☐ Yes

☐ No

☐ On some issues yes, on others no

**9a. Thinking about efforts to promote public-private dialogue to improve conditions for doing business, if a well-known person, firm, or organization were to appeal publicly for businesspeople and government to work together for the good of the country, who do you think that should be? Who would be listened to? Is there a prominent business leader, firm, and/or organization that you could name here?**

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**10a. How satisfied are you with concrete solutions proposed by government agencies to your specific problems?**

- ☐ Very satisfied
- ☐ Satisfied
- ☐ Somewhat satisfied
- ☐ Not satisfied

**10b. What working groups would you suggest be formed to discuss and find solutions to these problems?**

- ☐ Long-term, permanent working groups segregated by stakeholder type – e.g., marine terminal operators, shipping liners, freight forwarders, shippers, etc.
- ☐ Long-term, permanent working groups based on specific issues: Infrastructure, Freight Operations, Policy and Regulations, etc.
- ☐ A single, long-term, permanent working group across all stakeholders and issues.
- ☐ Ad hoc, short-term working groups based on priority issues that disband after issue resolved.
- ☐ Combination of long term standing working groups and short term ad hoc working groups.
- ☐ Other suggestions for working groups? Please list here:

**About you:**

What part of the value chain do you/your company participate in:

- ☐ Shipper/manufacturer
- ☐ Transport carrier (e.g., trucking, container shipping, etc.)
- ☐ Logistics service provider/3PL
- ☐ Bank
- ☐ Consulting firm
- ☐ Academia
- ☐ Other (please specify)



If you/your company are a shipper, carrier, or logistics service provider/3PL, how would you characterize the size of your company?

- ☐ Large firm
- ☐ Medium-sized firm
- ☐ Small enterprise

Where in Vietnam are you/your company based (e.g., city/province/district)?

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What type of logistics operations are you/your company primarily involved in:

- ☐ Imports only
- ☐ Exports only
- ☐ Domestic shipments only
- ☐ All of the above

Optional: If you/your company would like to be identified, feel free to share your name/ the name of your company:

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**Thank you, your feedback is greatly appreciated!**



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