

# **Trade and Transport Facilitation Monitoring Mechanism in Nepal**

## ***Baseline study series #4***

Performance and Monitoring of  
Selected Nepal's Trade Corridors



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## Performance and Monitoring of Selected Nepal's Trade Corridors

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<sup>1</sup> Naindra Prasad Upadhaya currently works in the Prime Minister's office, Nepal.

<sup>2</sup> <http://sasac.asia/index.php?page=event&eid=210&url=nepal-ttfmm-national-validation-workshop>

## EXECUTIVE SUMMARY

As part of the baseline study of Trade and Transport Facilitation Monitoring Mechanism (TTFMM) in Nepal, the current study is focused on performance and monitoring of two corridors: *Kathmandu -Birgunj- Kolkata Corridor* and *Banglabandh-Kakarbhitta-Kathmandu Corridor*. The study analyses the average speed along the corridor and identifies key bottlenecks. The key methodology for study is the CAREC's Corridor Performance Measurement and Monitoring (CPMM) method. The time-distance graphs according to the Time-Cost-Distance method developed by ESCAP are also prepared.

The Report finds that the overall average speed for the corridors studied ranges from 8 km/h to 11 km/h. Such speeds are much lower than the average speed surveyed in Central Asia, highlighting the challenge for efficient transport along the corridors. Such challenges also mean tremendous opportunities for improvement. The report shows that if a vehicle along the corridors can travel at a speed of 30 km/h, which is still low compared with the average speed along CAREC corridors, on average potentially two thirds of the journey time can be saved.

To enhance transport and logistics efficiency along the corridors, support from the transit country India is crucial. Transport and logistics service providers can certainly play an active role by enhancing the quality of vehicles, improving professionalism of drivers and abiding by the local laws and regulations.

In light of the Bangladesh, Bhutan, India, Nepal (BBIN) Motor Vehicle Agreement (MVA), this study raises the issue of the importance of continuous and effective monitoring of the corridor. The current study provides baseline data related to the corridors under study. It is useful to observe how trade and transport performance along the corridor improve over time under BBIN MVA.

## Chapter 1. Introduction

The baseline study on trade and transport facilitation monitoring mechanisms (TTFMM) in Nepal was conducted as part of a broad initiative to establish sustainable TTFMM in the country in the long term. The project covers not only Nepal but also Bangladesh and Bhutan under the South Asia Sub-regional Economic Cooperation (SASEC) Program. In particular, the TTFMM baseline study aims to:

- Provide a set of “as-is” indicators and underlying data on trade and transport facilitation performance in Nepal. Such baseline data will ensure that the progress or setback in trade facilitation performance in the country can be benchmarked.
- Diagnose key bottlenecks and recommendations for removing bottlenecks and simplifying trade procedures. In this respect, the study provides policy recommendations to policy makers and stakeholders.
- Identify areas of cooperation between Nepal and its regional trade partners to facilitate movement of goods across the SASEC region.
- Propose way forward to maintain the sustainability of TTFMM. Sustainability is at the core of the design of TTFMM. In this respect, this study provides specific recommendations on how to maintain sustainability of TTFMM including institutional arrangement, data collection and analysis, and best way to utilize the study output.

The scope of the baseline studies of TTFMM was decided through a series of regional and national training workshops held in Bangkok, Thailand in November 2013, in Dhulikhel, Nepal in April 2014, Wuhan, China in October 2015 and in Bangkok, Thailand in January 2016. A wide range of stakeholders were consulted in this process, as shown in the lists of participants of different meetings in Appendix 1.

The TTFMM baseline study in Nepal covers the following processes, products and trade routes and corridors:

- (i) Import of fabrics from Bangladesh to Nepal through Dhaka-Banglabandha-Fulbari-Panitanki-Kakarbhitta-Kathmandu;
- (ii) Import of wool through Kolkota-Birgunj-Kathmandu; and
- (iii) Export of woolen carpet through Kathmandu-Birgung-Kolkota

The Report is focused on performance and monitoring of two corridors: *Kathmandu - Kolkota Corridor* and *Banglabandh-Kakarbhitta-Kathmandu Corridor*. The study analyzes the average

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