

Greater Mekong Subregion Green Freight Initiative

Increasing the fuel efficiency of freight along the East-West Economic Corridor

Economic corridors are being established across the Greater Mekong Subregion (GMS) to improve transport connectivity, facilitate trade and economic development, and boost regional cooperation. Under the GMS Core Environment Program, interventions to increase fuel efficiency and reduce greenhouse gases from freight transport are being implemented along the East-West Economic Corridor in Lao PDR, Thailand and Viet Nam.

Why do we need green freight in the GMS?

Green freight approaches in the GMS can help keep freight companies economically competitive while reducing their environmental footprint.

Over 80% of freight in the GMS is transported by road. While road freight is inherently a fuel and carbon intensive means of transport, it is particularly problematic in the GMS. Old and poorly maintained vehicles, a high volume of trucks running empty, and inadequate driver training are some of the major issues. Fuel costs for transport companies are high, often comprising 40%–60% of their overall operating costs.

In addition, the transport industry is highly fragmented, comprising a majority of Small and Medium sized enterprises (SMEs). As a result, solutions within the sector have been slow to materialize – for example, a lack of access to adequate financing among SMEs to enable fleet upgrades has hindered the uptake of more efficient technologies.

What is the GMS Green Freight Initiative?

This Green Freight Initiative consists of the following elements:

Background studies on the freight sector	
Countries: Cambodia, Lao PDR, Thailand, and Viet Nam	Timeline: 2012 & 2014
Several background studies in 2012 analyzed the factors affecting fuel efficiency in Lao PDR, Thailand and Viet Nam, and similar studies for Cambodia have begun.	
Pilot projects on green freight technologies and capacity building	
Countries: Lao PDR, Thailand, and Viet Nam	Timeline: 2013 to 2015
These pilot projects are testing the use of financial incentives to support the uptake of fuel efficiency technologies such as aerodynamic equipment, the use of truck Global Positioning Systems (GPS), and tire pressure monitoring. In addition, curriculum and standards for driver training are being developed and logistics solutions to reduce empty backhauls tested.	
Government partners: Ministry of Public Works and Transport, Lao PDR; Ministry of Transport, Thailand; Ministry of Transport, Viet Nam;	
Industry partners: GMS Freight Transport Association, Viet Nam Transport Association, Federation of Thai Industries.	

Study to identify SME financing models to upgrade freight fleets	
Countries: Lao PDR, Thailand and Viet Nam	Timeline: 2014
Currently underway, this study is analyzing the potential of financial models for upgrading SME freight fleets and encouraging the uptake of efficient technologies, driver training and logistics solutions. These include guarantee mechanisms and ESCO (Energy Services Company) financing.	
Feasibility study to identify Nationally Appropriate Mitigation Actions (NAMAs) on freight	
Countries: Lao PDR, Thailand and Viet Nam	Timeline: 2014 to 2015
This study will analyze how carbon financing, particularly NAMAs, could be harnessed to encourage green freight actions and programs nationally. The study will quantify the carbon reduction potential of freight fuel efficiency interventions and identify potential synergies with emerging carbon finance mechanisms.	

About the Core Environment Program (CEP)

The Core Environment Program (CEP) supports the Greater Mekong Subregion (GMS) in delivering environmentally friendly economic growth. CEP is overseen by the environment ministries of the six GMS countries and implemented by the ADB-administered Environment Operations Center (EOC). Cofinancing is provided by the Governments of Finland and Sweden, the Nordic Development Fund, and the Global Environment Fund. Learn more: www.gms-eoc.org

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For more information: www.gms-eoc.org/resources/gms-green-freight