

# **ADB's Support for CAREC Transport and Trade Facilitation Initiatives**

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**12 January 2010 Dushanbe**

# Presentation Outline

- Regional Cooperation for Tajikistan
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# Regional Cooperation for TAJ

- Tajikistan is a strong advocate of regional cooperation and integration. It is one of the most active participants in CAREC
- Regional cooperation is a cross-cutting theme in ADB's new CPS 2009-2013
- Regional cooperation is an area where ADB, as the regional development bank has comparative advantage (financial, knowledge, capacity building, and honest broker).

# Central Asia Regional Economic Cooperation Program

- Started in 1997
- 3Gs
  - Good Neighbors,
  - Good Partners, and
  - Good Prospects
- CAREC sectors
  - Transport
  - **Trade Facilitation**
  - Trade Policy
  - Energy
- In 2008, CAREC GDP (excluding AFG and PRC) was \$221 billion and merchandise trade (excluding AFG) was 60% of GDP



# CAREC Transport and Trade Facilitation Corridors

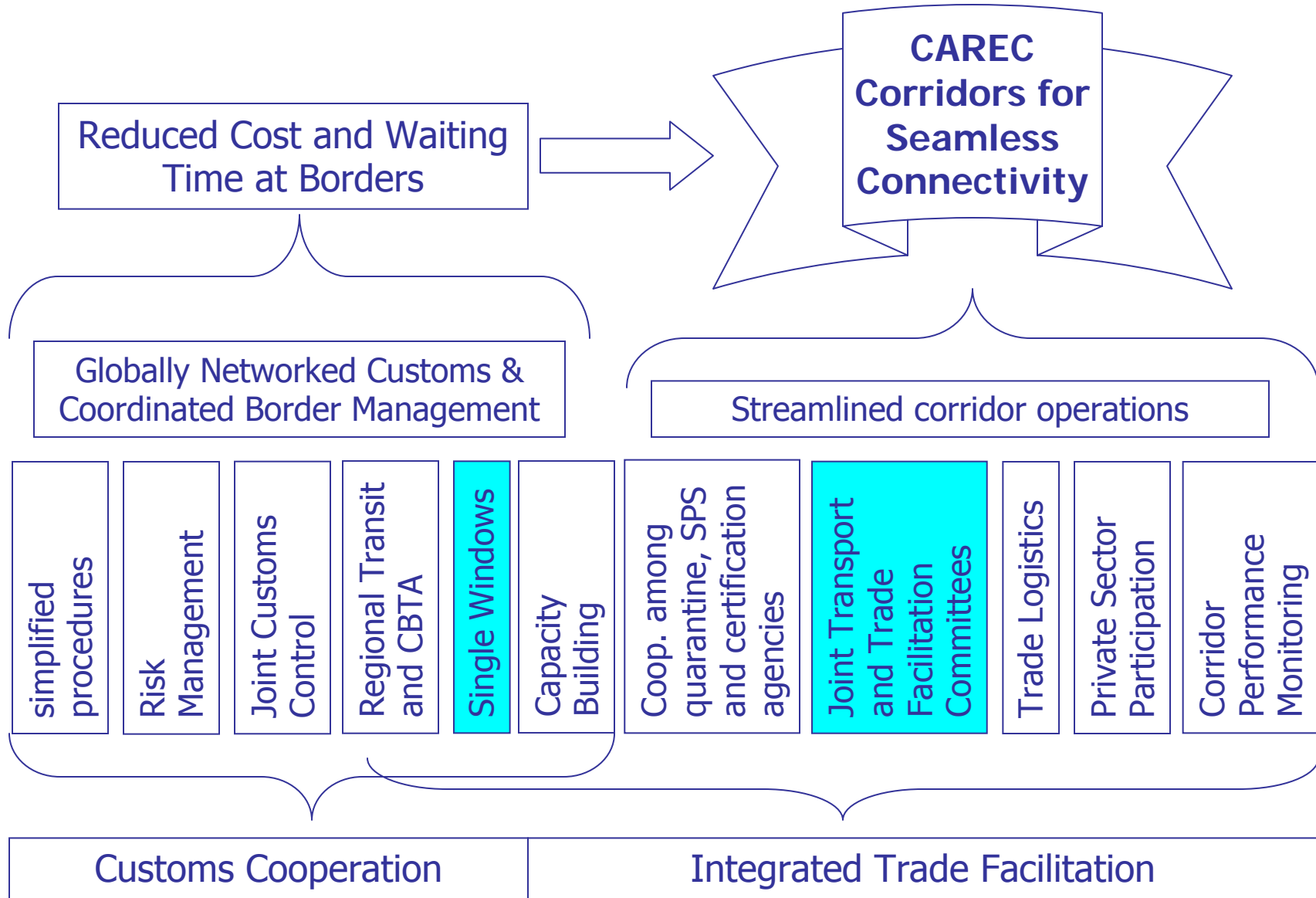
- Establish competitive corridors across the region
- Facilitate efficient movement of people and goods
- Develop sustainable, safe, user-friendly transport and trade networks



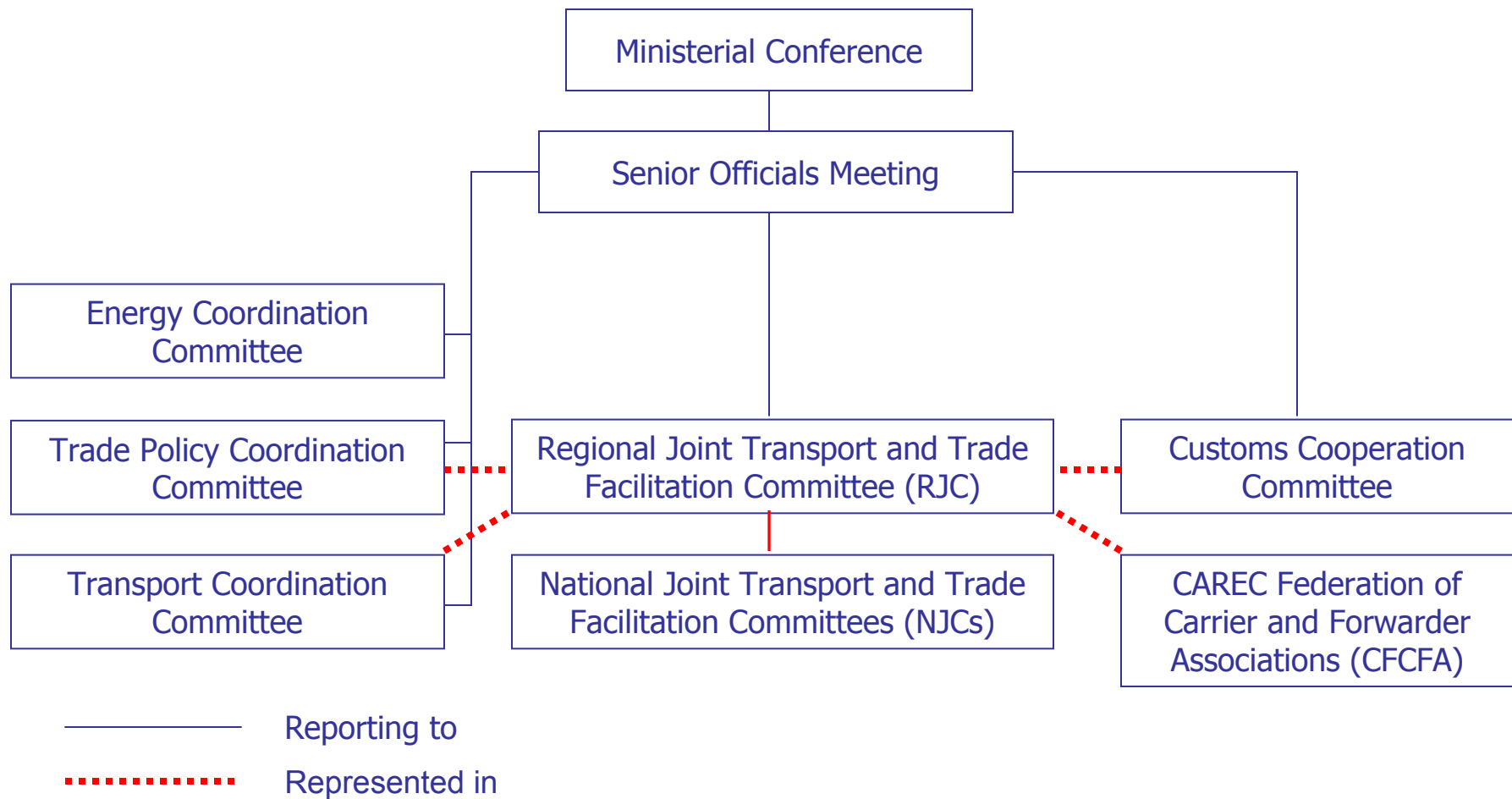
# CAREC Trade Facilitation Initiatives

<ul style="list-style-type: none"><li>• Customs Cooperation Committee (CCC) established in 2002</li></ul>	<ul style="list-style-type: none"><li>– Simplified and harmonized procedures</li><li>– Risk management and post-entry audit</li><li>– Regional Transit Development</li><li>– Joint Customs Control</li><li>– ICT for customs modernization and data exchange</li></ul>
<ul style="list-style-type: none"><li>• Integrated Trade Facilitation program added in 2007 to Support joint Transport and Trade Facilitation Strategy</li></ul>	<ul style="list-style-type: none"><li>– National Joint Transport and Trade Facilitation Committees (NJC) and the Regional Joint Transport and Trade Facilitation Committee (RJC)</li><li>– Single Window Development</li><li>– Trade Logistics Development</li><li>– CAREC Federation of Carrier and Forwarder Associations (CFCFA)</li><li>– Joint transport and trade facilitation Training Assessments and capacity building programs</li></ul>

# CAREC Trade Facilitation Program



# CAREC Overall and Trade Facilitation Related Institutions





# Terms of Reference of RJC

- **enhancing ownership**
  - overseeing the implementation of the CAREC TTFS and Action Plan, providing support for implementation of national action plans of NJCs, promotion of regional groupings;
- **coordinating**
  - With CCC, TSCC, TPCC and other regional cooperation mechanisms and other development partners;
- **supervising, and monitoring**
  - CAREC transport and trade facilitation projects.

# Lessons from CAREC and GMS Trade Facilitation programs

- Trade facilitation attracts most interests in sub-regional cooperation programs
  - Stakeholders' own interests
  - International best practices
  - Regional public goods
  - Peer pressure
- Border crossing point (BCP) is the major bottleneck
  - More than three quarters of waiting time and two thirds of costs incurred at the BCPs
  - Modernizing BCPs and streamlining procedures at BCPs will have the most efficiency gains
  - Beyond border measures are also important (i.e., infrastructure to support the development of the logistics industry adjacent to BCPs)

# Lessons from CAREC and GMS Trade Facilitation programs

- Transport and Economic Corridors
  - Development of corridors become *raison d'être* for institutional building and prioritization of work programs
  - Transport facilitation and trade facilitation issues need to be addressed together to maximize synergies
  - Cross-Border Transit Agreement formally codifies transport facilitation and trade facilitation arrangements
  - Non-CBTA works are also important
- Top-down and bottom-up approaches will end up at the same place
  - formal arrangements such as customs unions, cross-border transport agreements, and regional transit schemes need a flexible set of trade facilitation measures to implement;
  - informal arrangements that are project focused, tangible, and pragmatic, need to be formally institutionalized

# Lessons from CAREC and GMS Trade Facilitation programs

- Effective institutions and institutional structure are necessary conditions for success
  - Need to bring in all stakeholders, particularly the private sector
  - Need to be mindful of specific interests, incentives, territories, and capabilities of different groups
  - Need to be patient and yet engaging
  - Effective donor coordination
- Result oriented
  - Results measurements are important to decide reliability and replicability of specific trade facilitation initiatives
  - Cumulative results measures from the trade facilitation programs tend to be used to solicit more political support for sub-regional cooperation programs

# Lessons from CAREC and GMS Trade Facilitation programs

- Key successful factors
  - Ownership of stakeholders
    - Over the implementation of strategies and action plans at the regional level, and over the formulation of national master plans
  - Coordination
    - Among various functional agencies at the national level, among regional groupings of trade facilitation, transport, trade policy, customs, and other regional cooperation mechanisms, and donors and development partners
  - Implementation
    - Of concrete and deliverable projects to build trust among stakeholders involved and deliver results to win confidence of policy makers

# TAJ: Regional Customs Modernization Project

- Project Title: Regional Customs Modernization and Infrastructure Development Project
- Country/Region: Tajikistan, Central Asia
- Sector: Industry and Trade
- Total project cost: \$13,381,600 million
  - ADB loan in the amount of \$10,700 million from ADB Special Funds resources
  - Grant from the U.S. Government in the amount of \$1,600 million
  - Government of Tajikistan counterpart financing in the amount of \$2,680 million equivalent
- Approved on 26 November 2004
- Signed on 31 January 2005 and effective on 1 May 2005
- Project completion date is 31 December 2010

# Key Activities and Outputs

- Component 1: Establishment of Unified Automated Information System (UAIS) (ADB-funded)
- Component 2: Border-post infrastructure development (ADB and the U.S. Government-funded)
- Component 3: Human resource development, public awareness campaign, and border interagency cooperation (to support implementation of components 1 and 2) (ADB funded)

# Accomplishments to Date

- Establishment of Customs Unified Automated Information System
  - UAIS contract was awarded to "RISK" company from Azerbaijan on 30 June 2009
  - Project Plan between EA and "RISK" company was approved on 28 August 2009
  - Software Requirements Specifications were approved on 2 December 2009



# Proposed CAREEC Regional Project

- Border Crossing Point (BCP) Improvement
- Single Window (SW) Development
- All 8 CAREEC Member Countries Expected to Participate
- PPTAs in 2010, and Loan in 2011

# Regional Approach for Regional Public Goods

<p>BCP Improvement</p>	<ul style="list-style-type: none"><li>• Benefits of BCP improvement on one side of the border cannot be fully materialized if the other side does not have similar matching investment</li><li>• Focusing on 29 BCPs along CAREC Corridors</li></ul>
<p>SW Development</p>	<ul style="list-style-type: none"><li>• National SWs can't achieve best results if traders and transporters have to repeatedly file declarations and manifests each time when entering into a new CAREC member country</li><li>• A regional platform linking national SWs will be necessary for CAREC</li></ul>

# Project Scope

<p>BCP Improvement</p>	<ul style="list-style-type: none"><li>• infrastructure upgrades and modernization of key BCPs</li><li>• modern office and communication equipments, and installation of non-intrusive inspection equipment at BCPs</li><li>• development of trade logistics facilities adjacent with BCPs</li></ul>
<p>SW Development</p>	<ul style="list-style-type: none"><li>• Support national SW (NSW) development in selected CAREC member countries</li><li>• Develop a regional platform for networking of single window schemes for the CAREC region<ul style="list-style-type: none"><li>- PPP approach</li><li>- Regional alliance of SW operators</li></ul></li></ul>

# Project Financing Plan

	BCP Project		SW Project	
For each ADF eligible CAREC DMCs, i.e., AFG, KGZ, MON, TAJ, UZB	\$4 – 10 million for each country	\$20 – 50 million total ADF loans	\$4 – 5 million for each NSW \$1 – 2 million for regional platform	\$25 – 35 million total ADF loans
Each OCR borrowing countries, i.e., AZE, KAZ, PRC	\$4 – 10 million each country	\$12 – 30 million total OCR loans	\$5 – 7 million each country	\$15 – 21 million total OCR loans
Total		\$32 – 80 million total ADB loans		\$40 – 56 million total ADB loans



# Thank you



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