



# Technical Assistance Report

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Project Number: 39571  
November 2005

## Technical Assistance Islamic Republic of Afghanistan: Building the Capacity of the Ministry of Commerce for Trade and Transit Facilitation

## CURRENCY EQUIVALENTS

(as of 24 October 2005)

Currency Unit	–	afghani/s (Af)
Af1.00	=	\$0.02
\$1.00	=	Af 48.77

## ABBREVIATIONS

ADB	–	Asian Development Bank
ATTA	–	Afghan Trade and Transit Agreement
CDP	–	corridor development plan
CSATTF	–	Central and South Asia Trade and Transport Forum
ICD	–	inland clearance depot
MOC	–	Ministry of Commerce
TA	–	technical assistance
TIR	–	Transports Internationaux Routiers (Transport International Regulation)
UNCTAD	–	United Nations Conference on Trade and Development

## TECHNICAL ASSISTANCE CLASSIFICATION

<b>Targeting Classification</b>	–	General intervention
<b>Sector</b>	–	Industry and trade
<b>Subsector</b>	–	Trade
<b>Themes</b>	–	Sustainable economic growth, regional cooperation, capacity building
<b>Subtheme</b>	–	Institutional development

## NOTE

In this report, "\$" refers to US dollars.

<b>Vice President</b>	L. Jin, Operations Group 1
<b>Director General</b>	K. Senga, South Asia Department (SARD)
<b>Director</b>	E. Haugh, Senior Advisor (Afghanistan Operations), SARD
<b>Team leader</b>	M. Prokop, Economist, SARD
<b>Team member</b>	J. Capdevila, Planning and Policy Specialist, Strategy and Policy Department

## I. INTRODUCTION

1. The Government of the Islamic Republic of Afghanistan has emphasized the importance of enhanced regional cooperation to its reconstruction efforts, private sector development, peace building and stability.<sup>1</sup> The Asian Development Bank (ADB) has been actively supporting Afghanistan's regional cooperation agenda, especially under the framework of the Central and South Asia Trade and Transport Forum (CSATTF) initiative.<sup>2</sup> The Government requested technical assistance (TA) to support the Ministry of Commerce (MOC) during the Country Strategy and Program Update (CSPU) Mission carried out in April 2005.<sup>3</sup> During the TA Fact-Finding Mission in July 2005, understanding was reached with the Government on the impact, outcome, outputs, implementation arrangements, cost, financing arrangements, and terms of reference of the technical assistance. The TA supports the implementation of recommendations from the CSATTF Ministerial Conferences, and builds on preliminary findings of TA 4536-AFG: Cross-Border Trade and Transport Facilitation.<sup>4</sup> It also complements ongoing assistance provided by other development partners, particularly the World Bank. The TA's goals, purpose, and scope are summarized in the TA design and monitoring framework (Appendix 1).<sup>5</sup>

## II. ISSUES

2. The opening of Afghanistan's borders and the country's reconstruction efforts provide new opportunities for the region. Currently, trade in Afghanistan is limited to imports and exports from third countries via Pakistani or Iranian ports, as well as smaller amounts via the Central Asian republics. There is almost no transit trade through Afghanistan.<sup>6</sup> As a landlocked country, Afghanistan cannot develop without connections to regional and international markets. It could become, once again, a land bridge connecting South and Central Asia. Given the strategic position of Afghanistan, transit trade facilitation in the region could benefit the concerned countries with the shortening of not only the physical trade routes but also the economic distance to key markets. Opening up new markets across the region will enable the region to become part of the global logistics systems, attract foreign and local investment, and benefit from increased world trade while also contributing to stability and peace in the region.

3. However, these benefits will only materialize once the many existing constraints in transit, transport, and trade are dealt with in a synchronized strategy toward integrated regional trade expansion and growth. The constraints include customs issues, trade policies, preferential trading arrangements, cargo transshipment at borders, transit permits, visa regulations, and unofficial charges. Transit agreements, bilateral and/or multilateral are either non-existent or poorly implemented. Link roads, and ports and border crossing facilities are inadequate while their management and operation call for improvement in efficiency. Border security and in-country security issues are serious. Other constraints are the distance from major world markets, tariff and nontariff barriers to trade, lack of facilitation of the private sector, weak

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<sup>1</sup> Regional cooperation constitutes also one of the main themes of the new Afghanistan National Development Strategy (currently in draft).

<sup>2</sup> CSATTF is supported by ADB. 2004. *Subregional Economic Cooperation in South and Central Asia*. Manila (RETA 6156-REG).

<sup>3</sup> The concept paper was approved on 11 August 2005 by the Vice President, Operations 1.

<sup>4</sup> ADB. 2004. *Technical Assistance for Cross-Border Trade and Transport Facilitation*. Manila (TA 4536-AFG for \$550,000 approved on 23 December 2004).

<sup>5</sup> The TA first appeared in *ADB Business Opportunities* (internet edition) on 26 August 2005.

<sup>6</sup> See background report to CSATTF Second Ministerial Conference. ADB. 2005. *Connecting Central and South Asia via Afghanistan- Economic Impact of the Corridors*. Manila.

investment laws and inadequate legal and regulatory framework, institutions weak in operational efficiency capacity and human resources, and inadequate development or absence of key services such as banking and finance, insurance, bonded warehousing, marketing, standards certification, and telecommunication.

4. To assist Afghanistan and its neighboring countries in overcoming some of these constraints, CSATTF was established at the First Ministerial Conference in July 2003. CSATTF aims to promote regional transport and trade cooperation along the corridors linking Central and South Asia via Afghanistan. CSATTF is based on four pillars: transport infrastructure development, customs harmonization and modernization, transit facilitation, and security-related measures. The second CSATTF Ministerial Conference was held in Manila in March 2005. The conference approved the articles establishing CSATTF and a Corridor Development Plan (CDP). In addition, the ministers emphasized the importance of a coordinated development program for cross-border points for bilateral and regional transit trade. The ministers recommended technical assistance to facilitate renegotiation of existing transit agreements to enhance commitment in their implementation, to improve cooperation between the public and private sectors, and to establish effective monitoring systems.

5. Other development partners are also active in supporting trade and transit-related activities in Afghanistan. The World Bank Emergency Customs Modernization and Trade Facilitation Project includes a trade facilitation component to improve transit treaties and corridor agreements, as well as implementation of the Transport International Regulation (TIR). This component is being implemented by the United Nations Conference on Trade and Development (UNCTAD) at MOC.<sup>7</sup> Working with MOC, UNCTAD is assisting in the following areas: (i) reviewing current transit procedures and agreements, (ii) reviewing the role of border posts, and (iii) strengthening transit capabilities within MOC. The Government has requested additional support to complement the World Bank assistance to increase Afghanistan's leverage in trade and transit facilitation.

6. To develop and implement effective regional transit arrangements as well as to examine the applicability of the TIR system in the region, there must be cooperation between the public and private sectors of each of the countries, as well as among countries, through appropriate national and regional coordination mechanisms. CSATTF countries recognize the importance of modernizing and harmonizing existing or newly drafted transit agreements. The Government has confirmed that the revision of the Afghan Trade and Transit Agreement (ATTA) with Pakistan is a priority, in particular to eliminate the current rail monopoly of Pakistan and to allow Afghani trucks to travel into Pakistan on the basis of reciprocity in terms of registration, roadworthiness, driving licenses, and insurance. An additional priority is to develop a transit agreement with Tajikistan, given its strategic position as transit route to the People's Republic of China as well as with India.

7. TA 4536 (footnote 4) is assisting Afghanistan to (i) formulate a longer-term plan for cross-border and inland investment; (ii) recommend reform of rules and procedures and agreements and institutions; (iii) undertake cost-benefit analysis of alternative corridors; and (iv) design methods for setting tolls, transit fees, and other revenue-generating measures. TA 4536 will also review the road map for renegotiating the ATTA and renegotiating the agreement with Tajikistan. The review will involve assessing the process and procedures for drafting, negotiating, signing and ratifying, implementing, and monitoring the transit agreements. A good

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<sup>7</sup> The original budget allocated for the trade facilitation component was \$3.3 million, representing 11% of the overall loan. Phase 1 of the project will be completed in December 2005.

monitoring system has to be in place to ensure equitable sharing of benefits to deal expeditiously with implementation difficulties. To enable MOC to effectively negotiate, implement, and monitor the transit agreements, strong institutional capacity will need to be built and negotiations skills strengthened.

8. The respective responsibilities of the ministries involved in transit and trade-related issues are not clearly defined. An initial assessment under TA 4536 indicated the importance of strengthening the role of MOC in revitalizing transit trade in Afghanistan. Similarly, the role of the private sector is also not clearly demarcated. Consultation with private sector stakeholders takes place through chambers of commerce rather infrequently. This lack of clearly demarcated responsibilities leads to inconsistencies in procedures and their application, raises significant governance concerns, and has a negative impact on trade facilitation.

9. The Government intends to gradually hand over the logistics and commercial services part of the inland clearance depots (ICDs) and related facilities such as trucking terminals and logistics centers to the private sector. In the interim, however, the Government is considering establishing a joint public-private company. A committee consisting of the ministries of commerce, finance, and transport and the private sector has been formed to coordinate the development of ICDs and related facilities. However, in the management of both transit matters and border facilities, a clearer definition of responsibilities between the Ministry of Finance (Customs) and MOC is needed to avoid potential overlap in relation to border infrastructure development and trade control; and with the Ministry of the Interior in relation to enforcement of customs revenue collection. MOC has drafted the Border Ports Services Act “for the purpose of providing better trade and transit of goods and offering every type of border port services including unloading, loading, storage and technical services at both border and dry ports.” Based on this Act, MOC wants to establish a Border Port Authority at each border. The TA will prepare a preliminary road map to clarify the role of MOC in transit and trade facilitation.

### **III. THE TECHNICAL ASSISTANCE**

#### **A. Impact and Outcome**

10. The TA will enhance the capacity of MOC in transit and trade facilitation, with emphasis on negotiating and implementing transit agreements. The TA will also strengthen MOC’s strategic planning and policy coordination capability in its border operations.

#### **B. Methodology and Key Activities**

11. The TA will closely coordinate with and complement ongoing assistance provided by other development partners, in particular the World Bank’s Emergency Customs Modernization and Trade Facilitation Project, implemented by UNCTAD and United Nations Office for Project Services (UNOPS).<sup>8</sup> It will directly build on TA 4536 (footnote 4).

12. The TA will engage a trade and transit logistics specialist (international consultant). The TA will (i) enhance the capacity of MOC in negotiating, implementing, and monitoring ATTA and other bilateral agreements with neighboring countries; (ii) contribute to the development of strong interministerial cooperation mechanisms; (iii) establish and assist a National Transport and Trade Facilitation Committee in accordance with CSATTF recommendations; and (iv) assist

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<sup>8</sup> Please refer to Annex I (Description of Services) of the Inter-Agency Letter of Agreement between UNOPS and UNCTAD, dated 22 October 2004.

the Government in developing and implementing the CDP under CSATTF. The design and monitoring framework outlines in greater detail the activities required to implement the above mentioned components (Appendix 1). Those activities will directly support the ongoing World Bank assistance to MOC.

13. The TA will prepare a preliminary road map for clarifying the role of MOC in transit and trade facilitation. The road map will indicate the necessary steps for assessing MOC's performance at the different border posts as well as the appropriate role of the private sector in managing some of the transit services. A series of consultations will be held with private sector stakeholders. The recommendations will provide the basis for future TA to the Government.<sup>9</sup>

14. At the beginning of the TA, the international consultant will lead consultations to identify training requirements for MOC staff in the areas of transit and trade facilitation and agreement negotiations. All activities will involve on-the-job training and skills development within MOC as an integrated part of the day-to-day operations. Workshops and seminars involving MOC staff and other relevant stakeholders will be conducted for the duration of the TA. Depending on the outcome of the current reorganization of MOC, the international consultant will design the content, duration, and quantity of the training activities. If necessary, outside facilitators will be included in close cooperation with other development partners. The international consultant will closely liaise with the project officer on all proposed training activities. TA funds will also be made available for short-term domestic consultancy inputs. Domestic consultants will be engaged to facilitate the capacity-building process. The terms of reference (TORs) for domestic consultancy input will be developed by the trade and transit logistics specialist.

### **C. Cost and Financing**

15. The total cost of the TA is estimated at \$450,000 equivalent, of which \$225,000 is in foreign exchange and \$225,000 equivalent is in local currency. The Government has requested ADB to finance \$400,000 equivalent on a grant basis, covering the entire foreign exchange cost and a portion of the local currency cost of \$175,000 equivalent. The TA will be financed by ADB's TA funding program. The Government will finance the remaining \$50,000 equivalent of the local currency cost for counterpart staff salaries and office accommodation. Indicative cost estimates and the financing plan are in Appendix 2.

### **D. Implementation Arrangements**

16. MOC will be the Executing Agency as well as the Implementing Agency for the TA. MOC will designate a senior staff member to coordinate the TA, assign counterpart staff to work with the consultants, and provide suitable office space, utilities, and logistical and administrative support to the consultants.

17. It is proposed that a trade and transit logistics specialist (international consultant) be engaged for 9 person-months on an intermittent basis. Domestic consultants will be engaged for a total of up to 36 person-months. In close consultation with the ADB project officer, the international consultant will determine the need for the domestic consultants and their terms of reference. Once every 2 months, the international consultant will report on the TA progress to ADB and the World Bank and also prepare a brief quarterly report on progress in capacity development. In consultation with UNCTAD, the international consultant will be selected by the

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<sup>9</sup> The Afghanistan Country Strategy and Program Update (ADB. 2005. *Country Strategy and Program Update (2006–2008): Afghanistan*. Manila) includes a proposal for TA for \$1 million to support trade and transit facilitation.

project officer of the World Bank's Emergency Customs Modernization and Trade Facilitation Project (i) following the bank's guidelines for the engagement of consultants, with the understanding that the selected consultant is a national of an ADB member country; (ii) after appropriate consultation with the ADB project officer and ADB's Consulting Services Division; and (iii) considering the outline terms of reference in Appendix 3 and the evaluation criteria. All consultants will be engaged by ADB in accordance with its *Guidelines on the Use of Consultants* and other arrangements satisfactory to ADB for selecting and engaging domestic consultants. Consultants will be engaged on an individual basis. Equipment for the consultant will be financed by ADB in accordance with ADB's *Guidelines for Procurement*. Equipment procured under the TA will become the property of the Government upon completion of the TA.

18. The TA will be executed over 24 months, and is expected to start in December 2005 and be completed by November 2007.

19. The outcomes of the TA will be shared with government officials, ADB staff, and other development partners at CSATTF conferences and working group meetings and other forums.

#### **IV. THE PRESIDENT'S DECISION**

20. The President, acting under the authority delegated by the Board, has approved the provision of technical assistance not exceeding the equivalent of \$400,000 on a grant basis to the Government of Afghanistan for Building the Capacity of the Ministry of Commerce for Trade and Transit Facilitation, and hereby reports this action to the Board.

## DESIGN AND MONITORING FRAMEWORK

<b>Design Summary</b>	<b>Performance Targets/Indicators</b>	<b>Data Sources/Reporting Mechanisms</b>	<b>Assumptions and Risks</b>
<p><b>Impact</b> Improved enabling environment for international trade and transit in Afghanistan</p>	<p>Increased trade with neighboring countries</p> <p>Increased transit trade via Afghanistan</p>	<p>Central and South Asia Trade and Transit Forum (CSATTF) documents and review missions</p> <p>Trade statistics (national and regional)</p>	
<p><b>Outcome</b> The Ministry of Commerce's (MOC) capacity to negotiate, implement, and monitor trade and transit agreements is strengthened. Transit management based on a solid partnership with the Customs Department of the Ministry of Finance (MOF)</p>	<p>Trade and transit agreements (re) negotiated and implementation strengthened, in partnership with MOF</p>	<p>Trade and transit agreements</p> <p>CSATTF documents and review missions</p> <p>Afghan Customs Department (ACD) transit summary</p>	<p><b>Assumption</b></p> <ul style="list-style-type: none"> <li>• Improved security environment will generate regional confidence and facilitate adherence to international conventions.</li> </ul> <p><b>Risks</b></p> <ul style="list-style-type: none"> <li>• There is lack of political will in neighboring countries.</li> <li>• Enabling conditions for bonded transit movement are lacking.</li> <li>• MOC fails to attract skilled staff.</li> </ul>
<p><b>Outputs</b></p> <p><b>1. Capacity Building</b> Reinforced capacity of MOC national staff in trade and transit competencies</p> <p><b>2. Transit Facilitation</b> Existing transit agreements revised and ratified by the affected parties</p> <p>Negotiations for new agreements initiated</p> <p>Implementation and adoption of international standards by the Afghan international road carriers Initiation of negotiations for TIR adoption</p>	<p>Basic capacity-building road map and initial training needs assessment drafted</p> <p>Appropriate seminars and training events organized</p> <p>Revision of Afghan Trade and Transit Agreement (ATTA) endorsed by Afghanistan and Pakistan</p> <p>Additional existing transit agreements revised by the affected parties</p> <p>Initiation of negotiations for new agreements</p>	<p>Quarterly report by international consultant on capacity-building progress</p> <p>CSATTF working group meeting reports</p> <p>Technical Assistance (TA) assistance progress reports</p> <p>Other ministry/development partner reports</p>	<p><b>Assumptions</b></p> <ul style="list-style-type: none"> <li>• MOC is willing to adopt institutional changes and facilitate private sector participation.</li> <li>• Other ministries involved in trade and transit facilitation cooperate closely.</li> </ul> <p><b>Risk</b></p> <ul style="list-style-type: none"> <li>• International private sector shows no interest to develop or guarantee mechanisms for Transport International Regulation (TIR) or similar transit agreements.</li> </ul>

<b>Design Summary</b>	<b>Performance Targets/Indicators</b>	<b>Data Sources/Reporting Mechanisms</b>	<b>Assumptions and Risks</b>
<p><b>3. Cross Border Facilitation</b>  Recommendations to simplify and streamline transit border crossing formalities and procedures</p> <p>Advising and monitoring improvement plans for cross-border transit facilities operation and maintenance</p> <p>Development of a plan for reducing the high rate of truck transshipments</p> <p><b>4. Private Sector Participation</b>  Participation and efficiency of the private sector in the transit trade sector strengthened</p> <p>Preliminary road map for clarifying institutional roles and role of private sector at border posts prepared</p> <p><b>5. Interministerial Cooperation</b>  Inter ministerial cooperation mechanisms and clarification of cross-border management responsibilities improved and mechanisms established</p> <p><b>6. Promotion of Regional Cooperation</b>  Establishment of bi-national working groups to support negotiations</p>	<p>Joint ADB-World Bank agreement on cross-border transit facilitation priorities reached and presented to Government</p> <p>Draft report as input to 2006 ADB TA prepared by March 2006</p> <p>Reactivation of the Afghan Interministerial Technical Committee on Cross-Border Facilitation, or providing this function within an Afghanistan Trade and Transport Facilitation Committee</p> <p>Active Afghan participation in CSATTF meetings</p>	<p>CSATTF reports and review missions</p>	

Activities with Milestones	Inputs
<p><b>General Activities</b></p> <ul style="list-style-type: none"> <li>• Assess training needs of MOC and develop brief capacity-building road map in area of transit facilitation.</li> <li>• Identify skills requirements for domestic consultants and develop terms of reference within first 6 months of TA.</li> <li>• Hold capacity development workshops, training sessions.</li> <li>• Consult with private sector representatives.</li> </ul> <p><b>1.0 Transit Facilitation</b></p> <ol style="list-style-type: none"> <li>1.1 Revise existing transit agreements and monitor implementation.</li> <li>1.2 Contribute to drafting of new bilateral/multilateral transit agreements.</li> <li>1.3 Monitor negotiation talks and implementation activities and capacity building for strengthening negotiation skills.</li> <li>1.4 Contribute to the establishment of different institutional mechanisms to comply with the endorsed agreements.</li> </ol> <p><b>2.0 Cross-Border Facilitation</b></p> <ol style="list-style-type: none"> <li>2.1 Develop recommendations to simplify and streamline transit border crossing formalities, customs procedures, and documentation related to MOC competencies.</li> <li>2.2 Contribute to the establishment of a prioritized infrastructure investment plan for cross border facilities and inland facilities.</li> <li>2.3 Assess and monitor for improving cross-border transit facilities operation and maintenance.</li> <li>2.4 Develop a plan for reducing the high rate of truck transshipments.</li> </ol> <p><b>3.0 Private Sector Participation and Transit Logistics Management</b></p> <ol style="list-style-type: none"> <li>3.1 Prepare a preliminary road map for clarifying institutional roles of concerned ministries and agencies and the private sector at the borders.</li> <li>3.2 Assist in preparing a follow-up TA (currently scheduled for 2006) based on road map.</li> </ol> <p><b>4.0 Inter-ministerial Cooperation</b></p> <ol style="list-style-type: none"> <li>4.1 Develop strong inter-ministerial cooperation mechanisms.</li> <li>4.2 Assess responsibilities at the borders and develop recommendations for their optimized distribution between various ministries.</li> </ol> <p><b>5.0 Promotion of Regional Cooperation</b></p> <ol style="list-style-type: none"> <li>5.1 Coordinate the establishment of the necessary working binational groups to support negotiations, including the necessary preparatory reports and proposals to be considered by binational working groups.</li> <li>5.2 Prepare reports for binational working groups.</li> <li>5.3 Assist Afghanistan by actively participating at the CSATTF.</li> </ol>	<ul style="list-style-type: none"> <li>• ADB TA contribution \$400,000</li> <li>• Government contribution (in kind) \$50,000</li> <li>• 9 person-months international consultancy and up to 36 person-months domestic consultancy</li> <li>• Government counterparts with appropriate skills and experience</li> <li>• Advisory and other resource input from World Bank, UNCTAD (through the ongoing World Bank-funded Emergency Customs Modernization and Trade Facilitation Project) and ADB CSATTF team</li> </ul>

**COST ESTIMATES AND FINANCING PLAN**  
(\$'000)

Item	Foreign Exchange	Local Currency	Total Cost
<b>A. Asian Development Bank (ADB) Financing<sup>a</sup></b>			
1. Consultants			
a. Remuneration and Per Diem			
i. International Consultants	180.0	0.0	180.0
ii. Domestic Consultants	0.0	60.0	60.0
b. International and Local Travel	20.0	30.0	50.0
c. Reports and Communications	0.0	5.0	5.0
2. Equipment	10.0	10.0	20.0
3. Training, Seminars, and Conferences	0.0	40.0	40.0
4. Miscellaneous Administration and Support Costs	0.0	20.0	20.0
5. Contingencies	15.0	10.0	25.0
<b>Subtotal (A)</b>	<b>225.0</b>	<b>175.0</b>	<b>400.0</b>
<b>B. Government Financing</b>			
1. Office Accommodation and Transport	0.0	25.0	25.0
2. Remuneration and Per Diem of Counterpart Staff	0.0	20.0	20.0
3. Others	0.0	5.0	5.0
<b>Subtotal (B)</b>	<b>0.0</b>	<b>50.0</b>	<b>50.0</b>
<b>Total</b>	<b>225.0</b>	<b>225.0</b>	<b>450.0</b>

<sup>a</sup> Financed by ADB's technical assistance funding program.  
Source: ADB estimates.

## **OUTLINE TERMS OF REFERENCE FOR THE CONSULTANT**

1. The Technical Assistance (TA) will require the input of an international trade and transit logistics specialist for a total of 9 person-months on an intermittent basis. The consultant will be engaged as an individual. The consultant should have extensive knowledge about (i) international transit, transport, and trade issues pertaining to landlocked countries; (ii) customs and border procedures; and (iii) private sector participation in transit activities, in line with the areas specified in the terms of reference (TORs). The consultant should have a minimum of 10 years of relevant professional experience, sound analytical skills, and the ability to clearly articulate and present proposals for policies and strategies. The consultant should be competent in leading stakeholder consultations on facilitation in transit and trade projects in South Asia or Central Asia, or both.

2. The trade and transit logistics specialist will contribute to the implementation of specific tasks in the following six areas.

### **1. General Scope**

- (i) In close cooperation with the designated staff from the World Bank, Asian Development Bank (ADB), and Ministry of Commerce (MOC) as well as their relevant government agencies, assist in developing cohesive policies and strategic plans to ensure and strengthen the role of Afghanistan as a trade hub for the subregion.
- (ii) Hold consultations to identify the skills requirements for domestic consultants and develop their terms of reference within the first months of the TA.
- (iii) Assess the training needs of MOC and develop during the first 2 months of the TA, a brief capacity-building road map focusing on strengthening negotiation skills for transit agreements.
- (iv) With the assistance of the domestic consultants, oversee the implementation of the capacity-building road map by (a) performing on-the-job training and skills development within MOC as an integrated part of the day-to-day operation, (b) holding seminars and workshops as required, and (c) reporting quarterly on progress of the capacity-building measures.
- (v) With the assistance of the domestic consultants, hold a series of consultations with stakeholders, particularly the private sector, to ensure that views of interested parties are addressed.

### **2. Transit Facilitation/Negotiation of Agreements**

- (i) Advise on how to strengthen and modernize bilateral, trilateral, and regional transit agreements already signed by Afghanistan, or under negotiation, by addressing the critical operational issues and strengthening confidence-building measures.

- (ii) Monitor the implementation of international transit conventions as well as bilateral and regional transit agreements and assist in the establishment of dedicated mechanisms for ensuring effective implementation.

### **3. Private Sector Participation and Transit Logistics Management**

- (i) Prepare preliminary recommendations for clarifying the institutional roles of concerned ministries and agencies, in particular MOC, as well as the private sector in building, managing, and operating border facilities. The recommendations will be the basis for future TA (currently scheduled for 2006) to the Government, and the consultant will be required to assist in designing the TA. Include a preliminary assessment of MOC's performance at the different border posts and the appropriate role of the private sector in managing some of the transit services.
- (i) Include recommendations in (a) measures on how to strengthen the capability of the Afghan freight forwarding industry; (b) actions required to encourage the private sector to provide consolidation services; (c) measures to develop competitive Afghan international road carriers able to meet the requirements of international conventions and in particular to implement the Transport International Regulation (TIR) Customs Transit system; (d) advisory measures on how to promote, within Afghanistan and at its borders, the establishment of dry ports, inland freight and logistic centers, free trade zones, in full partnership with the private sector.

### **4. Interministerial Cooperation**

- (i) Contribute to the development of strong interministerial cooperation mechanisms and clarification of the responsibilities at the borders between MOC and the Ministry of Finance (Customs), Ministry of Foreign Affairs, Ministry of Interior, Ministry of Transport, Ministry of Communications, and other agencies as required.
- (ii) Assist MOC in reactivating the role of the Afghan Interministerial Technical Committee on Cross-Border Facilitation aiming at facilitating cross-border movement of vehicles and goods in transit.

### **5. Promoting Regional Cooperation**

- (i) Coordinate the organization and participate, if required, in field visits to neighboring countries to discuss the feasibility of removing the identified bottlenecks and of establishing conditions for the effective implementation of the transit agreements that are in force.
- (ii) Coordinate the establishment of the necessary working binational groups to support negotiations.
- (iii) Prepare reports on the specific issues and corresponding proposals for improvement to be considered by the binational working groups.

- (iv) Assist Afghanistan to be an active participant in the Central and South Asia Transport and Trade Forum (CSATTF).

**6. Cross Border Facilitation**

- (i) In close coordination with ongoing TA in MOC, advise on how to promote effective cross-border movement of commercial vehicles and goods.
- (ii) Develop recommendations to simplify and streamline transit border crossing formalities, customs procedures, and documentation related to MOC competencies.
- (iii) Contribute to the establishment of a prioritized infrastructure investment plan for cross-border facilities and inland facilities within the competence of MOC.
- (iv) Assess the operation and maintenance of cross-border transit facilities, and monitor for improvement.
- (v) Develop a plan for reducing the high rate of truck transshipments.