

**ASIAN DEVELOPMENT BANK**

**TAR:OTH 35017**

**TECHNICAL ASSISTANCE**

**FOR**

**REGIONAL ECONOMIC COOPERATION IN CENTRAL ASIA**

**(PHASE II—YEAR THREE)**

**July 2001**

## ABBREVIATIONS

ADB	–	Asian Development Bank
CAR	–	Central Asian republic
CARECU	–	Central Asia Regional Economic Cooperation Unit
CPM	–	Country Programming Mission
MOU	–	Memorandum of Understanding
PRC	–	People's Republic of China
RM	–	Resident Mission
TA	–	technical assistance

## NOTES

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

## I. INTRODUCTION

1. In early 1997 the Asian Development Bank (ADB) initiated a program (the Program) for regional economic cooperation among its member countries in the Central Asia region, including Kazakhstan, the Kyrgyz Republic, Uzbekistan, and Xinjiang Uygur Autonomous Region of the People's Republic of China (PRC). Tajikistan joined the Program after it became an ADB member in 1998.<sup>1</sup> The Program has followed a phased approach.<sup>2</sup> Phase I was implemented during 1997-1998 when the focus was on raising the awareness of the participating governments in the importance, and deepening the understanding of the potential of regional economic cooperation. This was achieved mainly through a series of workshops, seminars and in-depth studies. Phase II, which began in 1999, emphasizes the identification and preparation of priority regional projects for implementation. During the first two years of Phase II, significant progress has been made in this direction especially in the transport and energy sectors. However, given the evolving nature of the Program and new developments in the region, Phase II—Year Three is needed to address top regional concerns, including trade and investment facilitation and the broad water/energy/environment issues. The participating governments have indicated their full support for Phase II—Year Three.<sup>3</sup> The TA framework is in Appendix 1.

## II. BACKGROUND AND RATIONALE

### A. ADB-supported Regional Economic Cooperation Program in Central Asia

2. After gaining independence in 1991, the former Soviet republics in Central Asia faced the twin challenge of nationhood building and transition to a market-based economy. These tasks were made particularly formidable by a number of specific regional economic and geographical factors. These include the land-locked location and remoteness from major world markets, small domestic markets, and complementary resource endowments especially in energy. These key regional factors combine to suggest that developing regional markets would save large transport costs, exploit scale economies, and yield gains from trade, including those based on resource complementarity. Developing regional markets to realize such gains and raise the living standards of the people requires joint action of the countries in the region. This is the fundamental rationale for economic cooperation in the Central Asia region.

3. Xinjiang Uygur Autonomous Region (Xinjiang, PRC) is the western-most territory of the PRC, bordering the Central Asian republics (CARs). While the development path it has followed in the past decade differs from that of the CARs, it faces similar key regional factors as the CARs, and thus has similar needs for economic cooperation.

4. The overall objective of the Program in the Central Asia region is to promote economic growth and raise living standards through economic cooperation. The Program focuses on supporting the development of regional markets by tackling key regional factors as discussed above. Its operational strategy is to finance large infrastructure needs and improve the policy environment for promoting cross-border trade and traffic in energy, trade, and transportation.

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<sup>1</sup> Azerbaijan, which became an ADB member in 1999, is expected to be admitted in the Program by end 2001. Turkmenistan joined ADB in 2000 and is presently in consultation with ADB on participating in the Program.

<sup>2</sup> The phased approach is suggested in the ADB policy paper, R60-94, *Bank Support for Regional Cooperation*, 11 April. The program of regional economic cooperation in Central Asia has been supported by TA 5707: *Regional Economic Cooperation in Central Asia*, for \$1,150,000 approved on 8 November 1996; TA 5760: *Workshops on Economic Cooperation in Central Asia*, for \$344,000 approved on 14 November 1997; TA 5818: *Regional Economic Cooperation in Central Asia, Phase II*, 1,350,000 approved on 11 December 1998; and TA 5942: *Regional Economic Cooperation in Central Asia, Phase II—Year Two*, for \$420,000 approved on 2 October 2000.

<sup>3</sup> The TA first appeared in *ADB Business Opportunities* in January 2001.

This reflects three underlying strategic concerns to (i) lessen the economic isolation of the region through improvements in transport systems; (ii) maximize benefits from resource complementarities through rationalizing and encouraging regional energy trade based on market principles; and (iii) ensure an underlying policy environment favorable to trade and traffic.

5. With its focus on project financing and related policy improvement, the Program has begun to bear concrete results. In October 2000 ADB's Board of Directors approved a loan for the Almaty-Bishkek Regional Road Rehabilitation Project, while mobilizing additional financing of \$26 million through cofinancing.<sup>4</sup> A feasibility study is in progress on an investment project for improving the Central Asia power transmission system.<sup>5</sup>

6. By addressing key regional factors in a pragmatic and results-oriented manner, the Program has received strong support and close cooperation from all participating governments. At the Conference on Central Asian Regional Cooperation in Transportation in Almaty in 2000, this approach was validated by the governments, which reiterated support for ADB's important role in financing infrastructure projects. The Conference also endorsed establishing project specific working groups as an effective mechanism for implementing priority regional transport projects. This is an important step towards implementation. One key lesson learned during Phase II is that regional economic cooperation in Central Asia is particularly resource intensive and requires careful preparation and consensus building, and meticulous implementation.

## **B. Phase II—Year Three**

7. Almost 10 years after the transition began and over five years after the CARs' economies bottomed out, raising living standards through sustainable economic growth remains the single most important challenge for all the CARs. On the other hand, notwithstanding rapid economic progress during the past decade, Xinjiang, PRC remains one of the PRC's poorest regions. As the factors discussed above continue to pose as long-term development obstacles and challenges, supporting priority regional infrastructure projects in transport and energy, and improving the related policy environment to assist the development of regional markets will remain a focus of the Program.

8. While the overall objective of the Program remains valid, there have been a number of significant recent regional developments in Central Asia that have posed new challenges. First, despite past progress, barriers, especially non-tariff barriers continue to hamper the development of regional markets. The recent worsening of the regional security situation has added uncertainty to the general trade and investment environment that is still recovering from the aftermath of the Russian crisis of 1998. The ineffectiveness of customs and the lack of cooperation among them have been generally recognized as a top constraint to expanding trade and investment in the region. Other legal, regulatory, and administrative difficulties have prevented private sector investment from playing a major role in generating economic growth.

9. Second, although resource endowments in energy and water are complementary especially among the CARs, satisfactory solutions leading to the rational use and trade of resources are yet to be found. The link between water and energy are both intricate and highly

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<sup>4</sup> Loan 1774-KAZ: *Almaty-Bishkek Regional Road Rehabilitation Project*, for \$65,000,000, approved on 31 October 2000. Loan 1775-KGZ: *Almaty-Bishkek Regional Road Rehabilitation Project*, for \$5,000,000, approved on 31 October 2000.

<sup>5</sup> TA 5960: *Preparing the Regional Power Transmission Modernization Project in the Central Asian Republics*, for \$900,000, approved on 12 December 2000.

politically sensitive. This also has far-reaching effect on the environment, as demonstrated by the disaster of the Aral Sea in the not too distant past. The severe drought last year affected the livelihood of millions of people and caused havoc to agriculture and industries in the region. This has brought to the fore the urgency of resolving the broad regional water/energy/environment issues.

10. Third, as ADB's support for regional economic cooperation in Central Asia grows, strengthening the overall planning, prioritization and implementation with the participating countries will be crucial to continued success of the Program. This may take the form of an overall institutional framework. The framework will provide a mechanism for facilitating high-level policy dialogue and consensus building, key policy decisions, prioritization, coordination, and implementation of the Program. The key is to build consensus on a flexible and effective institutional framework.

11. Against this background, Phase II—Year Three will be launched. Consistent with the phased approach, the initiative will focus on identifying and providing in-depth diagnostic analysis of major policy and institutional constraints in the areas discussed above. This will lay a solid foundation for future implementation.

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

#### **A. Objectives**

12. The TA will promote economic growth and raise living standards of the countries in the region through enhanced and expanded regional economic cooperation. Toward this end, its operational objectives will focus on (i) the preparation of priority regional infrastructure projects in transport; (ii) support for trade and investment facilitation; (iii) exploring ADB's role in the broad regional water/energy/environment issues; and (iv) establishing an overall institutional framework for guiding the Program. The institutional strengthening under (iv) provides the necessary support for (i) – (iii), which aim at addressing the key regional factors to promote economic growth and poverty reduction.

#### **B. Scope**

13. Specifically, the TA will support the following activities:

14. For objective (i), the TA will support the establishment of working groups for coordinating the effective preparation of priority road and rail projects including the South Kyrgyz road and the railway linking Uzbekistan, Kyrgyz Republic, and the PRC. Such working groups have been endorsed by the governments as an effective mechanism for project preparation and implementation.

15. For objective (ii), the TA will assist two mutually supportive activities. A sector study on customs reforms and their cooperation will be conducted. The study will provide an in-depth analytical diagnosis of the region's customs, focusing on its role as a key regulatory institution to facilitate trade and investment. In particular, the study will examine ways to promote effective cooperation among the customs in the region. The TA will also support, in compliment to and conjunction with an ongoing study,<sup>6</sup> a comprehensive review of the impediments to investment

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<sup>6</sup> TA 5968: *A Comparative Assessment of Economic Development in Central Asia*, for \$250,000 approved on 20 December 2000.

in the region. It will focus on the broad policy environment, key regulations, and administrative procedures that act as obstacles to investors within and from outside the region. Both activities will lead to the formulation of action plans. These plans are expected to be endorsed for future actions by the governments at the planned ministerial-level conference in November 2001.

16. For objective (iii), the TA will support a regional energy workshop in July 2001. The workshop will (a) facilitate reaching a consensus on policy and institutional improvements for rehabilitating the Central Asia power transmission system; and (b) provide a forum to explore ways and mechanisms towards the rational use and trade of water and energy. The latter will form a part of the larger ADB efforts to deal with the broad regional water/energy/environment issue. The efforts under the TA will be coordinated with other ADB activities in this area.<sup>7</sup>

17. For objective (iv), the TA will support a range of activities towards the establishment of an institutional framework for strengthening the overall planning, prioritization and implementation of the Program. This will involve a sequence of consultations and meetings with the participating governments towards building a consensus on an appropriate framework, which will be flexible and effective, while avoiding over burdening the governments. For this purpose, a meeting of senior officials from the participating governments will be held in August 2001. The framework is expected to be established at a ministerial-level conference tentatively scheduled for November 2001 in Urumqi, the PRC.

18. Finally, the TA will analyze the potential participation of Turkmenistan in regional economic cooperation. ADB traditionally conducts such an evaluation before formally admitting a new member country to the Program.

### **C. Cost Estimates and Financing Plan**

19. The estimated TA cost is \$1,000,000 equivalent. ADB will finance \$950,000 on a grant basis from the ADB-funded TA program. The participating governments will provide the remaining \$50,000 equivalent, largely in kind. Detailed cost estimates are given in Appendix 2.

### **D. Implementation Arrangements**

20. ADB will be the Executing Agency for the TA. An interdepartmental steering committee, to be chaired by the director of ADB's Programs Department (East), will guide and coordinate the TA activities. A project secretariat will be headed by the head of the Central Asian Regional Economic Cooperation Unit, and will include consultants and support staff. Activities under the proposed TA will be coordinated closely with ADB resident missions in the region to ensure effective implementation. Close coordination and cooperation with other multilateral and bilateral agencies and regional institutions concerned with economic cooperation will also be sought. The TA will be implemented over a period of 12 months starting from 1 July 2001 and will end by 30 June 2002.

21. A total of 12 person-months of services by international consultants and 72 months of domestic consultants will be needed for implementing the TA. All consultants will be selected as individuals in accordance with ADB's *Guidelines on the Use of Consultants* and other arrangements satisfactory to ADB on the engagement of domestic consultants. The terms of

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<sup>7</sup> Proposed RETA in Support for Third World Water Forum; TA 5934: *Regional Environmental Action Plan in Central Asia*, for \$500,000, approved on 19 September 2000; and TA 5941: *Combating Desertification in Asia*, for \$250,000, approved on 29 September 2000.

reference of consultants are outlined in Appendix 3. Equipment procurement will follow ADB's *Guidelines for Procurement*.

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

22. The President, acting under the authority delegated by the Board, has approved the provision of technical assistance on a grant basis, in an amount not exceeding the equivalent of \$950,000 for the purpose of Regional Economic Cooperation in Central Asia (Phase II—Year Three) and hereby reports such action to the Board.

## TECHNICAL ASSISTANCE FRAMEWORK

Design Summary	Performance Targets	Monitoring Mechanisms	Assumptions and Risks
<p><b>Goal:</b> Improved economic growth and rising incomes through enhanced regional economic cooperation</p>	<ul style="list-style-type: none"> <li>- Increasing regional economic activities in trade and investment</li> <li>- Rising per capita income</li> <li>- Better policy environment for trade and investment</li> <li>- Improved practice</li> </ul>	<ul style="list-style-type: none"> <li>- Regional, national, and sectoral statistics and reports/surveys</li> </ul>	<ul style="list-style-type: none"> <li>- Political stability in the region</li> <li>- Continued governments' commitment to regional economic cooperation</li> </ul>
<p><b>Purposes:</b></p> <ol style="list-style-type: none"> <li>1. Supporting the preparation of priority regional transport projects</li> <li>2. Improvement in trade and investment facilitation</li> <li>3. Supporting efforts towards resolving regional water/energy/environment issues</li> <li>4. Strengthened coordination with participating countries,</li> </ol>	<ul style="list-style-type: none"> <li>- Setting up effective mechanisms for implementing priority regional transport projects</li> <li>- Progress in trade and investment facilitation including customs reforms and cooperation and diagnosis of investment climate</li> <li>- Progress towards implementing priority energy projects</li> <li>- Progress in strategizing ADB's role in regional water/energy/environment issues</li> <li>- Consultation and meetings with participating countries toward the establishment of</li> </ul>	<ul style="list-style-type: none"> <li>- Regional transport working group reports</li> <li>- Action taken by the governments in the region</li> <li>- Regional trade/investment statistics</li> <li>- ADB mission reports</li> <li>- Regional energy project implementation reports</li> <li>- Report of conferences</li> <li>- Report of Asian Development Bank</li> </ul>	<ul style="list-style-type: none"> <li>- Continued government support for and commitment to implementation of priority transport projects</li> <li>- ADB resource constraints in processing new initiatives</li> <li>- Continued government support and commitment</li> <li>- Governments' consensus on and support for the need and timing of</li> </ul>

(Reference in text: page 1, para. 1)

Design Summary	Performance Targets	Monitoring Mechanisms	Assumptions and Risks
<p>other funders, and within ADB</p>	<p>an effective overall coordination mechanism</p> <ul style="list-style-type: none"> <li>- Increased cooperation in forward-programming with major funding agencies</li> <li>- Strengthened coordination within ADB with country programs, projects departments, and resident missions (RMs)</li> </ul>	<p>missions</p> <ul style="list-style-type: none"> <li>- Memorandum of Understanding (MOU) of country programming missions (CPM)</li> <li>- ADB reports (review/processing/consultation missions)</li> <li>- ADB project implementation reports</li> </ul>	<p>establishing the overall institutional framework</p> <ul style="list-style-type: none"> <li>- Governments' capacity to ensure the functioning of the framework</li> <li>- ADB resource constraints on assisting the functioning of the overall framework</li> </ul>
<p><b>Output:</b></p> <ol style="list-style-type: none"> <li>1. Substantive progress in project preparation and implementation</li> <li>2. Improvement in concrete areas of trade and investment facilitation</li> </ol>	<ul style="list-style-type: none"> <li>- Setting up project working groups for priority regional transport projects</li> <li>- Convening of the regional energy workshop</li> <li>- Concrete action plans for improving policy environment for trade and investment, improving key institutions such as the customs</li> <li>- Governments' endorsement of those initiatives at the Ministerial Conference in Urumqi, PRC</li> <li>- Assessment of investment climate and measures recommended to remove impediments</li> </ul>	<ul style="list-style-type: none"> <li>- Fact-finding and technical assistance (TA) reports</li> <li>- ADB missions and RM reports</li> <li>- Action plans in the area of customs modernization and cooperation</li> <li>- Progress reports on conference preparation</li> <li>- Conference reports and proceedings</li> <li>- Reports of ADB missions and RMs</li> </ul>	<ul style="list-style-type: none"> <li>- Continued strong cooperation with concerned governments</li> <li>- No unexpected delay in processing</li> <li>- Continued strong support and active participation of the governments in these initiatives</li> </ul>

Design Summary	Performance Targets	Monitoring Mechanisms	Assumptions and Risks
3. Enhanced overall coordination with participating countries and cooperation through effective overall coordination mechanism	<ul style="list-style-type: none"> <li>- Continued consultation with participating countries</li> <li>- Senior-official meeting in August 2001</li> <li>- Ministerial-level Conference in November in Urumqi, the PRC</li> </ul>	<ul style="list-style-type: none"> <li>- Conference/meeting documents, proceedings, reports</li> <li>- Reports by ADB missions and RMs</li> </ul>	<ul style="list-style-type: none"> <li>- Continued consensus of governments on an effective overall coordination mechanism</li> <li>- Continued active participation of the governments</li> </ul>
4. Strengthened institutional capacity of the Program	<ul style="list-style-type: none"> <li>- Improved planning, programming, and implementation</li> <li>- Enhanced coordination with country desks, RMs, and projects departments within ADB</li> </ul>	<ul style="list-style-type: none"> <li>- Mission and RM reports</li> <li>- Work progress reports</li> <li>- Hiring of competent consultant(s)</li> <li>- Progress reports on strategic review</li> </ul>	<ul style="list-style-type: none"> <li>- Adequate ADB resources to meet increased Program needs</li> <li>- Continued cooperation from the governments</li> <li>- Reports by consultants</li> <li>- Availability of competent consultants</li> </ul>
5. Enhanced coordination and cooperation with other external agencies and other stakeholders	<ul style="list-style-type: none"> <li>- Consultation with major multilateral and bilateral agencies and other organizations</li> <li>- Progress in programming coordination</li> </ul>	<ul style="list-style-type: none"> <li>- Mission reports</li> </ul>	<ul style="list-style-type: none"> <li>- Willingness of other agencies to cooperate</li> </ul>
6. Assessment of Turkmenistan's potential participation in the Program	<ul style="list-style-type: none"> <li>- Consultation with the government and evaluation of Turkmenistan's potential participation in the Program</li> </ul>	<ul style="list-style-type: none"> <li>- ADB CPM's MOU</li> <li>- Mission reports</li> <li>- Evaluation report</li> </ul>	<ul style="list-style-type: none"> <li>- Governments' willingness to cooperate is the key</li> <li>- No delay in selecting and fielding consultant and completion of the report</li> </ul>

Design Summary	Performance Targets	Monitoring Mechanisms	Assumptions and Risks
<p><b>Inputs:</b></p> <p>Staff/consultant time and other resources in the form of</p> <ol style="list-style-type: none"> <li>1. Consultation with governments on policy dialogue, institutional improvement, and project preparation and implementation</li> <li>2. Implementing project preparatory activities such as TA, fact-finding, and others related to developing new initiatives into projects</li> <li>3. Consultation with other external agencies and stakeholders</li> </ol>	<ul style="list-style-type: none"> <li>- Progress towards the establishment of an effective overall coordination mechanism</li> <li>- Convening of the senior official meeting in August</li> <li>- Convening of the workshop on regional energy issues</li> <li>- Setting up of project working groups for priority regional transport projects</li> <li>- Project implementation progress</li> <li>- Consensus with Turkmenistan government on its participation in regional economic cooperation</li> <li>- Understanding and possible agreement reached with other agencies</li> </ul>	<ul style="list-style-type: none"> <li>- Conference/meeting preparation reports</li> <li>- Conference/meeting proceedings and reports</li> <li>- ADB mission reports on consultation, project processing, etc.</li> <li>- ADB mission reports</li> </ul>	<ul style="list-style-type: none"> <li>- Adequate ADB staff and other resources</li> <li>- Continued strong support and active participation of the governments</li> </ul>

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

Item	Foreign Exchange	Local Currency	Total Cost
<b>A. ADB Financing<sup>a</sup></b>			
1. Consultants			
a. Remuneration and Per Diem			
i. International Consultants	360,000	—	360,000
ii. Domestic Consultants	—	144,000	144,000
b. International and Local Travel	72,000	3,000	75,000
2. Conferences/Meetings <sup>b</sup>	180,000	—	180,000
3. Administrative Support			
a. Support staff for Project Secretariat	—	6,000	6,000
b. Publications	20,000	—	20,000
c. Administrative Expenses <sup>c</sup>	20,000	—	20,000
4. Equipment <sup>d</sup>	5,000	—	5,000
5. Contingencies	120,000	20,000	140,000
<b>Subtotal (A)</b>	<b>777,000</b>	<b>173,000</b>	<b>950,000</b>
<b>B. Government Financing</b>			
1. Counterpart Staff	—	24,000	24,000
2. Conferences/Meetings	—	16,000	16,000
3. Reports, Local Communication, and Other Support Services	—	10,000	10,000
<b>Subtotal (B)</b>	<b>—</b>	<b>50,000</b>	<b>50,000</b>
<b>Total</b>	<b>777,000</b>	<b>223,000</b>	<b>1,000,000</b>

ADB = Asian Development Bank; DMC = developing member country

<sup>a</sup> ADB-funded TA program

<sup>b</sup> Involves one ministerial conference, one senior officials' meeting, and two working group meetings planned to be held in the region. This includes airfare, hotel, and subsistence allowances of participants from participating governments.

<sup>c</sup> Includes office supplies, communications, translation, and other miscellaneous expenses.

<sup>d</sup> Includes computer, printer, and software.

## **OUTLINE TERMS OF REFERENCE FOR CONSULTANTS**

1. A team of consultants reporting to the head of the Central Asia Regional Economic Cooperation Unit (CARECU) of the Asian Development Bank (ADB), will be engaged to provide advisory and technical services for the tasks under the Central Asia Regional Economic Cooperation Program (the Program). A total of 12 person-months of international, and 72 person-months of domestic consulting services will be required.

2. Given that the TA will support a range of activities of the Program, some of which are being planned, detailed TOR for specific tasks (paras. 14-18) may be supplemented at a later stage.

### **A. Senior Advisers (international consultants; 4 person-months total)**

3. The responsibilities of the senior advisers will include the following:

- (i) Provide advice on the Program's overall strategy and related operational issues and the implication of Asian Development Bank (ADB) policies on poverty reduction and private sector development for the Program.
- (ii) Help plan, prepare for, and implement conferences and meetings for the Program.
- (iii) Consult with/advise Central Asian governments, as required, on particular issues related to the Program.
- (iv) Help identify and assess possible areas of focus in the Program, taking into consideration technical and economic feasibility, government acceptability, commercial viability, and potential private sector interest and the role of ADB. This includes in particular the broad water/energy/environment issues.

### **B. Trade and Investment Facilitation Specialists**

4. A total of six months of consultant services, divided among four consultants, will be needed in line of the objectives in para. 15. The first three will work as a team on the sector study on customs in Central Asia and their cooperation. The trade facilitation specialist is the team leader and is responsible for the overall satisfactory and timely completion of all tasks.

#### **1. Trade Facilitation Specialist (international consultant; 2 person-months total)**

5. The specialist will have a strong background in the Central Asia region and the policies and operations of customs and border facilities. The specialist's responsibilities will include the following:

- (i) Assist the capacity building specialist in analyzing the defined roles and responsibilities of customs, their capacity to meet these demands, their deliverable outputs, and their impact on trade and investment.
- (ii) Identify the performance constraints within each customs organization as perceived by the trade and transport sectors in each country and the Xinjiang Uygur Autonomous Region, the People's Republic of China through a focused interview program.

- (iii) Examine the current regional cooperation agreements and identify those that contain implications for the provision of customs services and cooperation, noting which have been implemented.
- (iv) Coordinate the investigative study being undertaken by the Information Technology Specialist.
- (v) Produce a draft report describing the situation in each country.
- (vi) Diagnose the common performance constraints with the capacity building specialist, using the “problem tree” methodology to identify the first, second, and third level causes of performance and regional cooperation constraints.
- (vii) Develop national strategies and then regional strategies with the capacity building specialist based on a prioritized ranking system to address each common performance constraint.
- (viii) Confirm proposals for a regional customs cooperation framework.
- (ix) Provide conceptual contents for an ADB assistance program based on the provision of sequential reform modules.
- (x) Produce a draft and the final sector report.

**2. Capacity Building Specialist (international consultant, 2 person-months total)**

6. The capacity building specialist will have a strong background in reform and modernization programs within a customs environment. The specialist's responsibilities will include the following:

- (i) Analyze the defined roles and responsibilities of customs, their capacity to meet these demands, their deliverable outputs, and their impact on trade and investment.
- (ii) Identify the performance constraints within each customs organization in relation to the provision of efficient customs services, in conformity with the standards set by the World Customs Organization (WCO) and the Revised Kyoto Convention.
- (iii) Examine the current cooperation mechanisms between the customs organizations within the region and identify their effectiveness.
- (iv) Diagnose the common performance constraints with the trade facilitation specialist, using the “problem tree” methodology to identify the first, second, and third level causes of performance and regional cooperation constraints.
- (v) Develop national strategies and then regional strategies with the trade facilitation specialist, based on a prioritized ranking system to address each common performance constraint.
- (vi) Propose a regional customs cooperation framework covering the five countries and clearly indicating its remit and operational methodology.
- (vii) Provide conceptual contents for an ADB assistance program based on the provision of sequential reform modules.

**3. Information Technology (IT) Specialist (international consultant; 1 person-month)**

7. The specialist will have a background in computerization in a customs environment in the former Soviet republics. The responsibilities of the specialist will include the following:

- (i) A technical audit of the current use of computerization each customs, including identification of hardware and software.

- (ii) Indicate the current tasks undertaken within customs using computers, and linkages with other ministries.
- (iii) Identify the current on- and off-line networking and data transfer systems between central and regional customs, border posts, and the offices of destination.
- (iv) Assess the skill levels customs and their approved contractors in relation to new technologies and advanced applications.
- (v) Identify technical constraints to performance resulting from computer and communication situations.
- (vi) Diagnose the IT constraints with the capacity building specialist, using the “problem tree” methodology to identify the first, second, and third level causes of performance and regional cooperation constraints.
- (vii) Develop national and then regional IT strategies with the other team specialists.
- (viii) Provide conceptual contents for an ADB assistance program based on the provision of sequential reform modules.

**4. Investment Facilitation Specialist (international consultant; 1 person-month)**

8. The consultant is expected to work in close coordination with the activities under the ongoing TA,<sup>1</sup> which has a component on evaluating private sector development in the Central Asia region. The consultant should take as the point of departure the overview prepared in the ongoing TA, conduct field surveys in the region, focusing on (i) verifying major legal, regulatory, and administrative constraints for domestic and foreign investment; (ii) identifying any new forms of investment impediments in practice and evaluate their relative importance, and (iii) making recommendations regarding improvements in the investment climate.

**C. Development Economist (domestic consultant; 12 person-months)**

9. The development economist will have the following responsibilities:

- (i) Prepare quarterly monitoring reports on the implementation of the Central Asia regional work program, component projects, and related activities. Identify outstanding issues and slippages for the attention of the head of CARECU.
- (ii) Help organize and conduct meetings of the various working groups, including preparing of resource papers, and other follow-up activities.
- (iii) Prepare and maintain a database of relevant indicators for Central Asia.
- (iv) Help prepare project profiles for regional projects.
- (v) Update the Central Asia homepage regularly. Serve as the focal point for monitoring other homepages developed under Central Asian projects. Recommend improvements in the design, content, and linkages of the Central Asia homepage.
- (vi) Help implement CARECU regional technical assistance (RETA), including (a) the monitoring of budget disbursements, consultant recruitment and contract variations; and (b) the procurement of other inputs.

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<sup>1</sup> TA 5968: *A Comparative Assessment of Economic Development in Central Asia*, for \$250,000 approved on 20 December 2000.

- (vii) Assist in editing CARECU documents for publication, and coordinate the translation, if needed, and the printing of these documents.
- (viii) Participate in consultation and monitoring missions to Central Asia.

**D. In-Country Regional Cooperation Specialists (domestic consultants, one in each of the participating countries of Kazakhstan, Kyrgyz Republic, Tajikistan, Uzbekistan and the People's Republic of China; 60 person-months total)**

10. As the Program grows, it is crucial to strengthen the government capacity, the capacity of the RMs, and the coordination among ADB HQ, the governments and the RMs on regional economic cooperation. Placing a local consultant in each of the RMs is essential to this objective, and thus, to the effective implementation of the Program.

11. Each in-country regional cooperation experts will have as her or his primary responsibilities:

- (i) Establish and maintain, through regular, day-to-day contact and consultation, long-term working relationships with key government agencies responsible for regional economic cooperation.
- (ii) Assist in identifying the needs of and implementing capacity building of the government on regional economic cooperation.
- (iii) Ensure the implementation of the regional work program in the country.
- (iv) Help identify and develop potential new areas of the Program.
- (v) Monitor ongoing programs and new initiatives of the government and regional organizations on regional economic cooperation. Identify, evaluate, and recommend potential areas of ADB assistance.
- (vi) Monitor programs of other stakeholders, especially of external funding agencies operating in the country. Identify, evaluate, and recommend potential areas of cooperation.
- (vii) Act as the "focal point" on regional economic cooperation among the government, the resident mission (RM), and the ADB headquarters.
- (viii) Participate in relevant ADB missions.
- (ix) Report on all activities, monthly.
- (x) Perform other ADB-related tasks as assigned by the resident representative (RR), when time allows and provided work relating to regional economic cooperation is given the priority.

**E. Specialist in Central Asia Economies (international consultant, 2 person-months total)**

12. The specialist should have in-depth knowledge of the economies of the region, particularly, that of Turkmenistan. Prior field experience is required. The task is to carry out an initial yet comprehensive study of the potential role of the country in economic cooperation in Central Asia. The study should focus on strategic issues couched in careful analysis of both the opportunities and obstacles of the country, including its present role in any regional arrangements, in the country's historical, social, economic, and political contexts. Based on the analysis, the study should make recommendations regarding Turkmenistan's future participation in the Program.