

## Proposed Project

# Mongolian Customs Modernization Project to Promote Trade

**M**ongolia is an active participating country in the Customs Cooperation Committee<sup>1</sup> under the general framework of the Central Asia Regional Economic Cooperation (CAREC) program. Over the past years, the Government has taken significant efforts to promote trade and improve investment climate through customs modernization initiatives.

In deepening its assistance to Mongolia on trade facilitation, the Asian Development Bank (ADB) is developing a customs modernization project to be funded from its concessional Asian Development Fund resources. This constitutes ADB's fifth loan to support trade facilitation under the CAREC Program, following two loans each to the Kyrgyz Republic and Tajikistan approved in 2002 and 2004.

The proposed project comes under three broad frameworks of the Government's ongoing initiatives: trade facilitation, single electronic window (SEW) for e-government, and good governance. The project will help reinforce ongoing customs legal reforms and business process reengineering in line with the country's recent accession to the Revised Kyoto Convention, and will address critical customs infrastructure bottlenecks in

Mongolia as identified by an ADB-financed study on Customs Modernization Assessment and Strategy. The project will also mark an important step in mainstreaming governance in ADB's operations in Mongolia and complement the World Bank's Governance Assistance Project to reform and modernize tax administration.

The proposed project includes three major components: (i) migration and upgrading of the GAMAS system<sup>2</sup> for customs services and administration, (ii) improvement of infrastructure at selected major customs houses and customs border posts, and (iii) capacity building and institutional linkages.

The first component will provide an electronic processing environment that supports an Internet-enabled system, allow interface with the planned national SEW for e-government, and develop a communications and network infrastructure from the Customs headquarters to border posts. The second component will provide for the installation of technical aids and equipment such as metal detector gates, x-ray machines, surveillance equipment at selected key customs houses/border posts, and apparatuses and devices for enhancing analytical capabilities of customs laboratories.

To ensure project sustainability and country ownership, the third component

will comprise implementation and further updating of reengineered business process, human resource development in relation to the first two components, public-private partnership, promotion of interagency coordination, and support for regional cooperation with neighboring and CAREC countries. The project will also be linked with ongoing initiatives between Mongolia and the People's Republic of China toward a joint customs border control.

The Government of Mongolia has affirmed its strong support for the project and is set to complete it within a 3-year implementing period. The development of a customs information and communication technology master plan, supported by the Government of the Republic of Korea, has already been initiated in parallel with the project design. The project is expected to be submitted for consideration by ADB's Board of Directors at end-2006. ■

<sup>1</sup> The Committee consists of heads of customs administrations of eight participating countries to the CAREC Program and provides overall guidance for regional customs cooperation activities.

<sup>2</sup> Automated information system developed by Mongolia Customs General Administration.

## CAREC Program: Overcoming Barriers

*(continued from page 2)*

region and draw attention to the wide range of investment opportunities.

**Proposed study on economic corridors.** The concept of economic corridors, a potentially useful mechanism to accelerate regional economic cooperation and development, was presented. Economic corridors expand the boundaries of traditional sector-based CAREC projects (e.g., a road project) to include a simultaneous focus on developing associated production,

investment, and trade-related linkages within a well-defined geographic area. A critical requirement for implementing economic corridor initiatives is an effective partnership between the public and private sectors.

**Proposed avian influenza roundtable.** The proposed Central Asia Roundtable Meeting on Avian Influenza Control and Human Influenza Pandemic Preparedness and Response was held on 12–13 June in Almaty. The roundtable aims

to strengthen collaboration and cooperation at the regional level, in line with global initiatives to streamline and strengthen the control of these diseases. The roundtable is led by governments in the region and coordinated by ADB in collaboration with many multilateral and bilateral development partners. The World Bank administers \$500 million on behalf of the international community to assist countries with their response. Azerbaijan, Kyrgyz Republic, and Tajikistan are the initial beneficiaries. ■