



# Kyrgyz Republic: Regional Customs Modernization and Infrastructure Development Project (KGZ)

Project Name	Regional Customs Modernization and Infrastructure Development Project (KGZ)		
Project Number	38177-013		
Country / Economy	Kyrgyz Republic		
Project Status	Closed		
Project Type / Modality of Assistance	Loan		
Source of Funding / Amount	Loan 2113-KGZ: Regional Customs Modernization and Infrastructure Development Project (KGZ)		
	Asian Development Fund		US\$ 7.50 million
Strategic Agendas	Inclusive economic growth Regional integration		
Drivers of Change	Governance and capacity development		
Sector / Subsector	Industry and trade / Trade and services		
Gender	No gender elements		
Description	The objectives of the Project are to (i) improve the efficiency and transparency of customs services and reinforce the ongoing customs legal reforms and simplification of customs procedures; and (ii) facilitate regional trade and promote regional customs cooperation through concerted customs reforms and modernization in the Region.		
Project Rationale and Linkage to Country/Regional Strategy	<p>Since independence in 1991, the Kyrgyz Republic has been in transition to private sector-led and market-oriented economy. Development of an outward-oriented trading environment is an integral part of the transition strategy as this country is highly dependent on international trade. Significant progress has been made in trade liberalization and trade-related policy reforms as evidenced by the Kyrgyz Republic's accession to the World Trade Organization (WTO) in 1998.</p> <p>Progress in trade facilitation is equally significant and has effectively complemented trade policy reforms. Among all the agencies relevant to trade facilitation and border controls, the customs administration is commonly recognized as one of the most important because of its control functions, revenue collection, and prevention of smuggling and drug-trafficking.</p> <p>The Customs Administration of the Kyrgyz Republic is relatively young and have suffered from weak institutional capacity, low efficiency, and poor governance. Recognizing these weaknesses, this country launched comprehensive modernization programs in 2002 to address this most critical bottleneck of trade facilitation.</p> <p>Significant progress has been made since the inception of the reform programs, particularly in legal and institutional reforms, and strengthening of cooperation with the customs administrations of neighboring countries. However, the benefits of customs legal and institutional reforms and reginal customs cooperation initiatives cannot be fully realized, unless there is commensurate development and modernization of customs physical infrastructure to improve efficiency and transparency of customs services. This country do not have adequate information and communications technology (ICT) infrastructure to support automated customs services. The border post conditions are poor because of inadequate budget support.</p> <p>The Project is directly relevant to ADB's strategic objectives. The current country partnership strategy supports the government development agenda, articulated in the country development strategy for 2008-2011, of which the main theme is to contribute to robust and sustainable economic growth and poverty reduction, and the attainment of Millennium Development Goals.</p> <p>In line with the country development strategy, ADB supports four priority areas:</p> <ul style="list-style-type: none"><li>(i) promoting economic management consistent with strong and sustained pro-poor growth;</li><li>(ii) improving governance, promoting effective public administration, and reducing corruption;</li><li>(iii) building sustainable human and social capital; and</li><li>(iv) ensuring environmental sustainability and natural resources management.</li></ul>		
Impact	Promotion of international trade and an enabling environment for private sector development.		
Project Outcome			
Description of Outcome		Improved efficiency and transparency of customs services	
Progress Toward Outcome		Project is closed as scheduled on 31 December 2012. The project has broadly achieved its outcomes.	
Implementation Progress			
Description of Project Outputs		Development of a unified automated information system (UAIS) Border-post Infrastructure development Human resource development and improvement of border interagency cooperation (to support implementation of components 1 and 2)	
Status of Implementation Progress (Outputs, Activities, and Issues)		Achieved Achieved Achieved Achieved Achieved Achieved Achieved Achieved	
Geographical Location		Nation-wide, Tajikistan	
Safeguard Categories			
Environment		C	
Involuntary Resettlement		C	

Summary of Environmental and Social Aspects	
Environmental Aspects	The Project will have no direct negative impacts on water supply, sewerage, energy systems or waste disposal. It is concluded that the environmental impact of the project is minimal and can be kept to acceptable levels by implementing simple mitigation measures where appropriate. Therefore, it is recommended that the project be classified as Environmental Category C and a full environmental impact assessment would not be required.
Involuntary Resettlement	None
Indigenous Peoples	None
Stakeholder Communication, Participation, and Consultation	
During Project Design	Consultation with Government agencies and nongovernment organizations during the implementation of the PPTA.
During Project Implementation	A Project Steering Committee (PSC) has been established to guide the overall direction and coordinate issues related to Project implementation. The PSC serves as an additional mechanism for private sector participation in customs modernization in addition to the Consultative Council where Customs and private sector stakeholders meet regularly to discuss customs related issues and address major non-trade barriers facing traders and their representatives. Members of the PSC will meet two times a year or as needed. To oversee the daily implementation of the Project, a Project Management Office (PMO) was set up within the State Customs Services.

Business Opportunities	
Consulting Services	The Project will finance international and domestic consulting services to assist the PMO in project implementation. The terms of reference for the consultant services include systems analysis and design (technical specifications, hardware and software strategy), systems development/integration, systems implementation, and project management advices. About 20 person-months of international and 45 person-months of domestic consulting services will be required. The consultants will be engaged either as individuals, and/or consulting firm(s) of international consultants with domestic associates to be selected following the quality-and cost-based selection (QCBS) method, in accordance with ADB's Guidelines on the Use of Consultants. The implementing agency and ADB have agreed that most of the consultants will be hired through a firm. Domestic consultants will be selected and engaged in accordance with arrangements satisfactory to ADB. Advance recruitment of consultants will be undertaken in accordance with ADB's Guidelines on the Use of Consultants. The Government was informed that approval of advance action does not commit ADB to finance the Project or to finance the recruitment cost.
Procurement	All services, supplies and equipment to be financed by ADB will be procured in accordance with ADB's Guidelines for Procurement. Equipment and materials for packages valued at \$500,000 or more will be procured through international competitive bidding procedures. Some supply contracts and certain items estimated to cost less than \$500,000 will be procured using international shopping procedures. Minor items of equipment and materials costing at \$100,000 or less will be procured through direct purchase. Civil work contracts estimated at \$1 million equivalent or more will be carried out among pre-qualified contractors using international competitive bidding procedures, while those valued below \$1 million equivalent will be carried out using local competitive bidding procedures acceptable to ADB. Force account will be applied to border-post infrastructure development. The upper limit for a force account works package will be \$50,000.

Responsible ADB Officer	Tentieva, Gulkayr
Responsible ADB Department	Central and West Asia Department
Responsible ADB Division	Kyrgyz Resident Mission
Executing Agencies	Ministry of Finance Hon. Sultan Mederov Public Debt Department Room 500 58 Erkindik Boulevard Bishkek 720040, Kyrgyz Republic

Timetable	
Concept Clearance	25 Nov 2003
Fact Finding	19 Jun 2004 to 24 Jun 2004
MRM	27 Jul 2004
Approval	26 Nov 2004
Last Review Mission	-
PDS Creation Date	14 Dec 2006
Last PDS Update	19 Apr 2013

## Loan 2113-KGZ

Milestones					
Approval	Signing Date	Effectivity Date	Closing		
			Original	Revised	Actual
26 Nov 2004	24 Feb 2005	23 Feb 2006	30 Jun 2010	31 Dec 2012	18 Apr 2013

Financing Plan			Loan Utilization			
	Total (Amount in US\$ million)		Date	ADB	Others	Net Percentage
Project Cost		9.37	Cumulative Contract Awards			
ADB		7.50	17 Jun 2022	7.01	0.00	100%
Counterpart		1.87	Cumulative Disbursements			
Cofinancing		0.00	17 Jun 2022	7.01	0.00	100%

Status of Covenants						
Category	Sector	Safeguards	Social	Financial	Economic	Others

Rating	-	-	-	Satisfactory	-	Satisfactory
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Project Page	<a href="https://www.adb.org/projects/38177-013/main">https://www.adb.org/projects/38177-013/main</a>
Request for Information	<a href="http://www.adb.org/forms/request-information-form?subject=38177-013">http://www.adb.org/forms/request-information-form?subject=38177-013</a>
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