Regional: Trade Facilitation in South Asia

**Project Name**: Trade Facilitation in South Asia

**Project Number**: 47016-001

**Country**: RegionalBangladesh@huatanIndiaMaldivesNepalSri Lanka

**Project Status**: Closed

**Project Type / Modality of Assistance**: Technical Assistance

**Source of Funding / Amount**

<table>
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<tr>
<th>Source of Funding / Amount</th>
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<tr>
<td>TA 8435-REG: Trade Facilitation in South Asia</td>
<td>US$ 1.50 million</td>
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<td>TA 8435-REG: Trade Facilitation in South Asia (Supplementary)</td>
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<td>Technical Assistance Special Fund</td>
<td>US$ 525,000.00</td>
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<td>Regional Cooperation and Integration Fund</td>
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<td>Technical Assistance Special Fund</td>
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**Strategic Agendas**

- Inclusive economic growth
- Regional integration

**Drivers of Change**

- Governance and capacity development
- Partnerships

**Sector / Subsector**

- Industry and trade - Industry and trade sector development - Trade and services
- Transport - Multimodal logistics - Transport policies and institutional development

**Gender Equity and Mainstreaming**

- No gender elements

**Description**

The proposed TA will:

- Support the operationalization of a Customs Subgroup of the SASEC Trade Facilitation Working Group for improved coordination and cooperation among customs officials in the SASEC countries;
- Promote the exchange of experience in, and knowledge on international good practices on, customs reforms and modernization among South Asian countries; and
- Help develop a framework for interface of modern customs administration systems between and among SASEC countries.

The expected impact of the TA is more efficient, transparent, secure and service-oriented processing of cross border trade in South Asia.

The intended outcome of the TA is modern and effective customs administration and/or management in participating countries.

The planned outputs of the TA are as follows:

(i) Output 1: Enhanced cooperation between and among Customs agencies in South Asia
(ii) Output 2: Framework for interface of Customs administration systems in the SASEC countries

**Project Rationale and Linkage to Country/Regional Strategy**

South Asia is among the least economically integrated regions in the world. Only 5.4% of South Asia's trade is intraregional, compared with over 26% in Southeast Asia and 51% in East Asia. Despite progress made since 2005 in facilitating inland and cross-border trade (e.g., time for export was reduced from 35 days in 2007 to 32 days in 2011), key impediments remain, such as (i) large number of documents for border clearance; (ii) lack of streamlined customs and other border procedures; (iii) lack of efficient and modern customs facilities; (iv) lack of harmonized processes across countries; (v) high inspection levels at borders; (vi) needs for multiple transshipments due to limited transit rights; (vii) lack of mutual recognition of product testing certification; (viii) high uncertainty and costs for cargo clearances; (ix) need for well coordinated institutional arrangements for transport and trade facilitation at both national and regional levels; and more. Consequently, border crossings in South Asia are among the most congested in the world. It takes 32.4 days to export from South Asia, compared with 23.1 from East Asia and the Pacific.

Trade facilitation is key to addressing major nonphysical impediments to cross-border movement of goods and people across the South Asia region. It is needed to maximize the benefits of regional transport infrastructure being put in place along priority connectivity corridors in the region.

This TA will focus on improving Customs cooperation in the countries of the South Asia Subregional Economic Cooperation (SASEC) Program, which are carrying out, in varying degrees, reforms to modernize customs management and administration. It will also help build capacity in customs reforms and modernization in Maldives and Sri Lanka. The TA will provide support in the implementation of the SASEC subregional trade facilitation program loan/grant to Bangladesh, Bhutan, and Nepal approved in November 2012. The program loan/grant intends to increase trade, including intraregional trade, of SASEC countries by reducing or removing non-tariff barriers (NTBs), specifically institutional, administrative, and technical barriers to trade in Bangladesh, Bhutan and Nepal. The TA would support the implementation of the program loans through the facilitation of dialogue and information exchange among SASEC countries on modern customs administration along (i) modern and effective customs administration and/or management; and (ii) streamlined and transparent trade processes and procedures. Inefficient customs administrative procedures are considered a major NTB in South Asia.

This TA will build on an ongoing subproject on capacity building for SASEC trade facilitation (TF) being funded by the Australian Agency for International Development, and complement the planned national TA's to Bangladesh, Bhutan, and Nepal to support their respective participation in SASEC trade facilitation activities.

Increased coordination within and between SASEC countries and other South Asian countries is needed to ensure that existing and planned trade facilitation activities will be in line with the strategic priorities of the RCS. This will require the strengthening of capacities on trade facilitation in the participating countries, and a framework for regular consultations and dialogue at the subregional level to plan and coordinate activities as well as to monitor progress.

**Impact**

More efficient, transparent, secure and service-oriented processing of cross border trade in South Asia

**Project Outcome**

**Description of Outcome**

Modern and effective Customs administration and management in participating countries
Progress Toward Outcome

Agreement reached on a work plan for 2014-2015 for the SASEC customs subgroup in customs modernization and harmonization, which is in line with the SASEC Trade Facilitation Strategic Framework endorsed by all member countries in March 2014.

The RETA supports Customs Subcommittee Meetings including:
1. Third SASEC Customs Subcommittee Meeting held on 11-12 March 2015 in Goa, India
2. Fourth SASEC Customs Subcommittee Meeting held on 27-28 October 2015 in Cebu, Philippines
3. Fifth SASEC Customs Subcommittee Meeting held on 25-26 May 2016 in Kurumba, Maldives
4. Sixth SASEC Customs Subcommittee Meeting held on 14-15 June 2017 in Thimpu, Bhutan.

The RETA is also supporting Trade Facilitation initiatives in Maldives, including:
1. National Single Window
2. Risk Management
3. Revised Kyoto Convention

The RETA also worked with UNESCAP in developing the Transport and Trade Facilitation Monitoring Mechanism (TTFMM) for Bangladesh, Bhutan, and Nepal.

Publication on Maldives' National Single Window and Risk Management are in the final stages and will be printed soon.

Implementation Progress

Description of Project Outputs
Enhanced cooperation between and among Customs agencies in South Asia

An interface framework for customs administration systems in SASEC countries identified

Status of Implementation Progress (Outputs, Activities, and Issues)
Organized the SASEC customs subgroup wherein customs officials from the SASEC countries met and discussed their workplan and planned activities, including priority subregional capacity building initiatives.

Subregional workshops on good practices on customs modernization were held for officials of SASEC countries.

Agreement reached among SASEC countries to carry out a feasibility study of electronic exchange of trade related information. A regional workshop to discuss the findings of the study was held on 7-8 April 2016 in New Delhi, India.

ADB-UN ESCAP Workshop to Finalize Feasibility Study on Pilot Implementation of ESCAP Secure Cross-border Transport Model along India-Bhutan Transit Corridor was held on 10-12 December 2014 in Hua Hin, Thailand.

The RETA funded the finalization of the Motor Vehicle Agreement (MVA) of Bangladesh, Bhutan, India, and Nepal. This is in line with the transport facilitation pillar of the SASEC Trade Facilitation Strategic Framework.

Under the RETA a memorandum of intent for cooperation in Customs capacity building was finalized and signed by all the SASEC countries.

Geographical Location
Regional

Summary of Environmental and Social Aspects

Environmental Aspects

Involuntary Resettlement
Indigenous Peoples

Stakeholder Communication, Participation, and Consultation

During Project Design
Customs agencies in the SASEC countries have been closely consulted on the TA design and implementation arrangement. In addition, coordination other stakeholders, including other donor agencies were ensured.

During Project Implementation
Relevant stakeholders are consulted and if necessary are invited to participate during meetings.

Business Opportunities

Consulting Services
The project will require the services of consultants, which will be engaged as individuals:

(i) International trade facilitation specialists (Key Deliverables: Framework for interface of Customs administration systems in the SASEC countries; draft strategy and road map for a feasible process of interface of customs administration systems; draft agreement reached on priority SASEC subregional customs projects or initiatives by 2015; initial agreement to pilot subregional initiatives to promote interface of Customs administration systems by 2015; 2 specialists for a total of 30 person-months)

(ii) Short-term experts/Resource persons (Key Deliverable: International experience on trade facilitation for consultation studies; Inputs: 5 resource persons with total combined inputs of 50 days or 2.27 person-months)

(iii) Domestic Trade Facilitation Coordinating Analyst (Key Deliverable: Progress Monitoring Reports, organization of workshops, meetings, supporting financial and accounting management; Inputs: 24 person-months)

Responsible ADB Officer
Ronald Antonio Q. Butong

Responsible ADB Department
South Asia Department

Responsible ADB Division
Regional Cooperation and Operations Coordination Div, SARD

Executing Agencies
Asian Development Bank
6 ADB Avenue,
Mandaluyong City 1550, Philippines

Timetable

Concept Clearance
14 May 2013
Fact Finding
-
MRM
-
Approval
20 Aug 2013
Last Review Mission
-
Last PDS Update
06 Sep 2018

TA 8435-REG
### Financing Plan/TA Utilization

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<th>Counterpart</th>
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