

DEVELOPMENT COORDINATION

1. The role of development partners in promoting trade facilitation in SASEC is crucial. Development partners can help provide technical expertise, contribute financial support, and assist in capacity-building. Just as SASEC countries need to cooperate closely to effectively reduce or remove non-tariff barriers to trade and investment, so do development partners to ensure that their respective resources are leveraged efficiently and their productive synergies are fostered. The extent of participation of development organizations in trade facilitation varies in SASEC. Below is a summary description of the extent of donor-funded support in the three participating countries of the SASEC trade facilitation program.

2. **Bangladesh.** Bangladesh is receiving support from the International Finance Corporation (IFC) and the European Union (EU) on trade facilitation and other related reforms (see Table 1). The support focused on simplification of documents and procedures, integrating risk management systems in border clearance and inspections, supporting electronic processing and installation of automated systems, including at Land Customs Stations. Through these investments and TA, efficiency of custom operations has been improved in Bangladesh in recent years. One of the main lessons learned from the interventions of international donors for Bangladesh's trade facilitation is the importance to have a strategic framework for trade facilitation in order to keep the trade facilitation support coherent and consistent with internationally accepted standards. In this regard, the Revised Kyoto Convention (RKC) and the SAFE Framework of Standards to Secure and Facilitate Global Trade (SAFE Framework) have become important international conventions that serve as strategic blueprint for custom reforms in Bangladesh. With Bangladesh acceding to the RKC in September 2012, the country has put itself firmly on a committed path to a more effective and efficient trading regime.

Table 1: Donor Support for Trade Facilitation and Related Activities in Bangladesh

SOURCE	AREAS OF ASSISTANCE	SCOPE OF WORK	TIMEFRAME
IFC	Improvement of Customs	South Asia Regional Trade Integration Project (SARTI), which seeks to reduce transaction costs to trade in the South Asia sub region including Bangladesh, Nepal and Eastern Indian states adjoining them (US\$ 3.5 million) Activities include: <ul style="list-style-type: none"> • Simplification of documents and procedures • Integrating risk management systems in border clearance and inspections • Supporting the processing of electronic processing/ automated systems 	July 1, 2012 – June 30, 2015
EU/ NORAD	Trade Development/ Facilitation	Technical assistance for better work and standard (EUR 16,900,000)	2010-2014
EU	Capacity Development	Trade Policy Support Program (EUR 6,665,000)	2011-2015
EU	Enhancing technical standards	Promotion of social and environmental standards (\$4,900,000)	2010-2013

3. **Bhutan.** With the exception of ADB's involvement, there are currently no ongoing investment and TA projects aimed at supporting trade facilitation in Bhutan. Previous projects include a TA in 2000, financed by the EU, and implemented by the United Nations Economic

and Social Development in Asia and the Pacific (UNESCAP), that supported capacity-building activities such as strengthening national capacities for trade negotiations, developing trade policy (drafting the Trade Development Act, export regulations and import regulations), and strengthening the private sector to enable it to participate in regional and international trade. In a subsequent TA, the IFC supported the development of automated licensing procedures. Later, the United Nations Conference on Trade and Development (UNCTAD) and United Nations Industrial Development Organization (UNIDO) provided support to the Bhutan Agriculture and Food Regulatory Authority (BAFRA) and the Bhutan Standards Bureau (BSB) on issues related to standards and quality infrastructure. One of the significant achievements of development partners has been the development of the automated system for import and export licensing which started operating in August 2012. However, these activities have not addressed important areas such as the coordination of different domestic agencies in trade facilitation, the inefficiencies of customs operations especially in the processing of transactions at the land customs stations, and most importantly the transformation of customs from just a revenue collection function to a trade facilitation function

4. **Nepal.** Apart from ADB, Nepal is currently receiving assistance from various development partners in the area of trade facilitation (see Table 2). Other major development partners currently have ongoing or proposed programs include the European Union (EU), the Indian Government, the International Monetary Fund (IMF), IFC, Korea International Cooperation Agency (KOICA), the U.S. Agency for International Development (USAID), and the World Bank. Nepal has also received support in trade facilitation from other development partners in the past. Notable among them is World Bank supported Multimodal Transit and Trade Facilitation Project. A significant portion of donor-funded investments are focused on customs reforms and modernization, improvements in sanitary and phyto-sanitary measures (SPS) and technical barriers to trades (TBTs).

Table 2: Donor Support for Trade Facilitation and Related Activities in Nepal

SOURCE	AREA OF ASSISTANCE	SCOPE OF WORK	TIME FRAME
IMF/Japan TA	Customs Reform management	<ul style="list-style-type: none"> • Provides strategic and policy advice on an ongoing basis and supply implementation support as needed. • Development and monitoring of Strategic Action Plan and annual mini action plans. 	2008-2012
USAID	Nepal Economic Agriculture Trade (NEAT) Project	<ul style="list-style-type: none"> • Study on the restructuring of O & M of DOC. • Support establishment of a modern stakeholder communication system for client service center of DOC. • Customs Valuation System and Harmonized System of Tariff Classification • Build and Strengthen Capacity of Post Clearance Audit (PCA) Office • Simplifications of Customs Transit Procedures and Improvement and Stakeholders Communication • Customs Tariffs and Customs O&M 	2011-2013
KOICA	Customs Modernization	<ul style="list-style-type: none"> • Business process reengineering and Information strategic plan for pilot project, 	2011-2013

SOURCE	AREA OF ASSISTANCE	SCOPE OF WORK	TIME FRAME
	Program	<ul style="list-style-type: none"> • Analysis, design and implementation of an agent module, which will be a portal for document and data distribution, • Analysis, design and implementation of Risk Management System and corresponding engines, • Analysis, design and implementation of Valuation system including a valuation DB, • Analysis, design and implementation of Passenger Clearance System, • Purchase of software for data warehouse, • Capacity building 	
World Bank	North East Sub-Regional Trade and Transport Facilitation Project	<ul style="list-style-type: none"> • Multi-functional Joint Analysis Laboratory for 6 Major Customs and HQ (Kathmandu) • Interagency-coordination and Single Window system Development • Support to develop Human Recourse Management Plan in the context of a new organization structure and personnel 	Pipeline
IFC		<ul style="list-style-type: none"> • Simplification and harmonization of processes and procedures for border clearance between India and Nepal including process reengineering at the various Land Customs Stations of both countries. • Options for implementing best practice border management approaches between India and Nepal including the use of automation, e-processes and risk management for efficient border clearance. • Discussing and pier to pier experience sharing of best practice initiatives that could be introduced to improve efficiency of cargo moving between India and Nepal: 	2011-2015
EU	EU-Nepal WTO Assistance Program (Phase I)	<ul style="list-style-type: none"> • Improvement of sanitary and phyto-sanitary (SPS) measures and reduction of technical barriers to trade (TBT) • WTO Training and Capacity Building 	2008-2011
EU	EU-Nepal WTO Assistance Program (Phase II)	<ul style="list-style-type: none"> • Components to be determined. 	Pipeline