

DEVELOPMENT COORDINATION

A. Major Development Partners: Strategic Foci and Key Activities

1. The Asian Development Bank (ADB) works with many partners in implementing the Central Asia Regional Economic Cooperation (CAREC) Joint Transport and Trade Facilitation Strategy (TTFS). The CAREC trade facilitation program covers (i) customs cooperation, and (ii) integrated trade facilitation focusing on single window development, regional logistics improvement, corridor performance measurement and monitoring, and private sector participation. The main bilateral and multilateral partners in trade facilitation include the European Union, Deutsche Gesellschaft für Internationale Zusammenarbeit (GIZ), Korean International Cooperation Agency (KOICA), National IT Industry Promotion Agency of Korea (NIPA), International Enterprise Singapore, United Nations Development Program (UNDP), United Nations Economic Commission for Europe, United Nations Economic and Social Commission for Asia and the Pacific (UNESCAP), United States Agency for International Development (USAID), World Bank, and World Customs Organization. ADB coordinates closely with these partners to ensure that its assistance does not duplicate their efforts.

2. ADB and UNESCAP published a primer on trade facilitation, *Designing and Implementing Trade Facilitation in Asia and the Pacific*. Regional technical assistance programs funded by GIZ and USAID complement and reinforce CAREC's trade facilitation programs. GIZ has provided sustained support for trade facilitation and regional cooperation in Kazakhstan, Kyrgyz Republic, Tajikistan, and Uzbekistan. To improve the conditions for international and cross-border trade and transit in Kazakhstan, Kyrgyz Republic, and Tajikistan, USAID provided technical assistance focused on trade liberalization, trade facilitation, and customs reform.

3. **Customs modernization.** ADB and the World Bank have invested in modernizing the customs agencies in several CAREC countries. ADB has equipped customs agencies in the Kyrgyz Republic and Tajikistan with automated information systems. The World Bank has also supported the automation of customs agencies in Afghanistan and Kazakhstan. Customs automation is an important building block for national single window (NSW) development.

4. **Border crossing point improvement.** As part of its customs modernization projects in CAREC countries, ADB has invested in upgrading border crossing points (BCPs) in the Kyrgyz Republic and Tajikistan. The European Union-funded Border Management in Central Asia Program, implemented by UNDP, has funded BCP upgrades in Afghanistan, the Kyrgyz Republic, and Tajikistan. The Government of the United States provided cofinancing to upgrade three BCPs in Tajikistan.

5. **Single window facility development.** ADB and its development partners have been actively supporting the development of single window facilities in CAREC countries. ADB has provided the Kyrgyz Republic with initial investments in its single window facility as part of the Investment Climate Improvement Program. The European Union is funding initial investments in Tajikistan's single window facility, and the proposed CAREC Improvement of Border Services Project will make complementary investments to support those made by the European Union. KOICA has committed to fund Uzbekistan's single window development. Terms of reference for NSW development under the proposed project were shared with KOICA to ensure its compatibility with those developed for other CAREC countries. The World Bank is funding initial investments in Kazakhstan's single window. ADB, supported by resource persons from the United Nations Economic Commission for Europe, UNESCAP, World Customs Organization,

and private sector single window operators such as Pan Asian e-commerce Alliance, has conducted a series of training workshops and seminars on single window development for CAREC countries.

6. GIZ and USAID have been particularly active in supporting single window development. In the Kyrgyz Republic, USAID has provided capacity building and funding of equipment and refurbishment at the State Enterprise Single Window Center. GIZ has supported an analysis of administrative barriers to trade and provided technical assistance to the single window working group and the State Enterprise Single Window Center. In coordination with the World Bank, GIZ also provided technical assistance to reduce technical barriers to export through an improved product accreditation and standardization system. In Tajikistan, USAID-funded training for the helpdesk team of the ADB-funded Customs Unified Automated Information System and participated actively in the single window working group developing the single window concept, the single window development plan, and a limited analysis of existing legislation on the use of electronic digital signature and electronic document circulation. GIZ funded preparation of technical specifications of the proposed single window system software, and preliminary business process analysis and training.

Selected Development Partners

Development Partner	Project Name	Duration	Amount (\$ million)
Regional Cooperation and Integration			
ADB	Regional Trade Facilitation and Customs Cooperation Program (Kyrgyz Republic)	2002–2004	15.0
ADB	Regional Trade Facilitation and Customs Cooperation Program (Tajikistan)	2002–2005	10.0
ADB	Regional Customs Modernization and Infrastructure Development Project (Kyrgyz Republic)	2004–2012	7.5
ADB	Regional Customs Modernization and Infrastructure Development Project (Tajikistan)	2004–2011	10.7
ADB	Investment Climate Improvement Program System Support Project (Kyrgyz Republic)	2008–2012	2.9
ADB	Investment Climate Improvement Program, Subprogram 1 (Kyrgyz Republic)	2008	12.5
ADB	Investment Climate Improvement Program, Subprogram 2 (Kyrgyz Republic)	2012	20.0
European Union	Support to the Establishment of the Single Window for Import, Export and Transit Procedures in the Republic of Tajikistan	2011–2014	2.5
European Union and UNDP	Border Management Programme in Central Asia	2002–2014	45.9
GIZ	Support to Regional Cooperation in Central Asia	2006–2014	
USAID	Business Environment Improvement Project	2006–2010	17.0
USAID	Regional Trade Liberalization and Customs Project	2008–2011	5.8

ADB = Asian Development Bank, GIZ = Deutsche Gesellschaft für Internationale Zusammenarbeit, UNDP = United Nations Development Programme, USAID = United States Agency for International Development.

Source: ADB staff research.

B. Institutional Arrangements and Processes for Development Coordination

7. An increasingly effective mechanism for aid coordination is the Asia-Pacific Trade Facilitation Forum, initiated by ADB and UNESCAP in 2009 and convened annually since then. The forum brings together development partners, beneficiaries, and private sector practitioners to exchange information, share experience, and disseminate best practice.

8. The ultimate objective of establishing a mechanism to support regional interoperability of the NSWs of CAREC countries requires close aid coordination. ADB has coordinated closely with the European Union project team during preparation of RIBS to ensure effective and optimum use of investments. It is aimed that ADB investments will complement, reinforce, and sustain European Union investments and GIZ technical assistance. During implementation, the project will closely coordinate with European Union and its contractor engaged to develop system specifications and software solutions for Tajikistan's single window facility.

9. The project team has examined investments made by the aid community and by CAREC countries themselves in the renovation of BCPs to ensure that least-cost solutions are adopted and redundant investments are avoided. Further aid coordination will be essential as pilots of joint customs control are designed and implemented to ensure that the benefits from physical investments are maximized by complementary improvements in border management and administration.

C. Achievements and Issues

10. Sustained support for trade facilitation is a key element in the CAREC 2020 operational strategy adopted by CAREC ministers in November 2011. ADB and its development partners are committed to funding essential investments and providing timely policy and capacity development technical assistance in a coordinated manner to realize CAREC 2020 strategic objectives. A midterm review of the CAREC TTFS in 2013 and implementation action plan will align the strategy with CAREC 2020 and respond to emerging issues.

D. Summary and Recommendations

11 To address the policy environment, within which the proposed project will be implemented, continued cooperation with development partners in the provision of technical assistance to support policy reform is critical. To expand trade regionally and create competition between CAREC corridors to attract transit traffic, further investments in BCPs will be needed along CAREC corridors in other countries. Establishing competitive corridors will help to improve inventory management and contribute to a broad reduction in the cost of transport, which should translate into lower consumer prices and lower inventory carrying costs. Designing and putting into operation a platform for NSWs to share information with one another will maximize the reuse of data provided by traders and aid border managers in refining risk management practices. Continued aid agency collaboration and coordination is imperative to ensure that CAREC countries derive maximum benefit from aid-funded initiatives.