



# Technical Assistance Report

Project Number: 39094  
July 2006

## Support to Trade Facilitation and Capacity Building in the Greater Mekong Subregion (Cofinanced by the Government of the People's Republic of China)

Asian Development Bank

## ABBREVIATIONS

ACMECS	–	Ayeyawaddy–Chao Phraya–Mekong Cooperation Strategy
ADB	–	Asian Development Bank
ASEAN	–	Association of Southeast Asian Nations
GMS	–	Greater Mekong Subregion
ITD	–	International Institute for Trade and Development
PRC	–	People's Republic of China
SFA-TFI	–	strategic framework for action on trade facilitation and investment
SPS	–	sanitary and phytosanitary
TA	–	technical assistance
TBT	–	technical barriers to trade
TFWG	–	trade facilitation working group
WTO	–	World Trade Organization

## TECHNICAL ASSISTANCE CLASSIFICATION

<b>Targeting</b>	–	General intervention
<b>Classification</b>		
<b>Sector</b>	–	Industry and trade
<b>Subsector</b>	–	Trade
<b>Themes</b>	–	Regional cooperation, sustainable economic growth, capacity development
<b>Subthemes</b>	–	Promoting economic efficiency and enabling markets, institutional development

## NOTE

In this report, “\$” refers to US dollars.

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## I. INTRODUCTION

1. The countries in the Greater Mekong Subregion (GMS) are committed to more closely linking both their markets and people, while simultaneously pursuing greater integration into the global economy. The increase in connectivity that has occurred—through transport linkages and infrastructure—has highlighted the importance of complementary measures related to policies and institutions, including trade facilitation, which has emerged as a key element to spur investment and economic growth in the subregion. The People's Republic of China (PRC) proposed formulation of an action plan for trade facilitation and investment, and this was endorsed at the first GMS Summit, held in Phnom Penh, Cambodia, in 2002. The fourth meeting of the GMS Trade Facilitation Working Group (TFWG), held in November 2004, discussed the strategic direction and elements of the action plan, and a request was subsequently made to the Asian Development Bank (ADB) for support in formulating the plan.<sup>1</sup> The resulting Strategic Framework for Action on Trade Facilitation and Investment in the GMS (SFA-TFI) was endorsed at the second GMS Summit, held on 5 July 2005 in Kunming, Yunnan province, PRC. Concomitantly, closer economic relations between GMS economies, and their integration into the global economy, have underscored the importance of strengthening capacity for trade policy making and negotiations. Trade-related capacity building, in the form of institution building, training, and research activities, has received attention globally and at the GMS level. Areas of vital relevance to deeper trade integration include policy and institutional issues related to the treatment of border and behind-border issues, and the development of policy stances and negotiation capacities in relation to the world trading system and free trade agreements.

2. Trade facilitation and capacity building for trade are among the priority thrusts in the regional cooperation strategy and program (RCSP) (2004–2008) for the GMS.<sup>2</sup> Trade facilitation, broadly defined, encompasses customs procedures, trade infrastructure, transportation and trade logistics, and measures designed to facilitate the movement of goods and people. Since its establishment in Thailand in February 2000, the International Institute for Trade and Development (ITD) has strived to enhance the trade-related capacity of developing countries, and GMS countries in particular. ADB is supporting trade facilitation and capacity building in the GMS through provision of regional technical assistance (TA). This TA has two parts: (i) Part 1 focuses on support to implement SFA-TFI, and (ii) Part 2 on capacity building for trade. Management clearance for the TA concept paper was obtained on 21 July 2005 for Part 1. The concept paper for Part 2 was in the RCSP (2004–2008). The TA design and monitoring framework is in Appendix 1.<sup>3</sup>

## II. ISSUES

3. **Need for a Coherent Framework.** In its broadest sense, trade facilitation is part of an overall trade strategy that lowers transaction costs by easing border impediments and addressing logistical issues. The SFA-TFI has identified four priority areas critical to improving trade facilitation: customs procedures, inspection and quarantine, trade logistics, and business mobility.<sup>4</sup> The GMS countries have taken significant steps in trade facilitation, but progress

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<sup>1</sup> ADB. 2005. *Technical Assistance to Support the Development of the Action Plan on Trade and Investment Facilitation in the Greater Mekong Subregion*. Manila (TA 6231-REG, approved on 10 February).

<sup>2</sup> ADB. 2004. *The GMS beyond Borders – Regional Cooperation Strategy and Program 2004-2008*. Manila.

<sup>3</sup> The TA first appeared in ADB Business Opportunities on 18 August 2005.

<sup>4</sup> Issues related to transportation infrastructure and the facilitation of vehicles are covered by the GMS Cross Border Transport Agreement and is supported by a complementary TA: ADB. 2006. *Technical Assistance for Implementation of the Greater Mekong Subregion Cross Border Transport Agreement*. Manila (TA 6307-REG, approved on 6 March).

among them is varied. Because many ongoing and sometimes overlapping activities deal with different aspects of trade facilitation, a holistic approach is needed. Development of the SFA-TFI was a response to the need to introduce a coherent framework. The SFA-TFI takes into account and complements ongoing initiatives. Coordination is important, because individual GMS countries are signatories to many international conventions or agreements, the implementation of which will have long-term implications as the GMS becomes increasingly integrated.

**4. Operational Impediments and Lack of Integrated Response.** In pursuing trade facilitation, GMS countries have made considerable efforts to align their domestic practices with international conventions, but their capacity for implementation varies significantly. To enhance the competitiveness of the subregion, development of physical infrastructure and streamlined border formalities must be matched with parallel development of the trade logistics sector,<sup>5</sup> including service providers. Trade facilitation was often viewed as an industry or sector-specific issue. In the process of formulating the SFA-TFI, commerce and trade ministries from GMS countries, most of which were responsible for coordinating trade facilitation work, took the lead role in coordinating and consulting with various line agencies. The ministries of commerce from Cambodia, PRC, Lao People's Democratic Republic, and Thailand; Ministry of Trade from Viet Nam; and Ministry of Planning and Economic Development from Myanmar have been formally designated as trade facilitation focal points in the GMS, and are thus the leading GMS country representatives participating in the TFWG meetings. They will play a critical role in SFA-TFI implementation, for which their capacity will need to be strengthened.

**5. Lack of Capacity in Trade Policy Making and Application.** Many developing countries, and least-developed countries in particular, lack an understanding of issues related to economic and trade policies and their application, and the mechanisms governing trade integration. With the launching of the Doha development round at the end of 2001, and the intensifying of negotiations, requests for trade-related assistance have increased. Institutions with trade-related expertise (e.g. the World Trade Organization, the United Nations Conference on Trade and Development, and bilateral agencies) have expanded their capacity-building activities over the past 3–4 years, but demand for training and technical support has far exceeded supply. Moreover, a drawback of the training programs and of related activities conducted by international and/or bilateral agencies is their heavy reliance on international experts, which has resulted in local institutional capacity to prepare and deliver international-quality training programs rarely being developed. No institution in the Asian region focusing on GMS is capable of providing a comprehensive and specialized training program on trade issues. In conjunction with and with support from various development partners, ITD has organized and delivered a number of training programs on trade and development. With support from the Government of Thailand, ITD has evolved into an institution with a vision and focus to provide quality training with a distinctive regional focus. It currently has 14 permanent staff, and has sought to establish networks for delivering training programs. ADB provided a small-scale TA to ITD in 2003, and continued support has been requested, with the goal of assisting ITD mature into a credible institution servicing the GMS region.

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<sup>5</sup> In the context of trade facilitation, trade logistics includes warehousing, distribution, information management, and global supply-chain management to plan, implement, and control the efficient and cost-effective flow and storage of raw materials, in-process inventory, finished goods, and related information from the point of origin to the point of consumption.

### III. THE TECHNICAL ASSISTANCE

#### A. Impact and Outcome

6. The TA will promote integration within the GMS and with countries outside the region, by facilitating the movement of goods and people, and by building capacity for development and application of trade-related policy. Part 1 of the TA aims to assist the GMS countries to implement the SFA-TFI by delivering the following outputs: (i) national plans or road maps - time-bound and coordinated at the regional level through the TFWG; (ii) a regional work program for the TFWG for implementing the SFA-TFI; (iii) national institutional mechanisms for coordinating the SFA-TFI, including strengthening of the trade facilitation focal point and core teams;<sup>6</sup> and (iv) identification of capacity-building and training needs, as well as targeted training activities. The TA will explore (i) collaboration and coordination with international organizations; (ii) related initiatives under other regional cooperation programs, such as the Association of Southeast Asian Nations (ASEAN) and the Ayeyawaddy-Chao Phraya-Mekong Cooperation Strategy (ACMECS), and private sector stakeholders.

7. Part 2 of the TA will deliver the following outputs: (i) institutional strengthening of ITD; (ii) development of materials and training modules; (iii) training of regional trainers; (iv) support for the development of networks, information systems, and information dissemination to promote understanding of economic integration issues in the GMS; and (v) enhancement of the capacity of ITD and GMS countries to undertake specific research.

#### B. Methodology and Key Activities

8. Through analysis and targeted training activities, the TA will assist GMS countries improve their capacity for trade facilitation and trade policy formation. The TA will be highly participatory, requiring full support and collaboration from TA counterparts. The outline terms of reference for consulting services are in Appendix 3. Key activities include the following.

##### 1. Part 1: Support to Implement the SFA-TFI

9. **Analytical Work.** For customs procedures, technical regulations and standards, the analysis will (i) focus on identifying and closing gaps between key international standards and the existing situation in each GMS country;<sup>7</sup> and (ii) identify and address laws, regulations, procedures, and forms that can be harmonized across the GMS. The TA will also (i) review the need to construct and implement systems of standards, quality assurance, accreditation, etc. to enhance competitiveness; and (ii) examine the feasibility of mutual recognition and equivalence in World Trade Organization (WTO) Agreements on Sanitary and Phytosanitary (SPS) Measures and Technical Barriers to Trade (TBT), based on experiences in other regions. The TA will also examine steps and procedures that could potentially lead to a GMS business visa, examining the experiences of ASEAN, Asia-Pacific Economic Cooperation, and ACMECS. For trade logistics, the TA will undertake the following activities: (i) identify behind-border logistical impediments; (ii) assess logistics facilities, including but not limited to multimodal facilities

<sup>6</sup> The core teams will include representatives from the (i) customs administration; (ii) standards, quarantine, and inspection authorities; (iii) transport, information and communication technology, and foreign affairs ministries; and (iv) border agencies. They will eventually constitute the SFA-TFI unit mechanism envisaged in the SFA-TFI document.

<sup>7</sup> Such benchmarks include the Revised Kyoto Convention, the World Trade Organization (WTO) Agreements on Customs Valuation, the ASEAN Harmonized Tariff Nomenclature, the WTO Agreements on Sanitary and Phytosanitary (SPS) Measures and Technical Barriers to Trade (TBT), and others deemed necessary.

and/or interchanges, freight distribution centers and container depots, and service providers serving the GMS region; (iii) document supply-chain costs for intra- and inter-regional trade; (iv) determine the critical components in developing the logistics sector; and (v) identify the human resource development needs for the logistics sector.

10. **SFA-TFI Unit Mechanism and Identification of Training Workshops.** The TA will assist the designated trade facilitation focal points in (i) coordinating the processes leading to the formulation of national and regional plans in support of the SFA-TFI, (ii) setting up the mechanism for monitoring and reviewing the progress of those plans, and (iii) advising on the necessary steps within GMS countries for setting up effectively functioning trade facilitation focal points and core teams. This includes coordinating with the national mechanisms established under the cross border transport agreement to ensure that they and SFA-TFI activities are complementary. The TA will review ongoing training and capacity-building programs in the GMS, and propose the most effective approach and method for delivering specialized training on trade facilitation. The TA will organize and design two highly participatory technical training programs for the trade facilitation focal points and core teams to prepare them for the required analytical work, such as gap and needs assessments in the priority areas.

## **2. Part 2: Capacity Building for Trade**

11. Three modules will be developed. Module 1 focuses on trade in goods, addressing tariff negotiations, customs laws (customs valuation, customs classification, and rules of origin), and trade facilitation aspects of trade remedies. Module 2 addresses behind border, trade, and investment issues, including negotiating techniques, and approaches to trade in services and investments liberalization. Lessons and options will be drawn from the General Agreement on Trade in Services, the associated agreements, and the ASEAN framework agreement on services. Module 3 focuses on the drafting of legislation to prepare trade agreements. This will begin with a review of the WTO perspective, and critically examine the relevant agreements in Asia. The modules will follow a standard template to be developed under the TA, and will be supplemented by a series of case studies drawn from the Asian region.

12. Part 2 will fund training programs in testing and delivering the training modules developed under the TA. ADB's Office of Regional Economic Integration, the Economics and Research Department, and the ADB Institute will assist with the planned training activities, as deemed fitting, and whenever possible. The TA will aim to assist ITD and GMS countries in establishing and expanding knowledge networks with local institutions and/or universities, and with international agencies such as the Inter-American Development Bank, the World Bank Institute, the United Nations Economic and Social Commission for Asia and the Pacific, and ArtNet, in addition to ADB's Office of Regional Economic Integration, the Economics and Research Department, and the ADB Institute.

## **C. Cost and Financing**

13. The TA is estimated to cost \$1,490,000 equivalent. Part 1 of the TA estimated at \$890,000 equivalent will be financed on a grant basis by the Government of the PRC providing \$400,000, and ADB providing \$400,000 equivalent from its TA funding program. The participating governments will provide the remaining \$90,000 equivalent in-kind, in the form of counterpart staff, logistics support (e.g. office space for consultants during their visits), local transport, and sharing of training costs when feasible. Part 2 of the TA estimated to cost \$600,000 equivalent will be financed on a grant basis by the Government of the PRC providing \$250,000, and ADB providing \$250,000 from its TA funding program. ITD will provide the

remaining \$100,000 equivalent in-kind, in the form of counterpart staff, logistic support, conference facilities, and training costs sharing. The detailed cost estimates are in Appendix 2.

#### **D. Implementation Arrangements**

14. ADB will be the Executing Agency. ADB's Southeast Asia Department will be responsible for implementation of the TA. Trade facilitation focal points and core teams from GMS countries will be the main counterparts for Part 1. ITD will be the main counterpart for Part 2. Beneficiaries of TA activities under Part 2 will mainly be participants from GMS countries.

15. Part 1 of the TA will be implemented by an international consulting firm. The consultants will be selected and engaged using the quality- and cost-based selection method, and simplified technical proposal procedures, in accordance with ADB's *Guidelines on the Use of Consultants*. The international consultants (input of 15 person-months) will be supported by national consultants (total input of 20 person-months), who may be engaged from any of the GMS countries. The national consultants will be engaged together with the firm. In addition, an international expert with extensive experience in institution building for trade facilitation will be recruited on an individual basis for 4 person-months, to provide timely inputs to the initial phase of implementation, and to assist with overall implementation. Because trade facilitation constitutes an important aspect of regional integration, a regional integration specialist may need to be required at a later stage to develop regional integration road maps, should funds be available.

16. Part 2 will be implemented by a team of four international consultants (input of 10 person-months) and two national consultants (input of 10 person-months), who will be recruited by ADB on an individual basis, as timing for selection and fielding of consultants will vary depending on readiness to prepare and test modules. A pool of regional resource persons (input of 8 person-months) will be identified and trained as regional trainers, and will conduct selected research studies. All consultants and resource persons will be recruited in accordance with ADB's *Guidelines on the Use of Consultants*. Procurement of equipment will follow ADB's *Procurement Guidelines* (2006); equipment and computer software will remain with ITD upon completion of the TA.

17. The TA will be implemented over the duration of 18 months, and will commence in July 2006 and be completed in January 2008. One month after mobilization, the consultant teams under parts 1 and 2 will separately prepare detailed inception reports. Midterm reports will be submitted 9 months after TA commencement, and draft final reports for parts 1 and 2 will be submitted 1 month before completion of the TA. For Part 1, at least two training workshops will be held to target the trade facilitation focal points and core teams, with about 30 officials trained. For Part 2, a total of 10 persons from ITD and the GMS countries who can serve as trainers will be trained, and four training workshops, targeting 80 GMS participants, will be held.

#### **IV. THE PRESIDENT'S DECISION**

18. The President, acting under the authority delegated by the Board, has approved (i) ADB administering a portion of technical assistance not exceeding the equivalent of \$650,000 to be financed on a grant basis by the Government of the People's Republic of China; and (ii) ADB providing the balance not exceeding the equivalent of \$650,000 on a grant basis for Support to Trade Facilitation and Capacity Building in the Greater Mekong Subregion, and hereby reports this action to the Board.

## DESIGN AND MONITORING FRAMEWORK

Design Summary	Performance Targets/Indicators	Data Sources/Reporting Mechanisms	Assumptions and Risks
<p><b>Impact</b></p> <p>Strengthen economic and trade cooperation and promote integration within the Greater Mekong Subregion (GMS), and with countries outside the region</p>	<p>Increase in intra- and inter-regional trade in the GMS</p> <p>Development of trade hubs, logistics centers, and channels for imports and exports to generate growth</p> <p>Neighboring countries' costs and comparative advantages complemented</p> <p>Developments in the Doha development round trade negotiations and in regional forums</p>	<p>Country economic and trade sector reports</p> <p>IMF trade restrictiveness index and direction of trade statistics</p> <p>The World Trade Organization trade policy review for individual members, and relevant publications by other international institutions</p> <p>Diagnostic trade and integration studies (for selected countries in the GMS, where available)</p> <p>Research by national and local research institutions</p>	<p><b>Assumption</b> Firm commitments from the GMS national governments on policy reforms to promote GMS regional cooperation and integration</p> <p><b>Risk</b> Capacity and resources to implement the policy commitments not available</p>
<p><b>Outcome</b></p> <p><b>Part 1:</b> Strategic Framework for Action on Trade Facilitation and Investment (SFA-TFI) implemented</p> <p><b>Part 2:</b> Improved capacity for trade policy-making and application</p>	<p>Reduction in transaction costs</p> <p>Improvement in service delivery speed for intra- and inter-regional trade</p> <p>Sound proposals formulated and tabled during trade negotiations</p> <p>Research papers gained international and regional recognition</p> <p>Regulatory and institutional reforms for trade carried out</p> <p>Growth of private sector in business activities</p>	<p>Intra- and inter-regional trade data and statistics, published by various national, regional, and international research institutions</p> <p>Governments' statistics</p> <p>Survey of trade logistics and freight forwarding companies</p> <p>Trade Facilitation Working Group (TFWG) meetings, and the GMS senior officials meetings</p> <p>Asian Development Bank (ADB) review missions</p> <p>ADB TA review missions</p> <p>Feedback from the GMS countries governments and private sectors</p>	<p><b>Assumption</b> Commitment from the GMS governments in taking SFA-TFI forward</p> <p><b>Risks</b> Governments' failure to agree on national and subregional priority areas for intervention</p> <p>Resources to take SFA-TFI forward not available</p> <p><b>Assumption</b> ITD and GMS countries' participation in the TA activities</p> <p><b>Risk:</b> Knowledge and skills acquired not put into policy-making process</p>

Design Summary	Performance Targets/Indicators	Data Sources/Reporting Mechanisms	Assumptions and Risks
<b>Outputs</b> <b>Part 1</b> 1. National plans or road maps developed 2. A regional work program for implementing the SFA-TFI formulated 3. National institutional mechanisms for coordinating the SFA-TFI established 4. Capacity building and training needs identified, and targeted training activities delivered.	Analytical reports covering the priority areas prepared Trade facilitation focal points and core teams trained, and working closely with the consultant team in undertaking the required analysis Specialized training programs and approaches for teaming-up with other agencies identified Key training programs designed and organized	Regular reports from the consultants Regular feedback on TA activities from TA counterparts in the GMS countries Feedback from participants on quality of the training and capacity-building workshops TFWG meetings ADB review missions	<b>Assumptions</b> Provision by governments of relevant information and data. Full support for and participation of the GMS counterparts in activities under the TA <b>Risks</b> Close coordination not maintained within ADB Close coordination not maintained among the GMS countries Close coordination and collaboration with other international and bilateral agencies not explored and maintained
<b>Part 2</b> 1. ITD strengthened 2. Material and training modules for GMS countries developed.	Key ITD staff trained to maintain and update the modules ITD management equipped with medium- and long-term vision and recommendations on outreaching Research capacity of ITD strengthened Three sets of modules developed and tested addressing (i) trade in goods, (ii) behind border issues – services and investment aspects, and (iii) drafting of	TA consultants' reports Post-training feedback from participants ADB review missions	<b>Assumptions</b> Effective coordination among various Thai government agencies, research institutions, and continuous support from the Royal Thai Government in developing ITD as a regional center for excellence ITD firmly commits to develop itself into a viable institution for training and research activities <b>Risk</b> ITD unable to meet the challenges <b>Assumptions</b> Lead international consultants, who have established core competence in the areas identified under the TA, engaged. High-quality national

Design Summary	Performance Targets/Indicators	Data Sources/Reporting Mechanisms	Assumptions and Risks
3. Regional trainers trained.	<p>legislation</p> <p>The interactive nature of the training modules tested</p> <p>10 people from the GMS countries and ITD trained who can serve as potential trainers for the modules</p> <p>80 participants attend the TA training activities and workshops</p>		<p>consultants and regional resource persons identified and engaged</p> <p><b>Risk</b> No suitable candidates found</p> <p><b>Assumptions</b> Regional trainers identified, trained and retained by ITD for training activities when TA is completed, and for conducting research topics</p> <p>Competent ITD staff trained</p> <p><b>Risks</b> ITD unable to retain regional trainers to conduct training</p> <p>ITD staff unable to periodically update and therefore maintain the relevance of the modules</p> <p>Participants from the GMS countries who are trained cannot apply the knowledge and skills in their work</p>
4) Strengthened networks, information systems and information dissemination, for (i) the modules, and (ii) to promote understanding of economic integration issues in GMS	Networking in place to deliver research and training for the countries in the Asia region, and in particular the GMS		<p><b>Assumption</b> Network and information system in place is effective</p>
5) Enhanced capacity of ITD and GMS countries to undertake specific research topics	At least 3 research topics are undertaken, and published		<p><b>Assumption</b> Research topics identified are of high relevance</p>
<b>Activities with Milestones</b>			<b>Inputs</b>
<b>Part 1</b>			<b>ADB: \$400,000</b>
1.1	Prepare technical reports on gap and needs analysis for (i) customs, technical regulations and standards (quarantine and inspection); (ii) "behind-borders" logistical impediments and logistics assessment in the GMS; and (iii) business mobility (within first six months after TA consultants' mobilization).		<b>Government of the People's Republic of China</b>
2.1	Assist in establishing the SFA-TFI unit mechanisms (throughout TA implementation period)		\$400,000 equivalent
			Consultants (15 person-months international consultants' inputs; 20

Activities with Milestones	Inputs
<p>2.2 Assist in monitoring, reviewing and setting up the framework for evaluating the SFA-TFI (throughout TA implementation period)</p> <p>3.1 Identify trade facilitation training and capacity needs (within first six months after TA consultants' mobilization)</p> <p>3.2 Deliver key training and capacity-building programs to GMS trade facilitation focal points and core teams, on gap and needs analysis, and key technical findings by the team of consultants (throughout TA implementation period)</p> <p>3.3 Assist in preparing and conducting TFWG meeting by providing the needed technical inputs (prior to and in conjunction with the TFWG meetings)</p>	<p>person-months national consultants' input from the international consulting firm and 4 person-months individual international consultants' input).</p> <p>Financing of training workshops</p> <p>Review missions</p> <p><b>GMS Governments:</b> \$90,000 equivalent</p> <p>Counterpart staff support from trade facilitation focal points and core teams</p> <p>Participation by trade facilitation focal points and core teams in training and workshops</p> <p>Contributions to training and workshops</p> <p>Logistic support such as office space for consultants during field visits</p>
<b>Part 2</b>	<p><b>ADB:</b> \$250,000</p> <p><b>Government of the People's Republic of China</b> \$250,000 equivalent</p> <p>Consultants (10 person-months international consultants' inputs; 10 person-months national consultants' input from the international consulting firm and 8 person-months regional resource persons' input).</p> <p>Financing of training workshops</p> <p>Review missions</p> <p><b>ITD:</b> \$100,000 equivalent</p> <p>Counterpart staff support</p> <p>Retention of regional trainers</p> <p>Contributions to training and workshops</p> <p>Logistical support such as office space for consultants during field visits</p>
<p>1.1 Prepare three sets of training modules (to be completed within first 9 months after TA consultants' mobilization)</p> <p>2.1 Training of trainers (to be carried out immediately upon completion of the draft module, and during TA implementation period)</p> <p>3.1 Deliver key training and capacity-building programs (throughout TA implementation period)</p> <p>4.1 Building of networks with international agencies, and research institutes (throughout TA implementation period)</p> <p>5.1 Undertaking and supervision of research (throughout TA implementation period)</p>	

**COST ESTIMATES AND FINANCING PLAN**  
(\$'000)

Item	Total Cost
<b>Part 1</b>	
<b>A. Government of the People's Republic of China (PRC) Financing<sup>a</sup></b>	
1. Consultants (Remuneration and Per Diem)	
a. International Consultants	210.0
b. National Consultants	80.0
2. Training, Seminars, and Conferences	100.0
3. Miscellaneous Administration and Support Costs	10.0
<b>Subtotal (A)</b>	<b>400.0</b>
<b>B. Asian Development Bank (ADB) Financing<sup>b</sup></b>	
1. Consultants	
a. Consultants (Remuneration and Per Diem)	
i. International Consultants	170.0
ii. International and Local Travel	120.0
iii. Reports and Communications	10.0
2. Contingencies	100.0
<b>Subtotal (B)</b>	<b>400.0</b>
<b>C. Greater Mekong Subregion Governments Financing<sup>c</sup></b>	
1. Office Accommodation and Transport	45.0
2. Remuneration and Per Diem of Counterpart Staff	45.0
3. Others	0.0
<b>Subtotal (C)</b>	<b>90.0</b>
<b>Subtotal (Part 1)</b>	<b>890.0</b>
<b>Part 2</b>	
<b>A. Government of the PRC Financing<sup>a</sup></b>	
1. Consultants (Remuneration and Per Diem)	
a. International Consultants	100.0
b. Regional Resource Persons	50.0
2. Training, Seminars, and Conferences	100.0
<b>Subtotal (A)</b>	<b>250.0</b>
<b>B. ADB Financing<sup>b</sup></b>	
1. Consultants (Remuneration and Per Diem)	
a. International Consultants	100.0
b. National Consultants	40.0
c. International and Local Travel	50.0
2. Equipment and Computer Software for e-Learning <sup>d</sup>	30.0
3. Contingencies	30.0
<b>Subtotal (B)</b>	<b>250.0</b>

Item	Total Cost
<b>C. The International Institute for Trade and Development, Thailand</b>	
<b>Financing</b>	
1. Office, Accommodation, Utilities, and Transport	50.0
2. Remuneration and per Diem of Counterpart Staff	10.0
3. Workshops	40.0
<b>Subtotal (C )</b>	<b>100.0</b>
<b>Subtotal (Part 2)</b>	<b>600.0</b>
<b>Total</b>	<b>1,490.0</b>

<sup>a</sup> Administered by ADB.

<sup>b</sup> Financed by ADB's technical assistance funding program.

<sup>c</sup> From the governments of Cambodia, People's Republic of China, Lao People's Democratic Republic, Myanmar, Thailand, and Viet Nam.

<sup>d</sup> This includes audio and/or video equipment to develop e-learning system, two notebook computers, two printers, and software for e-learning content development and training database development and library management.

Source: ADB estimates.

## OUTLINE TERMS OF REFERENCE

### A. Part 1: Support to Implement SFA-TFI

1. A consulting firm will be engaged to provide technical services for a total of 35 person-months of consulting services (15 person-months of international consultants' inputs, and 20 person-months of national consultants' inputs). Four person-months of individual consultants' inputs will also be required. The consultants will report to the Asian Development Bank's (ADB) task manager for the Project. The indicative time allocation and outline terms of reference follow.

#### 1. International Consultants

##### a. Trade Facilitation Expert/Team Leader (6 person-months)

2. As team leader, the expert will be responsible for (i) coordinating the activities of the team, and assuring the quality of all project deliverables; (ii) coordinating and preparing reports (i.e., inception report, midterm report, final report, and various sector reports) to be submitted to ADB; and (iii) organizing the various training and capacity-building activities. As trade facilitation expert, the expert will have profound knowledge of and experience with trade facilitation issues, particularly trade and transport logistics development, trade infrastructure development, and business mobility; and have experience in developing trade infrastructure/logistics support projects/programs. In particular, the expert will undertake the following tasks.

- (i) Examine key elements of trade facilitation (such as customs, clearing and forwarding, insurance, port services, etc.) pertaining to the Greater Mekong Subregion (GMS) countries, in relation to transportation (domestic and international, road, rail, ship, and air).
- (ii) Review logistics development in GMS countries and the subregion and identify behind-border logistical impediments in the GMS.<sup>1</sup>
- (iii) Document supply-chain costs for intra- and inter-regional trade, making use of existing work in this area. Make recommendations regarding a possible legal, regulatory, and operational framework, and identify possible routes, centers, and options for further trade logistics development.
- (iv) Determine critical components in logistics sector development.
- (v) Identify human resource development needs for the logistics sector.
- (vi) Coordinate with the team of consultants to identify, organize, and deliver targeted training programs to assist the strategic framework for action on trade facilitation and investment (SFA-TFI) unit mechanism in fulfilling its responsibility. The team leader will explore the options to work closely with other agencies and associations, such as the United Nations Economic and Social Commission for Asia and the Pacific, the Association of Southeast Asian Nations (ASEAN), World Customs Organization, World Trade Organization (WTO), World Bank, and various bilateral agencies.

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<sup>1</sup> Assess logistics facilities, including but not limited to multimodal facilities/interchanges, freight distribution centers and container depots and service providers, along the economic corridors, or at airports and seaports. The expert should be able to draw on and synthesize the findings of ADB's existing analytical work and project experiences. (e.g., ongoing work to support implementation of the Cross Border Transport Agreement, the Transport Sector Study, investment studies along the economic corridors, etc.), and that of other agencies.

- (vii) Analyze detailed issues with regard to business mobility; propose options to link the issue of business mobility effectively with initiatives in other forums such as the GMS visa scheme under discussion by ACMECS, ASEAN, and Asia-Pacific Economic Cooperation (APEC) initiatives. Advise GMS countries on steps that are needed to move this forward.
- (viii) Propose potential trade facilitation and logistics support projects for further examination and consideration by GMS countries, and for discussion at Trade Facilitation Working Group (TFWG) meetings.
- (ix) Participate in TFWG meetings as a technical expert, and present fieldwork findings.

**b. Customs Expert (4 person-months)**

3. The expert will perform the following tasks.

- (i) Undertake analytical work to (a) identify gaps between key international standards (e.g., the Revised Kyoto Convention; the WTO Agreements on Customs Valuation, and Rules of Origin; the ASEAN Harmonized Tariff Nomenclature) and the existing situation in each GMS member country; and (b) to identify laws, regulations, procedures and forms that can be harmonized across the GMS.
- (ii) Examine the feasibility (through supply and demand analysis using qualitative and quantitative tools) of introducing post-clearance and/or post-release controls, and associated simplified import/export procedures, based on sound risk management principles within GMS customs administrations.
- (iii) Train key counterparts in GMS countries to assess gaps and needs in customs procedures, and assist GMS countries in preparing customs-related national plans.
- (iv) Advise on development of a multimedia GMS customs information platform that enables timely access to information by trade operators and the public, both within GMS countries and externally.
- (v) Assist the team leader in preparing the various reports required under the TA.
- (vi) Propose concrete projects.
- (vii) Participate in TFWG meetings as a technical expert.

**c. Inspection and Quarantine Expert (5 person-months)**

4. The expert will perform the following tasks.

- (i) Survey the needs of GMS countries in the area of technical regulations and standards.
- (ii) Identify legislative, regulatory, and procedural gaps between regulations and standards set out in the WTO Sanitary and Phytosanitary (SPS) Measures and Technical Barriers to Trade (TBT) agreements and the existing situation in each GMS country. Identify laws, regulations, procedures, forms and formats that can be harmonized across the GMS.
- (iii) Review the need to construct and implement systems of standards, quality assurance, accreditation, etc.; and examine the feasibility of mutual recognition and equivalence in SPS measures and TBT, based on the experience of other regions.

- (iv) Train key counterparts in GMS countries to assess the gaps and needs in technical regulations and standards, and to assist GMS countries in preparing national standards plans.
- (v) Advise on development of multimedia GMS information platforms for inspection and quarantine measures, technical standards and quality-related matters.
- (vi) Assist the team leader in preparing the various reports required under the TA.
- (vii) Propose concrete projects.
- (viii) Participate in TFWG meetings as a technical expert.

## **2. National Consultants**

5. National consultants (inputs totaling 20 person-months) may be engaged from any of the GMS countries. They will (i) provide information and data from local sources including laws, rules, and regulations, and administrative practices; (ii) liaise with TA counterparts in GMS countries on TA activities; (iii) assist the international consultant team with field visits, including arranging meetings with relevant agencies and stakeholders; and (iv) assist the international consultants to organize the needed training workshops, and serve as resources persons.

## **3. Institutional Specialist for Trade Facilitation and Regional Cooperation Programs** (international, 4 person-months)

6. The expert will be recruited on an individual basis to undertake the following tasks.
- (i) Determine how institutional strengthening of trade facilitation focal points and core teams can be carried out. Advise on needed actions by GMS countries to establish and ensure successful operation of the SFA-TFI unit mechanism.
  - (ii) Assist in overall implementation of the TA to ensure proper linkages are established between SFA-TFI initiatives and other relevant initiatives
  - (iii) Identify and conduct training on institutional matters for trade facilitation.
  - (iv) Work with the team to prepare analytical reports and assist in TFWG works.
  - (v) Participate in TFWG meetings as a technical expert.

## **B. Part 2: Capacity Building for Trade**

7. Four international consultants (inputs totaling 10 person-months) and two national consultants (inputs totaling 10 person-months) will be recruited on an individual basis to work intermittently. Within the scope of the outline TOR, the team will have flexibility in making adjustments to the individual modules described in this TA report. All modules developed will apply a multi-disciplinary approach that combines both economics and law, and aims to provide hands-on training suitable for use by policy makers, practitioners, and private sector representatives in the Asian region, with a focus on the GMS. The indicative person-month allocation is as follows.

### **1. International Consultants**

#### **a. Institutional Specialist/Team Leader** (2 person-months)

8. The expert will perform the following tasks:
- (i) Review ITD's existing business and financial plan, and advise the management of ITD regarding (a) functioning effectively as a regional center for excellence,

and (b) strengthening the institutional structure. Identify regional trainers, upon whom ITD could draw for future activities.

- (ii) Advise the ITD management team on strengthening systematic networking and establishing linkages with established institutes or universities, both within Thailand, and in GMS countries.<sup>2</sup>
- (iii) With the support of the other international consultants, organize and/or prepare the training modules developed under the TA, including ensuring the interactive nature of the modules, and their suitability for e-learning. Explore the potential for ITD to target private sector participants.
- (iv) Take responsibility for the various reports to be submitted under the TA (an inception report, which outlines the detailed work plan, time schedule, and TA inputs and outputs; a mid-term report that includes all the modules and/or draft modules; and a final report one month before completion of the TA).
- (v) Design, arrange and serve as resource person for the training workshops.

**b. Expert on Trade in Services and Investment Issues (4 person-months)**

9. The expert will perform the following tasks.

- (i) Develop a standard template for all modules that (a) is user friendly (b) uses a step-by-step approach, (c) is GMS focused, and (d) can be used for interactive learning and for targeting GMS participants from both the public and the private sectors. This expert should have profound experience in and knowledge of the development of specialized trade training modules for both face-to-face and distance learning. The expert should be familiar with the various training modules developed by the WTO, the United Nations Conference on Trade and Development, the Inter American Development Bank, the World Bank Institute, and and/or or any other training modules deemed relevant.
- (ii) Develop a comprehensive module on behind border issues - services and investment aspects. It should cover negotiating skills, approaches to liberalization of trade in services, the main individual services sectors under the WTO negotiations, and investment issues. The General Agreement on Trade in Services, associated agreements, and the ASEAN framework agreement on services should be examined in order to draw lessons and present options. These should be supplemented by selected country studies to ensure interactive learning.
- (iii) In conjunction with the team leader and team members, deliver training to ensure knowledge transfer, and enable periodic update of the module.
- (iv) Supervise targeted research.

**c. Expert on WTO Economics, and Trade in Goods (3 person-months)**

10. The expert will perform the following tasks.

- (i) Develop a comprehensive module on trade in goods, which reflects the economic history, theory, and application behind the current multilateral trade negotiations; individual agreements should be used as examples, when appropriate and

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<sup>2</sup> Linkages with other international organizations and ongoing initiatives, such as the Asia-Pacific Research and Trading Network (ARTNet), initiated by the United Nations Economic and Social Commission for Asia and the Pacific, and the Mekong Institute at Khon Kaen, will be maintained.

feasible. The module should pay particular attention to tariff negotiations, customs laws, and trade facilitation aspects of trade remedies. It should take a step-by-step approach that leads to systematic understanding of the issues, focusing on current issues facing GMS countries and the larger Asian region, and presenting options that address implementation problems.

- (ii) In conjunction with the team leader and team members, deliver training to ensure knowledge transfer.
- (iii) Supervise empirical and policy-oriented practical research in the area of WTO economics and the implications for GMS countries.

**d. Expert on Trade Law (1 person-month)**

11. The expert should perform the following tasks:

- (i) Develop a focused module that uses a step-by-step approach and broadly illustrates the evolution in and understanding and application of WTO law, including the WTO anti-dumping law, the countervailing duty action, and the trade remedy mechanism. Emphasis should be on drafting and implementing legislation critical to dispute settlement, and use should be made of case studies (e.g. the anti-dumping legislation in Vietnam, the rules of origin difficulties in the ASEAN–PRC free trade area, and the Cambodian customs code).
- (ii) In conjunction with the team leader and team members, deliver training to ensure knowledge transfer.
- (iii) Supervise targeted research by ITD staff and regional resource persons and/or regional participants in the areas of trade remedies.

**2. National Consultants (10 person-months)**

12. Two national consultants in the areas of trade economics and law will together (i) assist the international experts develop the modules, (ii) introduce regional and country perspectives, and (iii) provide and research needed economic data and information to carry out the case studies. Experience is required in (i) international trade negotiations, (ii) regional and bilateral free trade agreements, (iii) specific trade issues in the areas of market access for goods and services, and (iv) investment. The ability to undertake empirical studies and policy-oriented research, and to design and deliver training activities, is also required. They will be working with the international consultants as an integral part of the TA team, and their outputs will be defined in-line with the module development process.

**3. Regional Resource Persons**

13. Following the recommendations of the consultant team, a pool of regional resource persons will be identified to (i) receive training for the specific modules developed under the TA; (ii) conduct research under supervision of the international experts; and/or (iii) participate as trainers to conduct training to disseminate the modules developed. A budget for engaging regional resource persons to support activities to be carried out under the TA is included. The resources persons can be from both the public and private sector, and will serve as ITD's external network of resource persons. Areas of competence for the regional resource persons include WTO economics and/or law, and regional free trade agreements, with expertise in a specific area, such as trade in goods, services, investment, intellectual property rights, dispute settlement, etc.