

ASIAN DEVELOPMENT BANK

TAR:OTH 37009

**TECHNICAL ASSISTANCE
FOR
SUBREGIONAL ECONOMIC COOPERATION IN
SOUTH AND CENTRAL ASIA**

December 2003

ABBREVIATIONS

ADB	–	Asian Development Bank
BTOR	–	Back-to-office reports
CARs	–	Central Asian republics
CAREC	–	Central Asian Regional Economic Cooperation
CSATTF	–	Central and South Asia Transport and Trade Forum
ECO	–	Economic Cooperation Organization
ECRD	–	East and Central Asia Department
GMS	–	Greater Mekong Subregion
NTTFC	–	National Transportation and Trade Facilities Committee
SARD	–	South Asia Department
SASEC	–	South Asia Subregional Economic Cooperation
SSTA	–	small-scale technical assistance
TA	–	technical assistance
TAP	–	Turkmenistan-Afghanistan-Pakistan Natural Gas Pipeline Project

NOTE

In this report, "\$" refers to US dollars.

I. INTRODUCTION

1. Mandated by its Charter, the Asian Development Bank (ADB) has played a catalytic role in promoting regional/ subregional cooperation by launching and fostering initiatives in Asia and the Pacific. ADB's experience in regional/subregional cooperation has shown that, in addition to the economic benefits derived from such cooperation, cooperative dialogue and sustained cooperation among neighboring countries builds interdependence and mutual trust. Regional cooperation is a vital investment in maintaining peace and security, which in turn are necessary conditions for sustaining economic growth and development.

2. Recent progress toward peace in Afghanistan has opened up an opportunity for economic cooperation among countries in South and Central Asia. A peaceful and stable Afghanistan offers the possibility of a southern route from these countries to the Arabian Sea, through the corridors of Afghanistan-Pakistan and Afghanistan-Iran. The need of landlocked countries with limited domestic markets, like Afghanistan and its neighboring countries in Central Asia, to access warm water seaports, as well as other potential economic benefits, argues strongly in favor of economic cooperation among these countries.

3. Afghanistan, Pakistan, Tajikistan, Uzbekistan, and Iran¹ participated in the ADB-hosted First Ministerial Conference on Transport and Trade in Central and South Asia, held in Manila on 31 July–1 August 2003. All these countries confirmed their interest in subregional economic cooperation, focusing on transport and trade through the North-South Corridor² and the East-West Corridor³. These countries agreed to establish the Central and South Asia Transport and Trade Forum (CSATTF) as the instrument to facilitate transport connectivity and trade in the subregion and signed a Protocol (Appendix 1) to further promote such cooperation.

II. ISSUES

4. **Lessons Learned from ADB-assisted Regional/Subregional Cooperation.** Regional cooperation is one of ADB's key policies in pursuing its overarching goal of poverty reduction. Among ADB's extensive experiences in regional cooperation, the Greater Mekong Subregional (GMS) cooperation program is the most successful. Under the GMS program, ADB has played a facilitating role in bringing the participating countries together to develop and promote subregional cooperation. More than 100 cross-border projects have been identified in various sectors and several of these have been implemented, others are under processing or are being implemented. Other major ADB subregional initiatives include the Central Asian Regional Economic Cooperation (CAREC) program initiated in 1997 among Azerbaijan, People's Republic of China, Kazakhstan, Kyrgyz Republic, Mongolia, Tajikistan and Uzbekistan; and the South Asia Subregional Economic Cooperation (SASEC) program started in 2001 among Bangladesh, Bhutan, India and Nepal.

5. The major lessons learned from such ADB-assisted initiatives are that (i) economic cooperation should be based on commonalities in economic, political, historical, cultural, and social conditions; (ii) strong political will and long-term commitment of participating countries are key to moving forward such cooperation; and (iii) cooperation should be determined by economic imperatives reflected by the benefits of concrete subregional investment projects. The grouping of the various countries will be based on common economic interest of these projects.

¹ Turkmenistan was invited but did not send representatives to the Conference.

² Connecting Tajikistan, Turkmenistan and Uzbekistan through Afghanistan and Pakistan to the ports of Karachi, Port Qasim and Gwadar.

³ Connecting Tajikistan, Turkmenistan and Uzbekistan through Afghanistan and Iran to the ports of Chabahar and Bandar-e-Abbas.

6. **Ongoing Economic Cooperation in South and Central Asia.** The Economic Cooperation Organization (ECO), established in 1985 by Iran, Pakistan, and Turkey, was expanded in 1992 to include Afghanistan, Azerbaijan, Kazakhstan, Kyrgyz Republic, Tajikistan, Turkmenistan and Uzbekistan. The key objective was to promote sustainable socioeconomic development of the participating countries. Despite a number of agreements to facilitate trade among the member countries⁴ of ECO, intra-regional trade is only about 4% of the total ECO trade. The lack of success in promoting trade among the participating countries is a result of the presence of nontrade barriers as well as a less than full commitment of some of the concerned countries to regional cooperation. ECO is a diverse group of countries, including many landlocked countries that differ widely in geographical size and level of economic development. For example, Afghanistan and many countries in Central Asia have relatively low per capita incomes, compared with Iran and Turkey. Turkey also aspires to join the European Union and is thus giving ECO's initiatives relatively a lower priority.

7. The Turkmenistan-Afghanistan-Pakistan Gas Pipeline Project (TAP Project) is a project specific subregional economic cooperation that ADB has been assisting.⁵ The objective is to transport up to 30 billion cubic meters of natural gas from the Dauletabad fields in Turkmenistan to consumers in Afghanistan, Pakistan, and possibly in India, by constructing a 1,600km gas pipeline. The TAP Project is serving as a vehicle for facilitating cooperative dialogue and actions by major countries in the subregion. ADB's role is that of a facilitator, and complex technical, economic and political issues are being addressed to move the TAP Project forward.

8. **Possible Economic Cooperation in South and Central Asia.** At the request of the Government of Afghanistan, ADB implemented a small-scale technical assistance (SSTA) in 2003 to provide an analytical and empirical basis for identifying the regional economic cooperation potential for Afghanistan.⁶ The SSTA has shown that regional economic cooperation is essential for Afghanistan's economic and social development. Because Afghanistan is a landlocked country with a small population, regional cooperation will help it gain access to seaports and to larger markets in the subregion and the rest of the world. Viewing Afghanistan's reconstruction in a regional context, peace, stability, and prosperity in Afghanistan could be a catalyst for closer bonds between it and its neighbors such as Pakistan and Iran, and between these countries and the Central Asian republics (CARs).

9. A similar SSTA, exploring Pakistan's regional economic cooperation potential has been completed.⁷ Pakistan provides a cost-efficient way of linking Afghanistan and the countries of Central Asia with markets in Asia and beyond by providing a shorter route to the Karachi port or the newly developing port in Gwadar. Pakistan is also Afghanistan's main trading partner and Afghanistan's reexports to Pakistan through unofficial channels form an important component of total trade. The SSTA suggests that in view of complementarities and political considerations, an economic cooperation grouping involving Pakistan, Afghanistan and some neighboring countries in South and Central Asia should be considered to promote rapid growth of intraregional trade as well as trade with the rest of the world.

10. Three CARs, namely, Tajikistan, Turkmenistan, and Uzbekistan share borders with Afghanistan. They are endowed with rich natural resources and produce good quality cotton. The three countries are all landlocked and their trade is conducted mainly by rails and roads, and

⁴ These include: the Framework Agreement for Trade Cooperation that granted preferential treatment to the member countries; the ECO Transit Trade Agreement; and ECO Transit Transport Framework Agreement.

⁵ ADB. 2002. *Technical Assistance for Turkmenistan-Afghanistan-Pakistan Natural Gas Pipeline Project*, Manila.

⁶ ADB. 2002. *Technical Assistance for Exploring Afghanistan's Regional Economic Cooperation Potential*, Manila.

⁷ ADB. 2002. *Technical Assistance for Pakistan's Regional Economic Cooperation Potential*, Manila.

pipelines passing through other Central Asian countries and connecting to Russia or, through Russia, to Europe. These countries are interested in cooperation with their southern neighbors (Afghanistan, Pakistan and Iran) with a view to transporting substantial volumes of their major exports through Afghanistan to Pakistan and Iran. Such routes would reduce their distance from seaports.

11. Tajikistan and Uzbekistan have been participating in the ADB-supported CAREC program which has developed into a full-fledged cooperation program among seven participating countries.⁸ Important regional projects in transport, trade facilitation and energy have been implemented to address key development constraints facing countries in Central Asia, among others, (i) to improve the economic connectivity within Central Asia and with the global economy; (ii) to enhance efficiency in use of energy and water resources; and (iii) to promote trade and transit by removing non-tariff and non-physical barriers. Both Tajikistan and Uzbekistan are active participants in these projects. The opening of the corridors between Central Asia and South Asia will add a new dimension to cooperation, generating synergy effects.

12. The participation of India and Iran in subregional cooperation would further generate benefits in the subregion. Both countries have good relations with Afghanistan and have provided humanitarian and rehabilitation assistance for its reconstruction efforts. However, given the difficult relations between India and Pakistan, India's participation in such an initiative is not likely in the short term. On the other hand, Iran has shown keen interest in subregional economic cooperation. It sent a deputy minister of commerce to the First Ministerial Conference. While Iran is not a member of ADB, it is one of the major trading partners of and investors in Afghanistan as well as some of the CARs. Furthermore, Iran could play an important role in subregional cooperation by providing the concerned countries with access to deep-sea ports.

13. Thus, subregional economic cooperation among Afghanistan and Pakistan in South Asia, and some neighboring countries in Central Asia (as well as other interested countries in the longer term), focusing on projects in specific sectors is possible. Facilitating efforts need to start immediately, given the strong political will being shown, particularly by the countries that attended the CSATTF Ministerial Conference. Under the proposed TA, focus will be on the transport and trade sectors in the initial stage, with possible extension of the coverage to other sectors in the future, including the energy sector in which both Afghanistan and Pakistan showed their keen interest. These sectors were also the ones identified by the Afghanistan and Pakistan SSTAs. An open trading regime and deeper economic integration will have many advantages for the subregion. A process of harmonization and convergence of policies and strategies resulting from such subregional cooperation would help remove constraints to growth and development and allow each participating economy to reach a higher production potential. ADB can facilitate such a process by drawing on its extensive experience in regional cooperation. As a tangible flagship project to move subregional economic cooperation forward, a special emphasis will be placed on CSATTF. To avoid overlap and duplication, and to increase synergy with the ADB-supported CAREC initiatives as well as those of other agencies, ADB will closely coordinate or cooperate with ongoing regional/subregional activities in the subregion.

III. THE TECHNICAL ASSISTANCE

A. Purpose and Output

14. The proposed TA builds on the findings and recommendations of the two SSTAs conducted separately for Afghanistan and Pakistan, and also accommodates the result of the

⁸ ADB. 2002. *Status Report 2002 on The Central Asia Regional Economic Cooperation Program: East and Central Asia Region*. Manila.

First Ministerial Conference. The main objective of the TA is to assist Afghanistan, Pakistan, and neighboring countries in Central and South Asia in jointly identifying and prioritizing subregional cooperation projects and programs. The TA's specific objectives are to (i) provide opportunities and venues including the Ministerial Conferences, for cooperative dialogue among the participating countries in the identified sectors, (ii) help identify potential subregional projects and programs that have cross-border benefits; (iii) assist the participating countries in addressing key cross-border coordination issues; and more specifically (iv) support the CSATTF which aims at discussing issues pertaining to subregional trade and transport sectors and acting upon the programs/projects to be identified and recommended. The TA Framework is in Appendix 2. Based on ADB experience, dialogue among participating countries needs to continue over a long period. Thus, follow-on TAs in this area may be required.

B. Methodology and Key Activities

15. The proposed TA will provide opportunities for cooperative dialogue among Afghanistan, Pakistan and other participating countries and help them identify common projects/programs and develop an action plan to implement these common projects. The main sectors to be covered by the TA are transport and trade. The identified projects should include not only investment projects but also TAs to develop an appropriate enabling environment and institutional arrangements for implementing investment projects. The proposed TA will also support related activities that will enhance the regional cooperation process in South Asia.

16. Sector experts for the transport and trade sectors will prepare sector reports that will cover a review of existing sector policy; an analysis of legal and institutional constraints; a review of ongoing and planned cross-border projects; recommendations of potential cooperation projects/programs in the sector; and needs assessment, including human resource development and capacity building, for implementing the action program in each sector. Sector experts will also provide advisory services to be identified during TA implementation. The above sector work and advisory assistance will take full account of the relevant sector work and capacity building assistance already carried out under CAREC program.⁹ Apart from these sector reports, one expert will look into the possible areas or sectors for future cooperation in western Asia.

C. Cost and Financing

17. The TA is estimated to cost \$600,000 and will be financed by ADB on a grant basis from ADB's funding program. Details are in Appendix 3.

D. Implementation Arrangements

18. ADB will be the Executing Agency for the TA. Because the scope of the TA cuts across regional departments, close coordination between South Asia Department (SARD) and East and Central Asia Department (ECRD) will be required during TA implementation. For this purpose, an inter-departmental team has already been set up, comprising staff from SARD and ECRD. This team will constitute the core members of a secretariat to be established at ADB Headquarters.

⁹ ADB. 2002. *Technical Assistance for Reassessment of the Regional Transport Sector Strategy*. Manila; ADB, 2002. *Report and Recommendation of the President to the Board of Directors on a Proposed Loan to Tajikistan for the Regional Power Transmission Modernization*. Manila; ADB. 2002. *Report and Recommendation of the President to the Board of Directors on a Proposed Loan to Uzbekistan for the Regional Power Transmission Modernization*. Manila; ADB. 2002. *Report and Recommendation of the President to the Board of Directors on a Proposed Loan to Kyrgyz Republic for the Regional Trade Facilitation and Customs Cooperation Program*. Manila; ADB. 2002. *Report and Recommendation of the President to the Board of Directors on a Proposed Loan to Tajikistan for the Regional Trade Facilitation and Customs Cooperation Program*. Manila; and Regional technical assistance on Capacity Building for Regional Cooperation in Central Asia (for approval).

The Operations Coordination Division (SAOC), SARD will be the host division responsible for overall TA administration including the secretariat, in close coordination with the Operations Coordination Division (ECOC) of ECRD. Additional coordinating measures include (i) senior-level inter-departmental meetings as required; and (ii) joint missions. The other SARD/ECRD divisions will implement their respective sector components of the TA. ; and other sector divisions as new areas for cooperation are identified. Assigned staff at the ADB resident missions in Afghanistan and Pakistan as well as those in Tajikistan and Uzbekistan, and others when necessary will assist the secretariat.

19. At each participating country level, the government will establish a National Transport and Trade Facilitation Committee (NTTFC) as agreed upon during the First Ministerial Conference for cooperation in transport and trade sectors and coordination among the organizations/policies concerned. NTTFC will comprise the representatives of all ministries/agencies concerned and will be headed by the finance minister or another appropriate minister. A similar national committee will be established for the new sector once identified. NTTFC will encourage modernizing practices, procedures, and technology in the transport, trade and energy sectors that will help promote subregional economic cooperation.

20. The Ministerial Conference, formalized during the First Ministerial Conference, will provide overall guidance and supervision in TA implementation. The participating countries' finance ministers or other appropriate designated ministers will represent the Ministerial Conference. Sector-level coordination of the TA among the participating countries will be accomplished through the respective sector working group meetings. These are operational groups, comprising senior government officials from the line ministries concerned (representatives of NTTFC) and private sector representatives as appropriate. The working groups will review the sector technical reports, draft agreements and other reports, identify possible cooperation projects/programs in the respective sectors and prioritize and recommend them to the Ministerial Conference for final endorsement.

21. Under the TA, international sector experts will be engaged for a total of 8 person-months for the transport and trade sectors, and other sector when it is identified during TA implementation. They will prepare sector reports as required and assist in implementing other TA activities, in close cooperation with the concerned sector working groups, government counterparts, and resident missions in the participating countries. They will report to the designated ADB mission leaders and will participate in the respective working group meetings to present findings and recommendations. In addition, a senior TA advisor (international consultant) and a senior programs analyst (domestic consultant) will be engaged for 7 person-months and 10 person-months respectively to support TA implementation. The two will be stationed at the secretariat and provide mainly logistic services in organizing the Ministerial Conference and working group meetings and preparing the necessary documentation. The outline terms of reference for the consultants are in Appendix 4. ADB will select the consultants, on an individual basis, in accordance with its *Guidelines on the Use of Consultants* and other arrangements for selecting domestic consultants.

22. The TA will be implemented over 14 months and be completed in February 2005.

IV. THE PRESIDENT'S DECISION

23. The President, acting under the authority delegated by the Board, has approved the provision of technical assistance not exceeding the equivalent of \$600,000 on a grant basis for this Subregional Economic Cooperation in South and Central Asia, and hereby reports this action to the Board.

**Ministerial Conference on Transport and Trade
in Central and South Asia
31 July – 1 August 2003**

**Asian Development Bank Headquarters
Manila, Philippines**

PROTOCOL

1. Discussions at the level of the Ministers of Afghanistan, Pakistan, Tajikistan and Uzbekistan with Iran as an observer (hereinafter referred to as Participating Countries) were held in Manila 31 July and 1 August 2003. The Agenda of the Conference is in Appendix 1. A list of participants is in Appendix 2.
2. Participating Countries assessed the economic impact of enhanced regional trade and economic cooperation brought about by improved road corridors connecting Central Asia and South Asia and the ports at the Arabian Sea and the Persian Gulf. Participating Countries concluded that the economic impact would be very considerable in terms of: (i) increase in Participating Countries' GDPs; (ii) creating employment opportunities; (iii) savings on transport cost and transport time; (iv) fostering competition for transit trade; and, (v) reducing duties, excises and surcharges of traded commodities.
3. Participating Countries noted that they can substantially benefit from improved access to Pakistan and Iranian ports at the Arabian Sea and the Persian Gulf. Roads providing this access are: (i) the North-South Corridor connecting Tajikistan, Turkmenistan and Uzbekistan through Afghanistan and Pakistan to the ports of Karachi, Port Qasim and Gwadar and (ii) the East-West Corridor connecting these Central-Asian countries through Afghanistan and Iran to the ports of Chabahar and Bandar-e-Abbas. Participating countries noted that many of these roads are under construction by the Participating Country concerned often with international technical and financial support. Some of these repairs, upgradation or construction will require additional feasibility studies and financing (see attached maps and tables).
4.
 - (i) Participating Countries broadly endorsed the two corridors namely the North-South and East-West road corridors connecting the landlock countries of the Central Asian Republics and Afghanistan to seaports of Bander-e-Abbas and, Chabahar in Iran and Gwadar, Karachi and Port Qasim in Pakistan.
 - (ii) Participating Countries also emphasized and agreed that there are other alternative routes that can provide effective connectivity to the five seaports as mentioned above. It can be considered that these could concurrently be developed if feasible.
 - (iii) Participating Countries also agreed to refine the physical distances of the road corridors to ensure there are no inconsistencies between the distances presented and the figures presented by some of the delegations. A technical group will discuss the distances and investment requirement with the governments of the Participating Countries and present the final distances and investment requirements before the next Ministerial Meeting

5. Participating Countries recognized the existence of impediments to regional trade enhancement related to:

- (i) Legal barriers
- (ii) Customs harmonization
- (iii) Cross border relations and transit agreements
- (iv) Security
- (v) lack of border crossing joint infrastructure including parking and cargo checking facilities, weigh bridges and telecommunications
- (vi) discriminatory measures against foreign transport operators
- (vii) transparency and access to information
- (viii) underdeveloped logistics services
- (ix) reputation the region has been given in regard to narcotics production

6. Recognizing the challenges posed and determined to overcome the same, Participating Countries agreed that eventually a multi-lateral Transport Agreement among them would be beneficial for all concerned. They prioritized addressing transport, customs and trade related issues as follows:

- (i) Need for accession of Participating Countries to international transport and trade conventions that can promote transport and trade, namely
 - Convention on Road Traffic (1968)
 - Convention on Road Signs and Signals (1968)
 - Customs Convention on the International Transport of Goods under Cover of the TIR Carnets (1975)
 - Customs Convention on the Temporary Importation of Commercial Road Vehicles (1956)
 - Customs Convention on Containers (1972)
 - International Convention on the Harmonization of Frontier Control of Goods (1982)
 - Convention on the Contract for the International Carrying of Goods by Road (1956)
- (ii) Agreements amongst the Participating Countries on a "Framework for Bilateral Agreements in Road Transport" with ECMT¹ as a model;
- (iii) Need for technical assistance in the areas of border crossing modernization including truck parking facilities, cargo inspection sheds, weighbridges, telephones and electrical and full-time trained customs, immigration, phyto-sanitary, veterinary staff and archivist, and later facilities for electronic connectivity, pre-collection of customs duties, and risk based procedures for preventing fiscal fraud;
- (iv) Need for training and workshops in the areas of best practices of custom's procedures and border crossing facilitation.

¹ European Conference of Ministries of Transport

7. The Participating Countries agreed to establish the Central and South Asia Transport and Trade Forum (CSATTF) where regional trade and transport issues can be discussed and acted upon. Participating Countries requested the Asian Development Bank, who agreed, to act as the CSATTF Secretariat and to draft the articles of the CSATTF.

8. Participating Countries agreed to hold the second Ministerial Conference on December in Manila and further agreed that the agenda for this meeting would include:

- (i) Approval of the Articles of the CSATTF (draft attached) ;
- (ii) Status and action taken on accession to the Trade and Transport Conventions referred to in para 6 (i) of this Protocol;
- (iii) Issues relating to the agreements for transit transports amongst themselves, in the wider region, with the EU and other countries;
- (iv) Consideration of conventions pertaining to perishable goods;
- (v) Customs harmonization and measures to prevent fiscal fraud;
- (vi) Feasibility studies on the road corridors and border crossing infrastructure;
- (vii) Cross-border law enforcement co-operation for prevention of drug trafficking and smuggling;
- (viii) Technical Assistance and Training Requirements; and
- (ix) Development of logistics services.

9. Each Participating Country agreed to establish a National Transport and Trade Facilitation Committee comprising representatives of all parties concerned with multi-modal trade and transport. Each National Transport Facilitation Committee will encourage modernization of transport practices, procedures, and technology for promoting international trade of the Participating Country concerned.

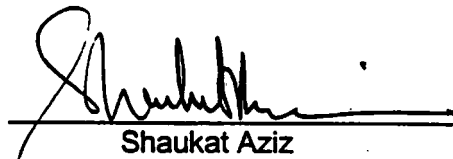
10. Participating Countries requested ADB, as the Secretariat of CSATTF, to convey to Turkmenistan the proceedings of the First Ministerial Conference and extend an invitation for Turkmenistan's participation in the second Ministerial Conference.

For the Islamic Transitional
Government of Afghanistan



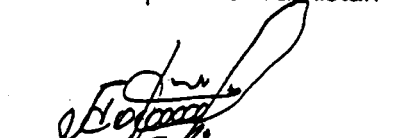
Mohammad Massom Stanekzai
Minister
Ministry of Telecommunications

For the Islamic Republic
of Pakistan



Shaukat Aziz
Minister
Ministry of Finance and Economic
Affairs Department

For the Republic of Tajikistan



Asadullo Gulomov
Deputy Prime Minister
In charge of Trade, Energy,
Transport, Construction, Industry

For the Republic of Uzbekistan



Elyor Ganiev
Deputy Prime Minister
Chairman, Agency for Foreign
Economic Relations

For the Government of Iran

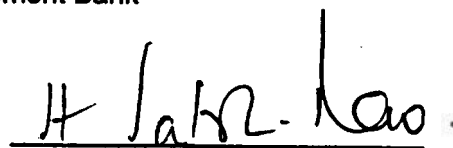


Abdolhossein Vahaji
Deputy Minister of Commerce
For International Affairs

For the Asian Development Bank



Yoshihiro Iwasaki
Director General
South Asia Department



Satish Rao
Deputy Director General
East and Central Asia Department

ASIAN DEVELOPMENT BANK



**Corrigendum to Protocol
Ministerial Conference on Transport and Trade
in Central and South Asia
31 July – 1 August 2003**

Further to the Protocol signed on 1 August 2003, please note the following:

1. Deputy Minister of Commerce for International Affairs Abdolhossein Vahaji is signing for the *Islamic Republic of Iran*; and
2. Name of the Minister, Ministry of Telecommunications for the Islamic Transitional Government of Afghanistan is **Mohammad Masoom Stanekzai**.

TECHNICAL ASSISTANCE FRAMEWORK

Design Summary	Indicators and Targets	Monitoring Mechanisms	Assumptions/ Risks
Goal Expanded subregional economic cooperation in transport, energy and trade among Afghanistan, Pakistan, and neighboring countries in Central Asia	Identify implementable subregional programs/projects Institutionalize the ministerial conferences and sector working group meetings Complete sector-specific priority project profiles and sector action programs Increase in cross-border road to traffic and trade by implementing the projects identified	Reports of consultants Sector working group meetings' reports (i.e., summary of proceedings) to be prepared by the Asian Development Bank (ADB) Reports of ministerial conferences (i.e., protocols and other agreements and summary of proceedings) to be prepared by ADB Back-to-office reports (BTOR) of ADB consultation missions	Commitment of participating countries to subregional cooperation process Macroeconomic and political conditions Institutional capacity in participating countries
Purpose Support the participating countries in jointly identifying specific projects for subregional economic cooperation Assist the countries in developing an enabling environment and providing institutional arrangements to support project/ program implementation Identify and support the main agencies and organizations that can facilitate economic cooperation among the participating countries (i.e., National Trade Facilitation Committees)	Prepare sector-specific priority project profiles and sector action programs Identify requirements for developing an enabling environment, e.g., cross-border agreements on movement of goods and people Achieve active participation of identified agencies from participating countries Establish of the Central and South Asia Transport and Trade Forum	Reports of ministerial conferences and Working Group meetings (i.e., protocols and other agreements and summary of proceedings) to be prepared by ADB Reports of consultants High-level participation from participating countries at ministerial conferences and working group meetings	Member country commitment to timely completion of technical assistance (TA) components Capacity constraints in member countries to provide support to the TA Availability of suitable subregional projects

Design Summary	Indicators and Targets	Monitoring Mechanisms	Assumptions/Risks
<p>Components/Outputs Sector portfolios of TA projects and sectoral action programs</p> <p>Needs assessment for capacity building for subregional cooperation in the participating countries including human resource development</p> <p>Rolling 3-year work plan</p>	<p>Complete project identification and identify key program activities in each sector by end of December 2004</p> <p>Complete selected project profiles, 3-year action programs, and needs assessment for program implementation by end of December 2004</p> <p>Completion of draft final report by January 2005</p>	<p>Reports of ministerial conferences and working group meetings (i.e., protocols and other agreements and summary of proceedings) to be prepared by ADB</p> <p>Reports of ministerial conferences and working group meetings (i.e., protocols and other agreements and summary of proceedings) to be prepared by ADB</p> <p>Report of consultants</p>	<p>Differences in participating country perspectives and priorities could affect design of sector programs and prioritization of projects.</p> <p>Institutional capacity constraints in the participating countries could affect completion of the 3-year rolling plan.</p>
<p>Activities Prepare background papers</p> <p>Review current and planned cross-border projects and cooperating institutions</p> <p>Identify and prioritize potential cross-border projects in the selected sectors</p> <p>Prepare project profiles for high-priority projects</p> <p>Prepare a needs assessment, including human resource development, for implementing the action program in each sector</p> <p>Prepare a rolling 3-year action program for each sector</p>	<p>Ministerial conference in March 2004</p> <p>Inception meetings of the sector working groups in first half of 2004</p> <p>Consultation missions fielded by May 2004</p> <p>Draft background and review papers, project identification, and sector program completed by end of August 2004</p> <p>Revised background papers, project profiles, 3-year action program to be completed by end of October 2004</p>	<p>Inception meeting of the ministerial conference, reports (i.e., protocols and agreements, summary of proceedings) to be prepared by ADB</p> <p>Inception meeting of the sector working groups' report (i.e. summary of proceedings) to be prepared by ADB</p> <p>BTOR of ADB consultation missions</p> <p>Background and review papers prepared by consultants</p> <p>Revised background and review papers, and other studies prepared by consultants</p> <p>Reports and studies of consultants</p>	<p>Differences in participating country perspectives and priorities could affect design of sector programs and prioritization of projects.</p> <p>Institutional capacity constraints in the participating countries could affect completion of the 3-year rolling plan.</p> <p>There may be scheduling problems for steering committee and working group meetings.</p>

Design Summary	Indicators and Targets	Monitoring Mechanisms	Assumptions/ Risks
<p>Hold sectoral working group meetings to initiate, review, and finalize the sector report and other studies</p> <p>Consult with private and public sector representatives, eminent persons, country advisers, non-government organizations, and academics to ensure a participatory and consensual basis for prioritizing projects</p> <p>Inputs</p> <p>International consultants: Senior TA Adviser and Sector Experts (16 person-months)</p> <p>Domestic consultants (10 person-months)</p> <p>International consulting Costs (\$219,000)</p> <p>Domestic consulting costs (\$17,000)</p> <p>Consultants' travel (\$61,000)</p> <p>Meeting costs (\$255,000)</p> <p>Technical/Administrative Support and Equipment (\$10,000)</p> <p>Contingency (\$38,000)</p> <p>Total ADB Budget (\$600,000)</p>	<p>Draft final report and other studies of each sector to be completed by end of January 2005</p> <p>Sector working group meetings and review of draft final reports October–December 2004</p> <p>Ministerial Conference and finalization of sector reports by February 2005</p>	<p>Working group meetings' reports (i.e., summary of proceedings) to be prepared by ADB</p> <p>Ministerial Conference reports (i.e. Protocols and agreements and summary of proceedings) to be prepared by ADB</p> <p>Recruitment of consultants</p> <p>Meetings of the steering committee and sector working groups</p> <p>Reports of Consultants and BTOR of ADB missions</p> <p>Reports of meetings</p> <p>TA completion report</p>	<p>Appropriate skills and experience of consultants</p> <p>Timely deployment of consultants</p> <p>Adequate commitment and motivation of consultants</p> <p>Staff movements among officials of participating countries</p> <p>Staff movements at ADB</p> <p>Cost overrun</p>

COST ESTIMATES AND FINANCING PLAN
(\$'000)

Item	Total Cost ^a
A. Consultants	
1. Remuneration and Per Diem	
a. Senior TA Advisor (International)	40
b. Sector Experts – 8 person-months (International)	179
c. Senior Project Analyst (Domestic)	17
2. International Travel (Airfares Only)	
a. Senior TA Advisor (International)	12
b. Sector Experts (International)	36
c. Senior Project Analyst (Domestic)	12
3. Local Travel	1
Subtotal (A)	297
B. Meetings	
1. Ministerial Conferences – Manila (2)	95
2. Sector Working Group Meetings (Islamabad/ Kabul/ Others) (6)	130
3. Other Meetings	30
Subtotal (B)	255
C. Technical and Administrative Support	
1. Publications	3
2. Administrative Expense	4
Subtotal (C)	7
D. Equipment	3
E. Contingency	38
Total	600

^aFinanced by ADB's TA funding program.

Source: Asian Development Bank estimates.

OUTLINE TERMS OF REFERENCE OF CONSULTANTS

A. Senior TA Advisor (international)

1. The responsibilities of the senior advisor will include the following:
 - (i) Advise on the overall technical assistance (TA) program and related operational issues;
 - (ii) Assist Asian Development Bank (ADB) staff in preparing for and implementing conferences and meetings for the TA, including steering committee meetings, and sector working group meetings;
 - (iii) Prepare TA-related documents and papers as required;
 - (iv) Review, comment on, and edit TA-related documents prepared by the sector experts and others as required;
 - (v) Manage the information database on the participating countries;
 - (vi) Ensure the smooth flow of documents and communications between the consultants and the respective ADB departments, and between ADB and the participating governments; and
 - (vii) Participate in ADB missions.

B. Sector Experts (international)

2. Individual sector experts will be engaged to provide advisory and technical services in the various TA activities. Their expertise will be in transportation (multimodal), trade, and other sector to be identified or regional cooperation (general).
3. The sector experts in each sector will undertake the following tasks:
 - (i) Review the existing studies/documents, done by ADB and other institutions, on the relevant sector and/or in South Asia and Central Asia;
 - (ii) Conduct field visits to all the participating countries and meet with officials concerned as well as private sector representatives and others to assess the opportunities, risks, and constraints for subregional projects and programs in their respective sectors;
 - (iii) Prepare a draft report for subregional cooperation in their respective sectors, which includes but is not limited to the possible areas of subregional cooperation and prioritized subregional projects with draft terms of reference;
 - (iv) Revise and finalize the draft report containing sector-specific priority project profiles and 3-year action program on the basis of review and comments of the participating countries and ADB;

- (v) Develop a consolidated information database for the sector, covering all the participating countries;
 - (vi) Provide advisory services as required, e.g., drafting agreements, undertaking needs assessment for program implementation, and conducting topical studies to be identified during TA implementation;
 - (vii) Facilitate and organize the inception and review meetings of the sector working group; and
 - (viii) Attend the Ministerial Conference and/or other working group meetings, as required.
4. The sector experts will report to the mission leader for the TA through the concerned projects divisions or resident mission, and work in close cooperation with the sector working group and government counterparts.

C. Senior Programs Analyst (domestic)

5. One domestic consultant, based in Manila, Philippines, will undertake the following tasks:
- (i) Prepare a checklist of logistical requirements/assignments for conducting TA meetings and related events;
 - (ii) Provide logistical support for the conduct of TA meetings;
 - (iii) Help prepare budget estimates for TA meetings;
 - (iv) Prepare a comprehensive filing system for the TA; maintain orderly and up-to-date files;
 - (v) Help ensure the smooth flow of documents and communications for the TA;
 - (vi) Assist in compiling and editing draft and final reports produced by the consultants;
 - (vii) Help draft routine communications; and
 - (viii) Participate in ADB missions as required.