ADB

Technical Assistance Report

Project Number: 46502
Regional–Capacity Development Technical Assistance (R-CDTA)
June 2014

Trade and Transport Facilitation in the Pacific

(Financed by the Japan Fund for Poverty Reduction)

Asian Development Bank

ABBREVIATIONS

ADB	–	Asian Development Bank
DMC	–	developing member country
TA	–	technical assistance
TCD	–	time/cost-distance
TTF	–	trade and transport facilitation
UNESCAP	–	United Nations Economic and Social Commission for Asia and the Pacific
WCO	–	World Customs Organization

NOTE

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

Vice-President	S. Groff, Operations 2
Director General	X. Yao, Pacific Department (PARD)
Director	R. Guild, Transport, Energy and Natural Resources, PARD
Team leader	S. Khan, Senior Transport Specialist, PARD
Team members	A. Batten, Country Economist, PARD
	C. Currie, Senior Country Economist, PARD
	C. Edmonds, Senior Economist, PARD
	K. Kasahara, Regional Cooperation Specialist, Southeast Asia Department
	D. Ling, Transport Specialist, PARD
	R. Phelps, Principal Infrastructure Specialist, PARD
	N. Usui, Senior Public Management Economist, PARD
	E. Veve, Principal Economist, PARD

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CAPACITY DEVELOPMENT TECHNICAL ASSISTANCE AT A GLANCE

1. Basic Data — **Project Number:** 46502-001

Project Name	Trade and Transport Facilitation in the Pacific	**Department /Division**	PARD/PATE
Country	REG	**Executing Agency**	Asian Development Bank
Borrower	Papua New Guinea, Federated States of Micronesia, Fiji, Samoa, Timor-Leste, Tonga and Vanuatu		

	2. Sector	**Subsector(s)**	**Financing ($ million)**
✓	Transport	Transport policies and institutional development	1.00
	Industry and trade	Industry and trade sector development	1.00
		Total	**2.00**

3. Strategic Agenda	**Subcomponents**	**Climate Change Information**	
Inclusive economic growth	Pillar 1: Economic opportunities, including jobs, created and expanded	Climate Change impact on the Project	Low

4. Drivers of Change	**Components**	**Gender Equity and Mainstreaming**	
Governance and capacity development	Institutional development Organizational development	No gender elements (NGE)	✓
Knowledge solutions	Knowledge sharing activities		
Partnerships	Civil society organizations Implementation Private Sector Regional organizations		

5. Poverty Targeting		**Location Impact**
Project directly targets poverty	No	Not Applicable

6. TA Category: B

7. Safeguard Categorization Not Applicable

8. Financing

Modality and Sources	**Amount ($ million)**
ADB	**0.00**
None	0.00
Cofinancing	**2.00**
Japan Fund for Poverty Reduction	2.00
Counterpart	**0.00**
None	0.00
Total	**2.00**

9. Effective Development Cooperation

Use of country procurement systems	No
Use of country public financial management systems	No

I. INTRODUCTION

1. The rise in international trade in the world economy is well documented. Improvements in trade and private sector access to international markets have increasingly depended on efficient and low-cost trade services and logistics. However, the Pacific developing member countries (DMCs) of the Asian Development Bank (ADB) face severe constraints caused by geography, infrastructure, service provision, and procedures.[1] Consequently, trade facilitation and transport logistics remain key development priorities. This regional capacity development technical assistance (TA) is expected to ease these constraints.

2. Representatives from the Pacific region and ADB developed the TA concept at a workshop on trade facilitation held in Fiji in April 2013. The TA is aligned with the strategic priorities of the Pacific Plan, which was endorsed by leaders at the Pacific Islands Forum meeting in Papua New Guinea in 2005 and revised in 2007.[2] It is also aligned with ADB's Strategy 2020, and ADB's Pacific Approach 2010–2014, which call for improved connectivity for regional integration.[3] This TA is included in ADB's Pacific regional operations business plan for 2014–2016.[4] The TA design and monitoring framework is presented in Appendix 1.[5]

II. ISSUES

3. **Changing trade patterns, opportunities and challenges**. ADB's Pacific DMCs are scattered across 30 million square kilometers of ocean; this ocean area constitutes one-third of the earth's surface, but the land area of Pacific DMCs totals only about 500,000 square kilometers. With the exception of Papua New Guinea, which makes up 88% of the landmass, the Pacific DMCs can be characterized as small, remote, and fragmented island groups with limited resource bases, fairly undiversified economies, and dependent on imports. These characteristics impede both domestic economic integration and integration with regional and global markets. High transport costs and restrictive policies constrain market access and development of services that would provide incentives for specialization and a shift from subsistence production. No region is more dependent on sea and air transport infrastructure, services, and logistics.

4. Global economic restructuring is rapidly changing the economic links between the Pacific DMCs and developed and emerging economies. There are four major shipping patterns in the Pacific: the east–west service between Asia, Europe, and North America; north–south service between Australia, New Zealand, North America, and Northeast Asia; intraregional services between Australia, New Zealand, and Pacific countries; and domestic services within Pacific countries.

5. The total Pacific trade with the world has increased from $6.4 billion to $25.4 billion during 2000–2012.[6] Exports from the Pacific include palm oil, coffee, coconut, and fish; imports include electrical machinery, cars, equipment, petroleum or fuel, and a high proportion of the

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[1] The Pacific DMCs refer to the Cook Islands, Fiji, Kiribati, the Marshall Islands, the Federated States of Micronesia, Nauru, Palau, Papua New Guinea, Samoa, Solomon Islands, Timor-Leste, Tonga, Tuvalu, and Vanuatu.

[2] Pacific Islands Forum Secretariat. 2007. *The Pacific Plan for Strengthening Regional Cooperation and Integration.*

[3] ADB. 2008. *Strategy 2020: The Long-Term Strategic Framework of the Asian Development Bank, 2008–2020.* Manila; ADB. 2009. *ADB's Pacific Approach 2010–2014*. Manila.

[4] ADB. 2013. *Pacific: Regional Operations Business Plan, 2014–2016*. Manila.

[5] The TA first appeared in the business opportunity section of ADB's website on 14 May 2014.

[6] Fish catch and Timor-Leste petroleum "exports" are not credited as exports as these outputs are produced from foreign-owned activities in national territories.

food items consumed in the Pacific. Trade within the Pacific region is a very small proportion of the overall trade; with intraregional trade accounting for only about 2% of total trade volume.

6. There have been changes in the direction of trade in the last 13 years—the share with Australia and New Zealand has declined, while the share with Southeast Asia, the People's Republic of China, and India has increased significantly, from 15.1% in 2000 to 26.3% in 2012.[7] These trade corridors provide significant opportunities for Pacific DMCs to mitigate economic and geographic isolation through improved transport connectivity and trade facilitation that will benefit both these countries and their trading partners.

7. **Need for trade and transport facilitation.** Weak trade and transport logistics performance is a key factor constraining interregional and intraregional trade growth in the Pacific. To improve competitiveness and trade and transport facilitation (TTF) performance in the areas of infrastructure, services, and procedures and processes are needed in the Pacific DMCs.[8] Pacific DMCs are seeking assistance to strategically reform, modernize, and strengthen the capacity of institutions, and invest in trade-related infrastructure. This TA is designed to consider the remote and archipelagic nature of Pacific DMCs and respond to these needs expressed to maximize benefit of physical infrastructure development ADB has supported.

8. For most countries in the Pacific, it takes exporters 22 days to comply with procedures, with a cost to import of about $1,600 per container; this is 4–6 times higher than in Singapore, and 3–4 times higher than in Australia.[9] Trade and transport infrastructure is inadequate and performance could be improved, as it has been in comparators such as Caribbean islands, with similar levels of income and development constraints.[10] Overall transport and logistics performance is affected by inadequate infrastructure capacity, widely varying infrastructure quality, inefficient port operations and port handling, poor maintenance, and lack of adequate measures to meet international standards and services.

9. The benchmarking indices mentioned above are informative in highlighting the relative performance of Pacific DMCs, but typically provide insufficient detail to develop improvement plans, which requires further study.

10. **Coordination with development partners**. The TA complements programs of other development partners, which focus on specific compliance aspects of customs processes and do not cover all Pacific DMCs. The European Union, as part of a 2-year program for African, Caribbean and Pacific States, and the Government of Japan through the World Customs Organization (WCO), are financing support for customs cooperation implemented by the Oceania Customs Organization, which ends in 2014. The program is supporting countries to achieve internationally compliant customs processes through workshops and related activities. The Australian Government Department of Foreign Affairs and Trade support customs policy and institutional reform. This TA takes a regional approach to selectively support needs and address gaps in coordination with these and other development partners. One of the major

[7] Estimated from data presented in ADB. 2013. *Pacific Economic Monitor*, *Midyear Review.* Manila.

[8] Trade and transport facilitation is defined to include all measures that affect the movement of goods between buyers and sellers, including quality of trade and transport infrastructure, ease of arranging shipments, quality of logistics services, efficiency of customs and border clearance, and timeliness. This TA report uses the term "trade and transport facilitation" to highlight both targeted soft and hard transport infrastructure improvement measures.

[9] World Bank and International Finance Corporation. 2014. *Doing Business*. Washington DC; World Bank. 2014. *Connecting to Compete 2014–Trade Logistics in the Global Economy: The Logistics Performance Index and Its Indicators*. Washington DC.

[10] World Bank. 2006. *The Pacific Infrastructure Challenge: A Review of Obstacles and Opportunities for Improving Performance in the Pacific Islands.* Washington DC.

lessons is the need for a long-term commitment and robust monitoring and evaluation of institutional capacity strengthening programs, coupled with adjustments as needed, in order to achieve expected results. There are few regional initiatives in the Pacific on trade and transport facilitation that allow development partners to coordinate on investments. The Pacific Region Infrastructure Facility provides an opportunity to coordinate TA and approaches to infrastructure planning and development in order to address TTF. [11]

III. THE CAPACITY DEVELOPMENT TECHNICAL ASSISTANCE

A. Impact and Outcome

11. The expected impact of the TA will be improved trade competitiveness of Pacific DMCs, and the outcome will be participating Pacific DMC governments strategically plan trade and transport facilitation investments. The expected impact of the TA will be measured by a decrease in the time and cost to export and import and outcome will be measured by number of TTF assessments led by national agencies, implementation plans adopted by government, and trade facilitation milestones achieved by participating DMCs.

B. Methodology and Key Activities

12. The TA will conduct a regional analysis that examines the trade and transport linkages and provides insights on where and how Pacific DMCs can benefit from the emerging opportunities that growth in Asia provides.

13. This TA will assess current TTF performance in detail and identify inefficiencies at gateways, in clearance procedures, and in transport logistics. The TA will identify improvements in relevant transport infrastructure, services, policies, and processes that are critical to lowering trade costs. There is also a clear need for governments to (i) use tools to measure TTF performance to understand the contribution of high transport and logistics costs for Pacific DMCs; (ii) better understand trade and transport demand to identify realistic opportunities to strategically and selectively upgrade and expand transport infrastructure and improve logistics; and (iii) strengthen capacity to strategically improve and modernize trade logistics. TTF improvements will lower the costs of importing essential commodities, benefiting the people in the Pacific. TTF measures are expected to improve the economic competitiveness and promote the participation of small enterprises in international trade, thus enhancing growth prospects.

14. Activities will be undertaken in seven Pacific DMCs: Fiji, the Federated States of Micronesia, Papua New Guinea, Samoa, Timor-Leste, Tonga, and Vanuatu. These DMCs were selected based on the governments' interest in TTF and potential synergies with ADB's current maritime, aviation, and land transport operations. A summary of the outputs is presented below.

15. **Output 1: Assessment tools for trade facilitation and transport logistics performance established and institutionalized.** To assess performance, a business process analysis approach will be adopted, including time/cost-distance (TCD) and time release studies under output 1. TCD methodology will measure the financial and time costs of trading along specific routes of commodity flow. It will be based on data collected on the cost and time associated with the transport process, delays incurred at ports and inland terminals, freight and/or document handling charges and other fees levied, and material progress or movement of

[11] The Pacific Region Infrastructure Facility members comprise ADB, the Australian Government Department of Foreign Affairs and Trade, the European Commission and European Investment Bank, New Zealand Ministry of Foreign Affairs and Trade, and the World Bank Group, including the International Finance Corporation.

goods along a transport route. The studies will be guided by a working group in each Pacific DMC and a joint working group for the subregion or region. The detailed time/cost profiles will help identify priority corridors and develop an understanding to target support to facilitate more efficient passage by examining systemic issues and specific factors affecting each route. The data will also help identify bottlenecks and restrictive policies, target improvements, and improve efficiency along specific routes. The output will also focus on institutionalizing these assessment tools and frameworks to enable their use on a regular basis to track progress.

16. **Output 2: National and regional agencies' capacities to assess trade and transport demand and design investment and policy options strengthened.** This output will (i) develop profiles of intraregional and interregional trade, and a model to link trade volume with transport flow for the Pacific region; and (ii) formulate transport strategies and investment plans for hard and soft infrastructure for a subset of Pacific DMCs participating under this TA. The model developed will draw from knowledge products, and will quantify the impacts of trade and transport policies on international cargo shipping and economic activities of individual economies, Asia–Pacific Economic Cooperation members, and other major trading partners.[12] The model will forecast the trade values and international cargo flows of each economy, and simulate policy impacts corresponding to implementation of a wide range of trade and infrastructure-related policy decisions. The impacts will include international cargo flow patterns and regional economic activities resulting from implementation of transport policies (e.g., construction of new terminals and berths in ports, improving transaction times at port terminals, discounting charges and fares, and removing border barriers). The tools developed will inform sector strategies, investment plans, and TA designs.

17. **Output 3: Regional and national agencies' capacities to improve logistics and customs performance strengthened.** Based on assessments of trade facilitation performance, this output will provide targeted support for the preparation of plans for trade and transport facilitation, including customs modernization relevant for Pacific DMCs. In addition, the capacity of regional institutions and country customs departments for automation, risk management, coordinated border management (through single window or equivalent systems for selected Pacific DMCs), valuation, and post-clearance audit will be developed through targeted national and regional workshops. For customs modernization, system implementation needs will be identified and TA support and investment plans will also be developed.

C. Cost and Financing

18. The TA is estimated to cost $2.0 million, which will be financed on a grant basis by the Japan Fund for Poverty Reduction, and will be administered by ADB. ADB, the United Nations Economic and Social Commission for Asia and the Pacific (UNESCAP), Oceania Customs Organization, and WCO will provide counterpart support in the form of staff time, office space, communication support, and other in-kind contributions. The detailed cost estimates and financing plan are included in Appendix 2.

D. Implementation Arrangements

19. The TA will be implemented over 24 months from 1 July 2014 to 30 June 2016. ADB's Pacific Department will be the executing agency for the TA and will coordinate with the governments and other stakeholders in the Pacific DMCs and guide implementation of the TA.

[12] ADB 2012. *Infrastructure for Asian Connectivity*. Manila; ADB. 2010. *Trade Facilitation and Regional Cooperation in Asia*, Manila; and ADB. 2007. Oceanic Voyages: Aviation and Shipping in the Pacific, Manila.

20. The TA will finance consultant services for a total of 115 person-months, including 43 person-months of international consultant and 72 person-months of national consultant services. Uniquely qualified UNESCAP and WCO resource experts will form teams under separate agreements with ADB, while a commercial firm (engaged using quality and cost-based selection, with a quality–cost ratio of 80:20) and individual consultants will be engaged by ADB in accordance with its Guidelines on the Use of Consultants (2013, as amended from time to time).[13] An outline of the terms of reference for the consultants is in Appendix 3. The proceeds of the TA will be disbursed in accordance with the ADB's *Technical Assistance Disbursement Handbook* (2010, as amended from time to time). Some office equipment will be procured for TA implementation, in accordance with ADB's Procurement Guidelines (2013, as amended from time to time). Upon TA completion, the assets will be turned over to the relevant government agencies in the participating Pacific DMCs.

21. The TA will be implemented by three teams: (i) an assessment team, consisting of UNESCAP and WCO experts specializing in business process analysis, time release study, and TCD studies, and national consultants; (ii) a modeling team, consisting of a senior trade specialist and modeler as individual consultants; and (iii) a policy and investment planning team of consultants recruited through a firm. The assessment team will mainly conduct the studies and training activities of outputs 1 and 3. The modeling team will focus on output 2 activities, planning team will use assessment reports and the modeling activities to develop transport and logistics improvement investment plans, and policy options. A program coordinator will support TA implementation, and facilitate efficient and timely delivery of TA outputs. The assessment and modeling teams will be mobilized in the first year and complete their work in 15 months. The planning team will be mobilized in the second year, their specific tasks largely determined by the assessment findings. The teams will be guided by ADB's Pacific Department.

22. The studies will be guided by a working group in each Pacific DMC and a joint working group for the subregion or region. ADB will coordinate closely with international and bilateral agencies in implementing this TA, including the Australian Department of Foreign Affairs and Trade, the European Union, Japan International Cooperation Agency, New Zealand Government Ministry of Foreign Affairs and Trade, the World Bank, and other development partners. Regional stakeholders include the Pacific Islands Forum Secretariat and the Secretariat of the Pacific Community, which both work on regional integration. Staff from ADB, the Customs and Tariff Bureau in Japan's Ministry of Finance, UNESCAP, and WCO will serve as resource experts.

23. The analytical tools and work products of the TA will be maintained, and disseminated by national and regional institutions including the Pacific Islands Forum Secretariat and the Secretariat of the Pacific Community, to ensure sustainability of support. The TA publications developed with ADB internal and external partners will be shared at Pacific regional forums and conferences during the TA implementation and at the conclusion of the TA.[14]

IV. THE PRESIDENT'S RECOMMENDATION

24. The President recommends that the Board approve ADB administering technical assistance not exceeding the equivalent of $2,000,000 to be financed on a grant basis by the Japan Fund for Poverty Reduction for Trade and Transport Facilitation in the Pacific.

[13] UNESCAP and WCO have protocols for business process analyses, TCDs, and time release studies and have applied these under ADB-funded studies in South Asia and Southeast Asia, under exclusive agreements with ADB.
[14] ADB internal partners include Office of Regional Economic Integration and Economics and Research Department.

DESIGN AND MONITORING FRAMEWORK

Design Summary	Performance Targets and/or Indicators with Baselines	Data Sources and/or Reporting Mechanisms	Assumptions and Risks
Impact Improved trade competiveness of Pacific DMCs	By 2020 Average Logistics Performance Index scores increase for Fiji and PNG (2014 Baseline for Fiji, 2.42; PNG, 2.38)[a] Average time (days) to export from and import to selected Pacific DMCs decreases (2014 baselines: Fiji, 18 days for import and 22 for export; FSM, 30 and 32; PNG, 23 and 32; Samoa, 22 and 28; Timor-Leste, 28 and 26; Tonga, 22 and 25; and Vanuatu, 21 and 24) Average cost to import to and export from the Pacific region and selected Pacific DMCs decreases (2014 baselines: FSM, $1,040 for import and $1,040 for export; PNG, $1,149 and $1,250; and Vanuatu, $1,490 and $1,440)	World Bank Logistics Performance Index, and Cost of Doing Business-Trading Across Borders Expected improvements will be confirmed based on TTF assessment reports	**Assumptions** Improving TTF performance and investments remains a high government priority. No significant adverse changes in trade conditions No significant changes in the political economies of Pacific DMCs Existing hard infrastructure performance in Pacific DMCs does not deteriorate significantly. **Risk** Occurence of natural disasters
Outcome Participating Pacific DMC governments strategically plan trade and transport facilitation investments	By 2016 Trade and transport facilitation assessments led by national agencies conducted in at least 3 of the 7 participating Pacific DMCs Strategic trade and transport facilitation implementation plans adopted by governments in at least 1 of the 7 participating Pacific DMCs Selected milestones for accession to RKC, WCO SAFE Framework, and NSW for participating Pacific DMCs achieved	Expected improvements will be confirmed based on TTF assessment reports RKC and NSW milestones will vary by country and will be determined based on WCO assessment reports	**Assumption** Trained technical staff continue to enhance their skills and take the necessary tests for WCO accreditation. **Risks** Attrition of technical staff, especially where institutional capacity is strengthened
Outputs 1. Assessment tools for trade facilitation and transport logistics performance established and institutionalized	Number of TRSs completed in participating Pacific DMCs increased from 3 in 2014 to 7 in 2016; and for TCDs from 0 in 2014 to 3 in 2016; both, meeting quality standards	Improvements expected will be confirmed based on TTF assessment reports	**Assumption** Relevant government institutions commit technical staff to use and maintain assessment framework and tools to track TTF performance.

Design Summary	Performance Targets and/or Indicators with Baselines	Data Sources	Assumptions and Risks
	At least 3 of 7 participating Pacific DMCs adopt assessment tools at national workshops by Q3 2015 Trade and transport facilitation assessments and implementing guidelines developed by 3 participating Pacific DMCs by Q2 2015		**Risk** Specialized consultants and resource experts are not available and not willing to conduct field study.
2. National and regional agencies' capacities to assess trade and transport demand and design investment and policy options strengthened	Analytical model developed by 2016 for the Pacific region to link trade volume and transport flows for a baseline year and future scenarios and institutionalized within a regional agency (i.e., TTF model) Trade profile developed for participating Pacific DMCs highlighting the level, composition, and performance of intraregional and interregional trade by 2014 Transport investment plans including hard and soft infrastructure for performance improvements developed in 1 of 7 participating Pacific DMCs by 2016 At least 5 staff from 7 participating Pacific DMCs achieve competency in specific areas for WCO accreditation through a regional or national workshops on logistics and core customs processes (e.g., risk management, valuation, and post-clearance audit) by 2016		
3. Regional and national agencies' capacities to improve logistics and customs performance strengthened	At least 5 staff from the 7 participating Pacific DMCs achieve competency in specific areas for WCO accreditation through a regional or national workshops on logistics and core customs processes (e.g., risk management, valuation, and post-clearance audit) by 2016 At least 2 Pacific DMCs supported to develop strategic plans for customs modernization that is relevant for them by 2016		

Activities with Milestones	Inputs
1. Assessment tools for trade facilitation and transport logistics performance established and institutionalized	**Japan Fund for Poverty Reduction: $2,000,000**
1.1 Conduct workshops on ESCAP business process analysis, TCD, and WCO TRSs in participating Pacific DMCs; and develop a regional trade facilitation assessment framework (Q4 2014).	ADB, OCO, UNESCAP, and WCO will provide counterpart support in the form of staff time, office space, communication support, and other in-kind contributions.
1.2 Test the framework through pilot efforts in some Pacific DMCs and support the DMCs in identifying bottlenecks in clearance procedures and transport logistics; capture the baseline of corridor performance including trade time and cost; and describe strengths and weaknesses of trade facilitation at regional and national levels (Q1 2015).	
1.3 Develop implementing guidelines for the trade facilitation assessment framework (Q2 2015).	
1.4 Develop regional and country capacity for continued use of the assessment framework to monitor and track performance, design improvements, and facilitate formulation of solutions (Q3 2015)	
2. National and regional agencies' capacities to assess trade and transport demand and design investment and policy options strengthened	
2.1 Support participating Pacific DMCs in developing strategic plans for trade and transport facilitation, including customs modernization (Q4 2014).	
2.2 Conduct regional and national workshops to develop capacity of customs departments for automation, risk management, coordinated border management (single window or equivalent systems for selected DMCs), valuation under WTO valuation agreement, and post-clearance audit (Q2 2015)	
2.3 Support participating Pacific DMCs in achieving milestones of meeting international standards: Harmonized Systems Convention, RKC, and WCO SAFE Framework of Standards (Q3 2015).	
2.4 Prepare financing and TA in line with the plan developed (Q3 2015).	
3. Regional and national agencies' capacities to improve logistics and customs performance strengthened	
3.1 Develop trade profiles of participating Pacific DMCs highlighting the level, composition, and performance of intraregional and interregional trade (Q3 2014).	
3.2 Review and assess quality and guide the collection of trade and transport data for modeling (Q3 2014).	
3.3 Develop a TTF model to link trade volume forecasts with transport flow (international cargo flow) to determine investment options (Q1 2015).	
3.4 Analyze regional and global regional trends of trade and transport flow (Q2 2015).	
3.5 Assess soft infrastructure and transport logistic performance improvement needs as well as hard infrastructure improvement needs (Q3 2015).	
3.6 Support participating Pacific DMCs in developing sector strategies and investment plans and policies (Q3 2015).	

ADB = Asian Development Bank, DMC = developing member country, ESCAP= Economic and Social Commission for Asia and the Pacific, FSM = Federated States of Micronesia, JFPR = Japan Fund for Poverty Reduction, NSW = national single window, OCO = Oceania Customs Organization, PNG = Papua New Guinea, Q = quarter, RKC = Revised Kyoto Convention, TA = technical assistance, TCD = time/cost-distance, TRS = time release study, TTF = trade and transport facilitation, UNESCAP = United Nations Economic and Social Commission for Asia and the Pacific, WCO = World Customs Organization, WTO = World Trade Organization.

[a] Of the seven Pacific DMCs covered under this TA, only Fiji and PNG are included in the logistic performance study.

Source: Asian Development Bank.

COST ESTIMATES AND FINANCING PLAN
($'000)

Item	Amount
Japan Fund for Poverty Reduction[a]	
1. Consultants	
a. Remuneration and per diem	
i. International consultants	980.0
ii. National consultants	288.0
b. International and local travel[b]	284.0
c. Reports and communications[c]	15.0
2. Equipment[d]	18.0
3. Training, seminars, and conferences[e]	170.0
4. Surveys	37.5
5. Miscellaneous administration and support costs[f]	18.0
6. Contingencies	189.5
Total	**2,000.0**

Note: The technical assistance (TA) is estimated to cost $2.35 million, of which contribution from the Japan Fund for Poverty Reduction is presented in the table above. The ADB, United Nations Economic and Social Commission for Asia and the Pacific, Oceania Customs Organization, and World Customs Organization will provide in-kind contributions in the form of remuneration of resource experts staff time, office space, and communication support whose value is estimated to be $350,000 and account for 15% of the total TA cost.

[a] Administered by the Asian Development Bank (ADB).

[b] Including cost of travel for United Nations Economic and Social Commission for Asia and the Pacific, World Customs Organization and ADB resource experts; and developing member country officials.

[c] Including cost of written translation of documents and publication of final reports.

[d] Includes basic equipment such as computers and needed software to initiate setting up the information platform. Upon completion of the technical assistance, ownership of the equipment will be transferred from ADB to the participating government pursuant to ADB. 2008. Administering Grant-Financed Technical Assistance Projects. *Project Administration Instructions.* PAI 5.09. Manila (para. 29).

[e] Including cost of conducting regional and national workshops for government officials and other stakeholders.

[f] Including administrative and logistics costs of managing the teams and publication costs.

Source: Asian Development Bank estimates.

OUTLINE OF TERMS OF REFERENCE

A. Background

1. To implement the 24-month technical assistance (TA), the Asian Development Bank (ADB) will engage (i) resource experts from the United Nations Economic and Social Commission for Asia and the Pacific (UNESCAP) and the World Customs Organization (WCO), (ii) individual consultants, and (iii) a firm. Consultant services will total 115 person-months (43 person-months of international and 72 person-months of national services), with all consultants recruited in accordance with ADB Guidelines on the Use of Consultants (2013, as amended from time to time). The consultants will work in three teams: (i) an assessment team, consisting of UNESCAP and WCO experts and national consultants; (ii) a modeling team, consisting of a senior trade specialist and modeler as individual consultants; and (iii) a policy and investment planning team of consultants recruited through a firm. The assessment team will mainly conduct the studies and training activities of outputs 1 and 3. The modeling team will focus on output 2 activities, while the planning team will use reports from the assessments and the modeling activities to develop transport and logistics improvement investment plans and policy options. A program coordinator will support the TA implementation by facilitating the efficient and timely delivery of the outputs of this TA. The assessment and modeling teams will be mobilized in the first year and complete work within 15 months, while the planning team will be mobilized in the second year. The teams will be guided by the ADB Pacific Department Transport sector team.

2. In each participating Pacific developing member country (DMC), a working group will be formed with representatives from the Pacific government agencies involved in trade, customs, and transport; ADB; UNESCAP; and WCO. The working group will provide inputs to TA implementation, and will (i) review the scope of the assessments to be conducted, (ii) select products for which export and import processes will be evaluated, (iii) select specific trade corridors or routes and/or modes of transport, (iv) select gateway seaports and/or airports to cover, and (v) discuss findings and facilitate adoption of recommendations and plans. The assessment team, including resource experts from UNESCAP and WCO, will conduct training workshops to introduce the assessment tools, collect data, and share findings with stakeholders. The ADB country team leaders will review intermediate work products, including knowledge products.

B. Consultancy Positions and Requirements

1. Assessment Team

3. The assessments will be carried out by two subteams led by UNESCAP and WCO staff under separate agreements with ADB, which will coordinate closely. UNESCAP and WCO staff will join the team as resource experts as outlined in memorandums of understanding between ADB and both UNESCAP and WCO.

4. Structured interviews will be conducted with key stakeholders involved in transport, commercial, and financial procedural transactions that make up the domestic and international supply chains. These stakeholders include private service providers such as freight forwarders, consolidators, transport operators, and financial intermediaries, as well as public agencies (e.g., customs, border management, ports, and transport regulation agencies). Regional stakeholders will include the Pacific Islands Forum Secretariat (PIFS) and the Secretariat of the Pacific Community (SPC), which work on regional integration. Integrating this understanding with

supply chain analysis will help identify corrective actions to facilitate transport and trade and improve competitiveness. The depth of the assessments will be determined by the needs and interest of specific governments in trade and transport facilitation (TTF).

5. **Trade facilitation expert (I-Business process analysis) and assessment team leader** (international). The team leader will be responsible for the assessments and for the quality of baseline assessments of trade and transport facilitation using business process analysis (BPA); an overall process analysis of import and export goods, including procedures and physical movement; and the development of a regional trade facilitation assessment and monitoring framework. The team leader will also be responsible for a consolidated trade and transport facilitation assessment report, and in-country capacity development of stakeholders to conduct BPA in several ADB DMCs in the Pacific (this may include up to seven countries). These assessments will be carried out so as to establish a process and related tools that can be used to track and measure performance over time. Because the process is expected to support and guide continuous improvements in trade and transport facilitation in the longer term, the process and tools will be anchored in a local agency or stakeholder institution to enhance sustainability. The team leader will supervise the activities of a national consultant, coordinate closely with the WCO team, and be guided by the ADB resource expert and project officer.

6. **Trade facilitation advisors** (I-Business process analysis) (five national consultants, 3 person-months each). Under UNESCAP guidance, each national advisor will work closely with the government agencies and other relevant stakeholders in their respective country to support them in the conduct of the BPA, and conduct parts of the analyses as needed to prepare the BPA reports.

7. Each advisor will have an undergraduate degree and preferably a graduate degree in economics, trade, business management, or related field; at least 5 years of experience working on trade facilitation with a national, regional, or international organization; and strong writing skills demonstrated through authored reports or other written work. Work experience in the Pacific would be preferred. The advisor will be supervised by the UNESCAP resource expert from the Trade Facilitation Unit of UNESCAP and coordinate closely with the program coordinator and the WCO team.

8. **Transport logistics expert** (international). The expert will be responsible for conducting the time/cost-distance (TCD) study to examine the performance of the international transport logistics of cargo movement. The TCD study will look specifically at the physical movement of cargo from origin to destination along a given route. For a trade corridor, data to be collected includes type of cargo; mode of transport; vehicle and vessel specification; route; facility profiles; and the distance, time, and cost of each leg of the journey. The data is typically obtained from freight forwarders, transport operators, and port authorities. Data will be collected for the transport process from physical origin to physical destination, and a graphical representation or profiles will be produced based on the data.

9. The methodology will be based on data collected on time and costs of transport processes, delays incurred at ports and inland terminals, freight or document handling charges and other fees levied, and material progress or movement of goods along a transport route. The collected data may be supplemented with estimated data, if necessary. The detailed time/cost profiles will help examine transport logistics and develop an understanding to target support for more efficient passage by examining systemic issues and specific factors affecting each route. The data will also help policy makers to identify bottlenecks, reduce constraints, and improve efficiency along specific routes.

10. **Transport logistics advisors** (five national consultants, 3 person-months each). The national advisors, guided by the UNESCAP transport logistics expert, will work closely with government agencies and other relevant stakeholders in their respective countries (consisting of up to seven Pacific DMCs) to conduct the TCD analysis and prepare the country report.

11. Each advisor will have an undergraduate degree and preferably a graduate degree in transport, economics, trade, business management, or related field; at least 5 years of experience working on transport facilitation logistics or a related area with a national, regional or international organization; and strong writing skills demonstrated through authored reports or other written work. Work experience in the Pacific would be preferred. Each advisor will be supervised by the UNESCAP transport logistics expert and coordinate closely with the program coordinator.

12. **Trade facilitation expert** (II-Time release study) (international). The expert will be responsible for the quality of baseline assessments of time release studies (TRSs) and in-country capacity development to conduct TRSs. These assessments will be carried out so as to establish a process and related tools that can be used to track and measure performance over time. Because the process is expected to support and guide continuous improvements in trade facilitation in the longer term, the process and tools will be anchored in a local agency or stakeholder institution to enhance sustainability. The status of and/or request for national and/or Association of Southeast Asian Nations single window may also be explored. The expert will supervise the activities of a national consultant and be guided by the ADB resource expert and project officer.

13. **Trade facilitation advisors** (II-Time release study) (five national consultants, 3 person-months each). The national advisors will work closely with government agencies and other relevant stakeholders in their respective countries (comprising up to five Pacific DMCs) to support them in the conduct of the TRS, and will conduct parts of the analyses as needed to prepare the TRS reports.

14. The advisors will have an undergraduate degree and preferably a graduate degree in economics, trade, business management, or related field; at least 5 years of experience working on trade facilitation or similar area and with a national, regional, or international organization; and strong writing skills demonstrated through authored reports or other written work. Work experience in the Pacific would be preferred. The advisors will be supervised by the WCO expert and coordinate closely with the program coordinator.

2. Trade and Transport Modeling Team

15. The modeling team will develop profiles of intraregional and interregional trade, and a model to link trade volume with transport flow for the Pacific region, to lead to formulation of transport strategies and investment plans for hard and soft infrastructure for selected Pacific DMCs under this TA. The model will quantify the impacts of trade and transport policies on international cargo shipping and economic activities of individual economies, Asia-Pacific Economic Cooperation (APEC) members, and other major trading partners. By partnering with a system development group, data for Pacific DMCs will be prepared, and Pacific DMCs will be represented in a model. The model will be used for analysis of Pacific DMC's own economic

interests, as well as subregional and regional impacts linked to other regions.[1] Data developed based on an understanding of the evolving economic linkages of Pacific countries with their trading partners will be used for this effort.[2]

16. **Senior trade specialist** (international consultant, 4 person-months). The senior specialist will serve as the modeling team leader and lead the analyses of trade and transport flow and impact of trade and transport policy and infrastructure investments in the Pacific region, using TTF model(s) to establish the relationship between TTF and transport flows. The senior specialist will lead all aspects of output 3 of the TA including the scenario and TTF model development, and calibration and analysis using the TTF model. The analysis will be designed to simulate trade and international cargo flows of each economy and simulate impacts by implementing a range of trade and transport infrastructure decisions. The impacts may include cargo flow patterns, transport costs, and the regional economic activities that can be expected due to transport and trade facilitation improvements (e.g., construction of new terminals and berths in ports, improving transaction times at port terminals, and discounting charges and fares). The model developed will be used to assess hard and soft infrastructure capacity and performance needs to inform investment design decisions.

17. The senior specialist will have an undergraduate degree and a graduate degree (preferably a PhD) in economics, trade, transport, or a related field; at least 10 years of experience working on trade policy, trade facilitation, or a related area with a national, regional, or international organization; and authored publications. The senior specialist will supervise the activities of the trade advisor (a national consultant) and work closely with the ADB project officer.

18. **Trade and transport modeler** (international consultant, 6 person-months). The consultant modeler will be responsible for developing the TTF model for the Pacific region, under the supervision of the senior trade specialist. The consultant will develop, calibrate, and run the TTF model to evaluate the impact on trade and transport in the region. The impacts may include cargo flow patterns, transport costs, and the economic activities of the APEC region that can be expected as a result of TTF improvements (e.g., construction of new terminals and berths in ports, improving transaction times at port terminals, and discounting charges and fares).

19. The modeler will have an undergraduate degree in economics and preferably a master's degree in economics, trade, business management, or a related field; at least 10 years of experience working on trade policy, trade facilitation, and transport with a national, regional, or international organization; and authored publications. The modeler will supervise the activities of the trade advisor (a national consultant) and work closely with the ADB project officer.

20. **Program coordinator** (national consultant, 15 person-months). The program coordinator will coordinate and support the TA implementation, and provide intermittent inputs to and work with relevant international and national consultants under this TA, implementing partners, ADB, government counterparts, and local organizations to support the delivery of the outputs of this TA in an efficient, effective, and timely manner. The inputs include logistics of training and other events, and production and dissemination of knowledge products.

[1] APEC Transportation Working Group. 2013. Impacts of Trade and Transport Policy on International Cargo Shipping and Economic Activities. Paper presented during the 37th APEC Transportation Working Group Meeting. Ho Chi Minh City. 8–12 April. A successive modeling system, Trade and Logistics Forecasting System for the APEC Region, was developed and reported under this publication.

[2] ADB. 2013. *Technical Assistance for Evolving Linkages of the Pacific Economies*. Manila.

21. The program coordinator will have an undergraduate degree and preferably a graduate degree in transport, economics, trade, business management, or a related field; preferably 5 years of experience working on transport facilitation logistics or related area with a national, regional, or international organization; and strong writing skills demonstrated through authored reports or other written work. The program coordinator will be supervised by the ADB staff and coordinate closely with the three teams.

3. Policy and Investment Planning Team

22. The team will support the government in formulating policies and transport investment plans, including hard and soft infrastructure for TTF performance improvements relevant for Pacific DMCs. The team will work closely with various relevant agencies e.g., transport and maritime agencies, port authorities, trade and customs agencies, and private and other public stakeholders. The team will consist of a (i) team leader and transport planner-economist (international consultant, 12 person-months) who will manage the work program for all aspects of policy and investment planning, supervise and/or conduct the required analyses and consultations, and support the national government in developing policy and investment plans; they will preferably have an advanced degree in transport planning or economics; (ii) maritime transport specialist (international consultant, 6 person-months) who will provide technical inputs on maritime transport investment planning; (iii) private sector specialist (international consultant, 3 person-months) who will develop feasible options for increased private sector participation in port operation, and risk-sharing arrangements such as concessions and terminal operating leases; (iv) trade facilitation specialist (international consultant, 6 person-months) to develop policies and investment plans for customs modernization; (v) financial management specialist (international consultant, 6 person-months), who will assess all financial aspects related to the investment plans and proposed investment project(s); they will have a tertiary degree in finance, at least 10 years of experience in the transport or other infrastructure-related sector, and relevant work experience in the Pacific region or a similar environment; and (vi) deputy team leader (national consultant, 12 person months). Detailed terms of reference for these team members will be developed based on the country TTF assessments under output 1.