



Technical Assistance Report

Project Number: 47082-001
Regional—Capacity Development Technical Assistance (R-CDTA)
December 2013

Coordinated Border Management for Results in Central Asia Regional Economic Cooperation (Financed by the Japan Fund for Poverty Reduction)

ABBREVIATIONS

ADB	–	Asian Development Bank
BCP	–	border crossing point
CAREC	–	Central Asia Regional Economic Cooperation
CBM	–	coordinated border management
CCC	–	customs cooperation committee
CPMM	–	corridor performance measurement and monitoring
JCC	–	joint customs control
TA	–	technical assistance
TRS	–	time release study
WCO	–	World Customs Organization

TECHNICAL ASSISTANCE CLASSIFICATION

Type	–	Regional—Capacity development technical assistance (R-CDTA)
Targeting classification	–	General intervention
Sector (subsectors)	–	Industry and trade (trade and services)
Themes (subthemes)	–	Regional cooperation and integration (trade and investments), economic growth (promoting economic efficiency and enabling business environment), capacity development (institutional development)
Location (impact)	–	national and/or regional (high), rural and urban (low)
Partnerships	–	Government of Japan, World Customs Organization

NOTE

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

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I. INTRODUCTION

1. The 2011–2020 Strategic Framework for the Central Asia Regional Economic Cooperation (CAREC) Program (CAREC 2020) has two strategic objectives: expanding trade and improving industrial competitiveness. Within CAREC 2020, trade facilitation is one of four priority sectors. Work in this area was guided by the Transport and Trade Facilitation Strategy (TTFS), approved in 2007 by the 6th CAREC Ministerial Conference. The TTFS has undergone a midterm review during 2012-2013 to optimize its implementation for the remaining period (2014-2020). As a result, a Refined TTFS 2020 and Implementation Action Plan has been developed and approved in 2013 by the 12th CAREC Ministerial Conference on 23-24 October in Astana, Kazakhstan. The refined TTFS strengthens an integrated approach, focusing on the development of six CAREC corridors through infrastructure investments and trade facilitation initiatives to improve the movement of goods and people through and across these corridors.

2. Customs cooperation has been central to CAREC trade facilitation efforts since CAREC was established in 2001. The CAREC customs cooperation committee (CCC), composed of the heads of its 10 member country customs administrations, serves as the regional forum for addressing issues of common interest in this area.

3. The CCC is concentrating its cooperation work on (i) simplifying and harmonizing customs procedures and documentation; (ii) upgrading information and communication technology for customs modernization and data exchange, (iii) enhancing risk management and post-entry audit, (iv) implementing joint customs control (JCC), and (v) facilitating regional transit. These priority areas are consistent with the 10 building blocks for developing customs in the 21st century being promoted by the World Customs Organization (WCO), whose 179 member countries account for 98% of global trade. The proposed regional technical assistance (TA) will provide support in one of the five CCC priority areas¹: the implementation of joint customs control.²

4. During the 12th meeting of the CCC in Astana, Kazakhstan on 18 September 2013, members discussed the three proposed TA projects, agreed that they aligned with CAREC objectives in the priority areas, and gave them full support.

II. ISSUES

5. Corridor performance measurement and monitoring (CPMM)³ assesses transport efficiency along the six corridors defined in the TTFS. Travel time and cost data are collected for each corridor by a network of road carrier and freight forwarder associations and analyzed to identify problems. CPMM reveals consistently that border crossing points (BCPs) constitute the major bottleneck and obstacle to better international transport and trade in the CAREC region. The complex and often repetitive clearance procedures of customs and other agencies on both sides of the border conspire with inadequate infrastructure to create these bottlenecks. In the third quarter of 2013, CPMM revealed that a 687 km journey along CAREC Corridor 2 took 48 hours, with 32 of those hours consumed by activities and delays along the route, principally at BCPs. These delays contributed to an average 50% reduction of speed in transit (from 47 kph

¹ Priority (i), (ii) and (iii) will be supported by TA 'Aligning trade facilitation measures with best practices' while priority (v) will be supported by TA "Facilitation of Regional Transit Trade in Central Asia Regional Economic Cooperation (CAREC)".

² The TA first appeared in the business opportunities section of ADB's website on 24 October 2013.

³ CPMM has been conducted continuously since 2009. It identifies border crossing points where road carriers and freight forwarders encounter the greatest delays.

without delays to 23 kph taking these delays into account). Before remedial measures can be designed, however, more detailed investigation and analysis of the specific border clearance problems and their causes need to be undertaken.

6. This should be done through use of the time release study (TRS) methodology developed by the WCO to review the effectiveness of administrative procedures not only of customs services but also of other border control agencies. The TRS method will help identify the specific causes of delays and recommend the measures customs authorities and other border control agencies need to take to address them. Three CAREC members (Kazakhstan, Mongolia, and Uzbekistan) have put the TRS process to work, but more effort is needed to expand the use of and the capacity to implement periodic TRS analysis in the CAREC countries so that progress on improving border control and clearance procedures can be monitored and information gathered on which to base reforms and modernization. CPMM data can aid customs officials in fine-tuning their conduct of TRS.

7. Multiple inspections currently take place at CAREC BCPs, involving numerous services and agencies responsible for border controls on both sides to the frontier. How these border agencies operate and are organized and coordinated is an important factor in addressing the potential negative impacts of the growing international mobility of goods and people, including the risks of human trafficking and the spread of communicable diseases. This has created new challenges for governments seeking to organize border management in an effective way.

8. The WCO identifies JCC as a preliminary step toward coordinated border management (CBM). CBM aims to strengthen the ability of multiple border agencies to facilitate trade and the movement of goods across borders while also addressing the potential negative impacts. It has two dimensions. Nationally, governments need to develop cooperation and arrangements between the domestic agencies involved in regulating and controlling international trade. This applies in particular to customs services, inspection and quarantine agencies, transport ministries, national police, and immigration authorities. The international dimension requires that border control agencies in one country work with their foreign counterparts on the other side of a frontier to maximize the harmonization of border control functions.

9. JCC pilots have been conducted with ADB's assistance since December 2007 at selected BCPs to address serious delays in cross-border movement of goods between the People's Republic of China, Kazakhstan, and Mongolia along two CAREC corridors.⁴ CAREC has adopted a three-phased approach to JCC: (i) document harmonization, which requires the importer and exporter to use the same customs declaration on both sides of a border; (ii) mutual recognition of inspection results at both sides of the border; and (iii) joint border operation, where customs authorities on each side of the border coordinate operations. The JCC pilots have focused on the first phase on harmonization of cargo manifests. During the next 2–3 years, CAREC needs to scale up JCC by (i) analyzing lessons learned; (ii) intensifying JCC by moving toward the electronic exchange of harmonized cargo manifests and mutual recognition of inspection results; and (iii) expanding JCC to more BCPs in more member countries.

III. THE TECHNICAL ASSISTANCE

10. The TA will support TRS analyses to establish the causes of cross-border delays related to border control and clearance procedures. It will also help expand the number and scope of

⁴ ADB. 2010. *Technical Assistance for the Development of Regional Cooperation Programs for Mongolia and the People's Republic of China* (TA 7618-REG). Manila.

JCC pilots and support the efforts of CAREC countries to improve coordination between their border control agencies both at the national and international level and move toward CBM.

A. Impact and Outcome

11. The impact of the TA will be an improved movement of legitimate goods and people across CAREC borders. The outcome will be enhanced coordination and cooperation between border control authorities.

B. Methodology and Key Activities

12. The impact and outcome of the TA will be achieved through the delivery of the following outputs and activities:

- (i) **Time release studies and training conducted.** Country-based workshops and training on the TRS methodology will be conducted to adapt TRS tools to specific country needs. TRS committees will be set up to design customized TRS questionnaires. In addition, TRS analyses will be conducted at problem BCPs identified through the CPMM. The results will (a) identify major problems and bottlenecks; and (b) set up indicators against which to measure performance improvements. Action plans will be put in place with recommendations on steps for customs authorities to take to address problems identified. Consultations between customs agencies will be organized to discuss common problems and agree on regional cooperative measures. It is advised to conduct TRS periodically so further reforms can be designed as problems are identified. In this regard, guidelines will be developed to help institutionalize periodic TRS in CAREC countries.
- (ii) **Joint customs control review and pilot expansion.** JCC generates significant savings in financial and human resources. CCC members have expressed interest in establishing JCC along their borders. The TA will support case studies to document success factors and guidelines for JCC operations will be developed based on the pilot experience. They will include a framework for expanding the scope of JCC to cover CBM principles. The results of the case studies will be used to identify new BCPs where pilots can be developed. The TA will also support the efforts of CAREC customs authorities to expand the current JCC pilots to test phases 2 and 3 of the JCC approach.
- (iii) **Improved interagency coordination for coordinated border management.** Border management has become complex because of the many state agencies involved. CBM calls for cooperation between relevant border control agencies (para. 8). The TA will help CAREC countries to explore more effective solutions to border management. It will develop recommendations for establishing better links and coordination between the procedures and systems of border agencies and harmonizing and simplifying these procedures and systems, where possible. To this end, coordination and dialogue meetings between customs and other border agencies will be arranged to discuss common information needs, and the possibility of harmonizing border control documents and coordinated electronic submissions. The TA will support efforts at the national level to develop cooperative arrangements between the domestic agencies involved in regulating and controlling international trade. Where possible, international cooperative arrangements between neighboring countries will be sought. CBM training and awareness raising events will be organized for personnel working at BCPs.

C. Cost and Financing

13. The TA is estimated to cost \$1,250,000. And will be financed on a grant basis by the Japan Fund for Poverty Reduction and administered by ADB. The TA will be part of the Trade Facilitation Mechanism initiated by the Government of Japan in November 2010.⁵ The governments of CAREC countries will provide counterpart support in the form of the necessary office space, counterpart staff, and other services to TA project consultants, and will assist in arranging meetings with counterpart agencies. The cost estimates and financing table are in Appendix 2.

D. Implementation Arrangements

14. ADB will be the executing agency. The Public Management, Financial Sector, and Regional Cooperation Division of ADB's East Asia Department will serve as the focal point and administer the TA in coordination with the CAREC unit of the Central and West Asia Department, the resident missions in CAREC countries concerned, and the CAREC Institute, which will provide the TA training courses. The TA will be implemented in close coordination with the WCO and will contribute to implementation of the memorandum of understanding between ADB and WCO signed on 4 May 2010 during ADB's 43rd Annual Meeting in Tashkent, Uzbekistan. In addition, the Customs and Tariff Bureau of Japan's Ministry of Finance and Japan International Cooperation Agency were consulted in terms of relevance and approach of the proposals. It was decided that ADB will provide them with information about activities to be undertaken during implementation and that the Customs and Tariff Bureau will participate in workshops and events for experience sharing with CAREC. The 2-year implementation period will be from 1 February 2014 to 31 January 2016.

15. The TA will require 30 person-months of intermittent international consulting services and 56 person-months of intermittent national consulting services. Consultants and resource persons will be specialists in the areas of customs reform, customs law, trade facilitation, and regional cooperation. In view of the TA project's diverse activities, consultants and resource persons will be selected on an individual basis. The consultants will be engaged in accordance with ADB's *Guidelines on the Use of Consultants* (2013, as amended from time to time). The outline terms of reference for consultants are in Appendix 3. The proceeds of the TA will be disbursed in accordance with the *Technical Assistance Disbursement Handbook* (2010, as amended from time to time).

16. TA progress will be monitored against intended outcomes, outputs, indicators, and targets provided in the design and monitoring framework (Appendix 1). Experience and knowledge gained through the TA will be widely disseminated through knowledge products, such as strategic publications, policy and strategy papers, and conferences.

IV. THE PRESIDENT'S DECISION

17. The President, acting under the authority delegated by the Board, has approved ADB administering of technical assistance not exceeding the equivalent of \$1,250,000 on a grant

⁵ In November 2010 the Government of Japan announced a new initiative called "Trade Facilitation Mechanism" to contribute up to \$25,000,000 to ADB for trade facilitation in Asia from 2011 to 2015. The mechanism aims at facilitating trade-related procedures, mainly customs-related procedures, with a view to contributing to the expansion of trade and economic growth in Asia.

basis by the Japan Fund for Poverty Reduction for Coordinated Border Management for Results in Central Asia Regional Economic Cooperation, and hereby reports this action to the Board.

DESIGN AND MONITORING FRAMEWORK

Design Summary	Performance Targets and Indicators with Baselines	Data Sources and Reporting Mechanisms	Assumptions and Risks
<p>Impact Improved movement of legitimate goods and people across CAREC borders</p>	<p>By 2020 time taken to clear a border crossing point decreases by 35% to 5.7 hours (2010 baseline: 8.7 hours)</p> <p>By 2020 cost incurred at a border crossing point clearance decreases by 20% to \$149 by (2010 baseline: \$186)</p>	<p>CAREC CPMM quarterly and annual reports</p> <p>National customs service reports</p>	<p>Assumption CAREC governments continue to support regional cooperation initiatives to expand trade and improve competitiveness in the region.</p> <p>Risk Political instability in some CAREC countries disrupts reforms being undertaken.</p>
<p>Outcome Enhanced coordination and cooperation between border authorities</p>	<p>By 2020 national and regional coordination platforms established</p>	<p>CAREC trade and transport facilitation progress reports</p> <p>CCC reports</p> <p>TA completion report</p>	<p>Assumption Government agencies have the political will to implement recommendations.</p> <p>Risk Vested interests exert influence to delay reforms.</p>
<p>Outputs</p> <p>1. TRS studies and training conducted</p> <p>2. JCC review and pilot expansion</p>	<p>By 2016 time release studies conducted in 6 countries (2013 baseline: 3 countries)</p> <p>By September 2015 training on TRS methodology delivered for all CAREC countries (baseline 2013: 7 countries)</p> <p>By 2016 guidelines for periodic TRS developed</p> <p>By September 2015 guidelines on JCC developed</p> <p>By 2016 JCC pilots conducted in 6 BCPs (2013 baseline: 2)</p> <p>By June 2015 phase 2 JCC pilots started</p>	<p>CAREC trade and transport facilitation progress reports</p> <p>CCC reports</p> <p>TA completion report</p> <p>CAREC trade and transport facilitation progress reports</p> <p>CCC reports</p> <p>TA completion report</p>	<p>Assumptions Customs authorities will fully support and participate in the studies.</p> <p>Customs and immigration agencies will cooperate and work together to develop harmonized procedures.</p> <p>Risk Interagency cooperation is difficult due to perceived conflicts in jurisdiction.</p>

Design Summary	Performance Targets and Indicators with Baselines	Data Sources and Reporting Mechanisms	Assumptions and Risks										
3. Improved interagency coordination for CBM	<p>By December 2015 recommendations for CBM presented to relevant authorities</p> <p>By January 2016 training of border personnel delivered for 4 CAREC countries</p>	<p>CAREC trade and transport facilitation progress reports</p> <p>CCC reports</p> <p>TA completion report</p>											
<p>Activities with Milestones</p> <p>1. TRS studies and training conducted</p> <p>1.1 Identify BCP based on CPMM results and consultations with customs agencies, by May 2014</p> <p>1.2 Conduct in-country workshops and training to adapt TRS tools to specific country needs (covering 3 countries in 2014, and another 3 in 2015)</p> <p>1.3 Set up TRS committees to design customized TRS questionnaires, by September 2014</p> <p>1.4 Prepare guidelines and recommendations for periodic conduct of TRS in CAREC countries, by May 2015</p> <p>1.5 Conduct TRS in identified BCPs, analyze results, and recommend corrective actions, by December 2015</p> <p>2. JCC review and pilot expansion</p> <p>2.1 Prepare case studies of ongoing JCC pilots to document lessons, by March 2015</p> <p>2.2 Conduct workshops for ongoing JCC pilots to proceed to phase 2 of JCC approach (mutual recognition of customs inspection results), by May 2015</p> <p>2.3 Identify other potential BCP for JCC, conduct studies to assess feasibility of implementing JCC pilots at these BCPs (covering legal barriers, extent of coverage, documents that can be harmonized and agencies to be involved), and develop guidelines for implementing JCC in CAREC region (including a framework to further deepen and broaden scope of JCC), by September 2015</p> <p>2.4 Launch a new JCC pilot in at least one new BCP by November 2015</p> <p>3. Improved interagency coordination for CBM</p> <p>3.1 Conduct interagency dialogues in 2 or 3 pilot countries to explore possibility of harmonizing border procedures and documents, by September 2015</p> <p>3.2 Prepare recommendations for harmonizing specific procedures for implementing CBM, including flowcharts and sample documents, by December 2015</p> <p>3.3 Organize training on CBM for border personnel, covering 2 countries by September 2014 and another 2 by September 2015</p>			<p>Inputs</p> <p>Japan Fund for Poverty Reduction: \$1.25 million</p> <table border="1" data-bbox="1101 758 1442 947"> <thead> <tr> <th data-bbox="1101 758 1263 821">Item</th> <th data-bbox="1263 758 1442 821">Amount (\$'000)</th> </tr> </thead> <tbody> <tr> <td data-bbox="1101 821 1263 852">Consultants</td> <td data-bbox="1263 821 1442 852">825.00</td> </tr> <tr> <td data-bbox="1101 852 1263 884">Workshops</td> <td data-bbox="1263 852 1442 884">350.00</td> </tr> <tr> <td data-bbox="1101 884 1263 915">Miscellaneous</td> <td data-bbox="1263 884 1442 915">15.00</td> </tr> <tr> <td data-bbox="1101 915 1263 947">Contingencies</td> <td data-bbox="1263 915 1442 947">60.00</td> </tr> </tbody> </table>	Item	Amount (\$'000)	Consultants	825.00	Workshops	350.00	Miscellaneous	15.00	Contingencies	60.00
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BCP = border crossing point, CBM = coordinated border management, CAREC = Central Asia Regional Economic Cooperation, CCC = customs cooperation committee, CPMM = corridor performance measurement and monitoring, JCC = joint customs control, TA = technical assistance, TRS = time release 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	450.00
ii. National consultants	225.00
b. International and local travel	120.00
c. Reports and communications	30.00
2. Training, seminars, and conferences	350.00
3. Miscellaneous administration and support costs ^b	15.00
4. Contingencies	60.00
Total	1,250.00

Note: The technical assistance (TA) is estimated to cost \$1,350,000, of which contributions from the Asian Development Bank are presented in the table above. The governments will provide counterpart support in the form of necessary office space, counterpart staff, and other services to the consultants, and will assist in arranging meetings with counterpart agencies. The value of government contributions is estimated to account for 7.5% of the total TA cost.

^a Administered by the Asian Development Bank.

^b Written translations, office supplies for events, printing of banners and leaflets, meeting assistants (copy person to reproduce materials, support for workshops).

Source: Asian Development Bank estimates.

OUTLINE TERMS OF REFERENCE FOR CONSULTANTS

1. Consultants will be engaged on an individual basis to provide 30 person-months of international and 56 person-months of national consultant services under the technical assistance (TA). Flexibility will be allowed in determining the duration of the expert services required, based on periodic progress assessment. The terms of reference will be further refined and expanded prior to consultant recruitment.

A. International Consultants

2. **Time release study specialist** (10 person-months). The specialist will hold a bachelor's degree in economics, management, public administration or law. A master's degree will be an advantage. At least 5 years of working experience in customs administration and experience in conducting the time release study (TRS) of the World Customs Organization (WCO) will be required. Preference will be given to specialists with regional and/or international experience, a good understanding of customs procedures and operations, and familiarity with the Central Asia Regional Economic Cooperation (CAREC) regulatory framework in regard to trade facilitation. Among other responsibilities, the specialist will

- (i) select border crossing points (BCPs) and/or export–import supply chains where the use of the TRS will have the most beneficial impact on trade facilitation;
- (ii) consult with and advise customs administrations on the implementation of TRS methodology;
- (iii) identify and help implement high-priority capacity- and institution-building measures to prepare the countries to conduct TRS;
- (iv) sponsor training programs for customs officials on the use of international tools, such as the WCO TRS guide and the WCO TRS online software;
- (v) provide advice on how to include a TRS project in the customs modernization plans of each CAREC country to institutionalize the use of TRS;
- (vi) help each CAREC country launch a TRS project, establish a TRS task force, and compile a TRS report that includes recommendations to enhance efficiency at borders;
- (vii) organize and conduct workshops and consultation dialogue between BCPs to share TRS results and identify regional cooperation measures to resolve common issues; and
- (viii) develop guidelines on how to conduct TRS in the CAREC setting.

3. **Coordinated border management specialist** (15 person-months). The specialist will hold a bachelor's degree in economics, management, public administration, or law. A master's degree will be an advantage. At least 5 years of working experience in a customs administration will be required. Regional and/or international experience, a good understanding of customs procedures and operations, and familiarity with the CAREC regulatory framework in regard to trade facilitation are preferred. Among other responsibilities, the specialist will

- (i) assess and analyze the joint customs control pilots and extract lessons to develop case studies;
- (ii) identify BCPs for joint customs control pilots and conduct detailed studies to assess the feasibility of implementing these JCC pilots, considering such factors as legal barriers, extent of coverage, documents that can be harmonized, and the agencies that would be involved;

- (iii) use the CPMM results and TRS to identify the causes of delays at the borders, such as duplication of border agency activities, and lengthy processes to obtain permits and authorizations by various domestic border control agencies;
- (iv) consider corrective actions, in cooperation with other agencies and stakeholders, and select solutions;
- (v) recommend measures to integrate customs regulations and procedures with those of other trade-related entities, such as quarantine, sanitary and phytosanitary, and quality-inspection agencies;
- (vi) organize coordination meetings between customs and other border agencies to discuss common information needs and the possibility of harmonizing border control documents and coordinated electronic submissions; and
- (vii) organize seminars and training for border personnel on coordinated border management principles.

4. **Other international experts and resource persons** (5 person-months). The TA is expected to require other skills for brief periods. These evolving needs will be addressed by the short-term engagement of resource persons and specialists recognized in their fields and possessing good communication skills. The specialists may support the work of the international consultants and/or serve as trainers and resource persons in meetings, workshops, and seminars conducted under the TA.

B. National Consultants

5. **Trade facilitation specialists** (four specialists, 36 person-months combined). National consultants from CAREC countries will be recruited to assist the international consultants. The national consultants will have extensive, in-depth regional and local knowledge and good contacts in the various areas of customs operations and trade facilitation. The national consultants will be guided and supervised by international consultants. They will provide support to the international consultants by undertaking background research; compiling information on government policies, regulations, and procedures; translating documents into English; and ensuring that work by the international consultants is appropriate to the regional situation.

6. **Trade facilitation analyst** (20 person-months). The analyst will provide technical and administrative support for activities to be implemented under the TA. Among other responsibilities, the specialist will

- (i) help coordinate TA activities and facilitate communication between consultants, participating governments, and ADB;
- (ii) provide secretariat and coordination support for all TA-related activities and organize and update TA information and data;
- (iii) prepare progress reports and reference documents for TA-related meetings, workshops, and seminars;
- (iv) assist in the publication and dissemination of knowledge products emanating from the TA; and
- (v) prepare logistical arrangements for the organization of regional meetings, seminars, and workshops related to the TA.