

Support for the implementation of the Central American Trade Facilitation Strategy (D2380)

Description:

This TC will support actions and initiatives that are being developed in Central America and in which the Bank has taken a key position as a strategic partner for the countries and main reference in Trade Facilitation issues. The reference framework that is taken into account for the topics to be developed in this TC is the Central American Strategy for Trade Facilitation and Competitiveness (ECFCC) in which the Bank supported its development in 2014-2015 and which has been executed in the region.

Through official communication, the Secretariat of Central American Economic Integration (SIECA), by mandate of the Council of Ministers of Economic Integration (COMIECO), formally requested support from the IDB for the process of updating the ECFCC, which has been carried out through technical support and financial that aimed to update the ECFCC (ECFCC-2023) through a regional consensus process with the participation of the countries, through key actors. The IDB has been and is the main partner and strategic ally of the region in trade aspects.

The ECFCC-2023 frames the measures and actions to advance trade facilitation, which authorities linked to foreign trade must implement in a coordinated manner, nationally, bilaterally and regionally. The ECFCC-2023 is extended to all modes of transport: air, land and sea. The measures will be implemented based on five pillars, which, in coordination, contribute to the general objective, which is: reduce the costs and times of cross-border trade, maintaining effective controls, and contributing to the reduction of logistics costs and the increase in competitiveness. .

The implementation of the ECFCC is a benchmark milestone in Latin America. The scope of this updated instrument includes central elements to strengthen and contribute to improving trade flows, including key concepts that are aligned with best international practices, among which stand out: (i) the implementation of the Coordinated Border Management (GCF) model) in border modernization processes, and which includes double-header or single-header operational integration models; (ii) the implementation of a regional interoperability bus between the countries, which is the Central American Digital Trade Platform (PDCC), which links the national systems of foreign trade processes; (ii) general measures such as: implementation of advance declarations, traceability and regional monitoring mechanisms, measurements of crossing times, among others.

The general objective is to support the implementation of activities established in the update of the Central American Strategy for Trade Facilitation and Competitiveness (ECFCC-2023), giving continuity to the participation of the IDB as the main strategic ally of the region in terms of trade. Specifically, the TC's objectives are to concretely support three areas associated with the ECFCC: (i) contribute to the implementation of the measures contemplated in the Strategy, prioritizing the pillars related to the Bank's support to the countries; (ii) support the development of the ECFCC-2023 monitoring and evaluation plan; (iii) support regional dialogue and the achievement of agreements regarding trade facilitation, as well as the dissemination of knowledge products.

Submitted by:

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Submitted on:

11/24/2023

Status:

Submitted

Category:

Client Support

Tags:

economic development exportaciones facilitación comercial integración regional technology trade

Linked Ideas:

Whiteboard:

Team Leader Name

Fernando Ocampo Sanchez

Alternate Team Leader Name

Has the proposal been discussed and authorized by the responsible sector or country department/division, as applicable?

Yes

Team Leader Responsible Department

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Are there specific countries that will directly benefit from your proposal?

Yes

Mark the specific countries that will be directly benefited from your proposal?

Costa Rica

El Salvador

Guatemala

Honduras

Nicaragua

Panama

Where applicable, describe how the proposal aligns with the respective country strategy (for each country selected)

Country Strategy of Guatemala (GN-3085) as provided in Paragraph 3.26 "...In regional integration, the processes of modernization of border management and logistics corridors will be supported, in line with the Deep Integration Process, the Central American Strategy of Trade Facilitation and Competitiveness and the Regional Framework Policy for Mobility and Logistics..."; with that of El Salvador (GN-3046-1) "as provided in Paragraph 3.32. "...Trade facilitation and the framework for investment promotion will be part of the dialogue agenda to evaluate additional actions that contribute to regulatory simplification and improvement, and strengthen the business climate, regional trade and productive diversification towards sectors of greater added value..."; with that of Costa Rica (GN-2977) "Country Strategy, Paragraph 3.32 "...Under this pillar, the IDB Group will coordinate its actions to contribute to the simplification and digitalization of procedures [...] it will seek to support: (i) the simplification, digitalization and automation of procedures that affect business activity, logistics and competitiveness." In the case of Honduras (GN-2944) it is linked to infrastructure and logistics challenges; in Nicaragua (which does not have an updated Strategy) to initiatives of regional integration and Panama (GN-3055) as support for the recovery and diversification of the economy via greater regional interconnection.

Does the proposal align to one or more sector frameworks?

Yes, the proposal aligns with at least one sector framework

Identify and describe how the proposal aligns to the sector framework(s)

This TC is aligned with the Institutional Strategy (AB-3190-2) regarding the strategic priorities of regional Economic Integration and Productivity and Innovation by promoting Central American trade integration and the promotion of innovative digital technology solutions with a strategic focus, supporting in turn the transversal theme of strengthening institutional capacity. On the other hand, the TC is aligned with the sustainable development challenges of Central America (IDB, 2019) in terms of trade and investment through the facilitation and digitalization of foreign trade as a regional public good. The TC is consistent with the Sectoral Framework for Integration and Trade (GN-2715-11) and is verified by promoting conditions of customs interconnectivity and improving access to information with a view to reducing trade restrictions, therefore reducing information costs, failures of market, coordination and collective action providing added value to national interventions.

Select the regional challenges and cross-cutting issues to which the proposal aligns to

Productivity and Innovation

Economic Integration

Institutional Capacity and Rule of Law

Justify the alignment to each selection above

Productivity and Innovation

The ECFCC-2023 is aimed at contributing to the improvement of trade flows in Central America, for which it is expected to make use of cutting-edge technological tools, such as computer systems for customs risk management, interoperability of information through the Digital Platform of Central American Commerce and other tools that will be developed to improve data management. The scope of interventions proposed by countries is aligned with conditions to contribute to innovation (for example, regulations and e-commerce platforms) that are essential to improve trade flows and exchange in the region.

Economic Integration

The ECFCC-2023 contributes to the Central American integration process as it strengthens the coordination of the countries, advancing the standardization of policies, regulations and procedures within the framework of the General Treaty for Central American integration. These processes are supported by the technical management of the Secretariat of Central American Economic Integration as a space for coordination and articulation, in different areas and executing the actions that emanate from the Council of Ministers of Integration of the countries. The IDB has been a strategic partner in the integration process, participating in the main spaces for analysis, policy dialogue and emblematic projects for integration issues.

Institutional Capacity and Rule of Law

The ECFCC-2023 contemplates actions to strengthen the institutions of the countries, contributing not only technical knowledge, but also institutional management in accordance with the nature and scope of each area, taking as reference the best practices and international recommendations. The generation of spaces for dialogue that strengthens regional coordination between countries is promoted, strengthening key entities and institutions related to international trade.

What is the estimated funding that you need in order to implement this proposal?

400000

Select the expected outputs of this proposal

Institutional Strengthening Deliverables (Training products, Management Information Systems, etc.)

Reform Deliverables (Legislation/Multi-country Agreements, Governance Models, Regulatory Frameworks, diagnostics, etc.)

Upstream strategies, action plans, etc.)

Policy Dialogues

Events (other than policy dialogues)

Are outputs strictly Knowledge Products?

Describe the motivation and main question(s) this TC intends to answer.

Describe the methodological approach to be used and the type of data (when applicable) which will be used

Please specify the type(s) of Knowledge Product (s) this TC encompasses:

Please provide a brief description of the output(s) selected above (The number of units planned, and the estimated cost). If you selected others, please specify.

i) At least 4 studies, technical notes and/or action plans to support the implementation of the measures contemplated in the ECFCC 2023, giving priority to the following topics:

- Regional guidelines of the framework model of Coordinated Border Management (GCF) and Comprehensive Risk Management (GIR)
- Strengthening AEO programs in the countries and application of the regional mutual recognition agreement (RMA)
- Simplification and digitalization of procedures and procedures related to the PDCC.
- Cybersecurity and data protection in regional platforms linked to foreign trade procedures.
- Development of regulations to promote digital commerce.
- Mechanisms to promote the participation of MSMEs in international trade activities.

ii) At least 3 diagnostics, studies or technical consultancies instrumental for the execution of the ECFCC 2023 monitoring and evaluation plan, which could include support in the following areas:

- Creation of a baseline on the performance of border management.
- Implementation of measurement and monitoring mechanisms for the aforementioned indicators, promoting the participation of the private sector.
- Development of electronic portals and/or publication of reports to track progress in the implementation of measures and the achievement of results.

iii) At least 3 workshops, forums and/or events to promote regional dialogue on trade facilitation and the achievement of agreements between countries, as well as the dissemination of related knowledge products.

The specific list of products to be developed and their scope will be defined based on the dialogues to be held with the SIECA and the COMIECO bodies, scheduled to take place in the first quarter of 2024.

Outcomes: If the outputs are delivered successfully, what is the change expected (in capacity, knowledge, behavior, etc.)

Next, results associated with the proposed activities are presented.

- The guidelines of the border management model and comprehensive risk management for Central America have been agreed upon at an intersectoral level.
- Strengthened AEO programs in the region and expanded the number of certified companies.
- Increased the number of digitized foreign trade procedures.
- Implemented the monitoring and evaluation mechanism of the ECFCC 2023, with participation of the private sector.
- Published / disseminated the progress made and results achieved as a consequence of the implementation of trade facilitation and border reform measures.

(0) Attachments

0 Comments