

Project Concept Note

Project Title	Support for the Development and Implementation of Trade Facilitation Strategies and Institutions based on Public Private Cooperation for Trade Facilitation in Central Asia	
Outcome	Improved capacity of the Central Asian (SPECA) countries (Afghanistan, Azerbaijan, Kazakhstan, Kyrgyzstan, Tajikistan, Turkmenistan, and Uzbekistan) to: <ul style="list-style-type: none"> o Develop strategies for trade facilitation implementation; o Assess their readiness to implement the measures in the WTO Trade Facilitation Agreement; o Develop trade facilitation projects for external funding o Establish trade facilitation institutions (in compliance with UNECE Recommendation 4 and article 23.2 of the WTO TF Agreement) 	
Indicative Funding Requirements	Total estimated budget:	\$600,000.—
Potential Sources of Funding	[Donor(s): [Development Bank(s)]: Other Resources:	\$600,000.— \$ \$
Expected start date	30 days after approval of the project and receipt of funds	
Expected Duration	2 years	
Implementing Organization(s)	UNECE, Ministries of Economy and Trade; Customs Administrations, other regulatory bodies, the business community, in partnership with: UNCTAD, UNDP, UNESCAP, ITC, the World Bank, the Eurasian Economic Commission, ADB, GIZ, USAID, CAREC, ECO, TRACECA and others	
Country/Countries	Afghanistan, Azerbaijan, Kazakhstan, Kyrgyzstan, Tajikistan, Turkmenistan, and Uzbekistan (countries participating in the SPECA programme)	
Submitted by	UNECE	
Contact information	Mario Apostolov, Regional Adviser, Economic Cooperation and Trade Division, UNECE, Palais des Nations, room 431, 1211 Geneva 10, Switzerland, tel. +41229171134; fax: +41229170037 e-mail: mario.apostolov@unece.org	

1 Background

Trade is a key vehicle for economic growth, elimination of poverty, and enhanced regional cooperation, and trade facilitation has a key role in improving the ability of trade to play this role. In the post-2015 development agenda, proposed SDG 17.1 supports “a universal, rules-based, open, non-discriminatory and equitable multilateral trading system under the WTO including through the conclusion of negotiations within its Doha Development Agenda” and trade facilitation forms one of the pillars of non-discrimination, openness and rules-based international trading as illustrated by the WTO Trade Facilitation Agreement and the work of many organizations such as the UNECE, UNESCAP and UNCTAD.

Nonetheless, in Central Asia inefficient trade procedures remain a challenge for development and modernization. After acceding to independence in the 1990s, the economies of the region developed often divergent trade policies, procedures, standards and documents, thus creating unintended impediments to trade. These problems are reinforced by a public sector that, generally, lacks the requisite capacity for identifying, planning and implementing trade facilitation reforms. In addition, there is, sometimes, a lack of will to carry them out, due to countervailing individual or group interests. The lack of territorial access to the sea, aggravated by remoteness and isolation from world markets, high transit costs, and risks caused by political instability, threats to trade flows caused by illegal trafficking of drugs, arms and people, as well as terrorism, continue to impose constraints on trade and development. For these reasons, the countries of Central Asia need greater assistance. These problems are illustrated by the fact that five of the seven countries participating in the SPECA programme are in the bottom ten of the 189 economies rated in the 2015 Trading Across Borders Index of the Doing Business Report of the World Bank (and one SPECA country is not even rated).

Despite some progress in developing trade and transit agreements, a range of impediments still prevent Central Asian countries from taking full benefit of the trade and investment opportunities available in the rest of the world. Another issue is the lack of an integrated approach to information gathering and sharing

for trade and transport which would support greater participation by these countries in international supply chains. The necessary conditions for implementing pre-arrival filing of information, advance rulings, and modern risk management still have to be created. Last, but not least, political problems often overshadow the priorities needed in order to improve trade performance in the region. Improvements will depend on concerted actions by major stakeholders, based on an agreed approach, in which neighbouring countries support each other, and receive support from international technical cooperation agencies.

The expected outputs of the project include: (1) developing a regional as well as national trade facilitation strategies; (2) raising the capacity of the authorities in the region to implement trade facilitation measures, notably through the use of the UNECE and UN/CEFACT trade facilitation recommendations; and (3) developing the institutional support basis for trade facilitation, and notably support for national trade facilitation bodies.

Rationale for donor assistance: the Central Asian countries (with the exception of Afghanistan, which is classified as a “least developed country”) have received very little attention and international assistance through Aid for Trade (AfT, implementation of which is supported by the proposed Strategic Development Goal 8.a for the post-2015 period). A number of efforts by international organizations and development partners to help these countries deal improve trade facilitation have faced problems, probably due, at least in part, to the lack of an integrated, strategic approach to trade facilitation in the individual countries. Assistance to the Central Asian countries and their transit neighbours raises complex economic and legal issues that require interaction among them and with a range of development partners in order to find mutually acceptable solutions. Some countries’ accession to WTO has not yet brought the expected benefits and the numerous procedural and regulatory barriers to trade in the region have largely contributed to this situation. This is clear from the UNECE studies on trade barriers in Kazakhstan and Tajikistan, and their recommendations. In terms of the AfT initiative, the project will provide financial support and, even more importantly for many of the countries, it will provide know-how to support trade facilitation reform. A key element in this project will be to build partnerships, notably in a triangular cooperation between UNECE, the beneficiary countries, and development partners. Working with such partners as the World Bank, UNCTAD, UNDP, UNESCAP, ITC, ADB, and such bilateral development agencies as GIZ, USAID, as well as regional organizations and initiatives including CAREC, the Customs Union, ECO, TRACECA and others, will be crucial.

Rationale for the implementing agency: With its experience in the region, its networks of contacts, UNECE can provide a unifying platform to provide assistance. UNECE has a recognized role in developing trade facilitation standards for better information exchange. In collaboration with the other UN regional commissions (including UNESCAP, of which all SPECA participating States are Members) UNECE provides a forum for policy dialogue and consensus-building on trade facilitation and development policies. In addition, UNECE has worked with a wide range of organizations to develop a Trade Facilitation Implementation Guide and related training which helps countries to develop integrated national trade facilitation strategies and fully profit from the information in the Guide which is also available in Russian.

As trade facilitation has become an important issue for development, notably in the face of the global crisis and in the light of the acceptance of the text of the WTO Trade Facilitation Agreement, helping SPECA countries to assess the implications of the WTO Agreement and work on the implementation of the trade facilitation measures is an important project goal.

Over the years, the UNECE, in collaboration with the Czech Republic, UNESCAP, EurAsEC, TRACECA, UNDP, UNCTAD, GIZ, USAID, the World Bank and other partners, has developed a series of capacity-building projects and activities and a strong network of policy makers and experts in trade facilitation, the Single Window and data harmonization in Central Asia. As a result work has already begun on trade facilitation and Single Windows for Trade procedures in Azerbaijan, Kazakhstan, Kyrgyzstan, Tajikistan and Uzbekistan. Interagency working groups have also been established in Azerbaijan, Kazakhstan, Kyrgyzstan, and Tajikistan to work on trade facilitation and some concrete projects with assistance from UNECE, GIZ, ADB and other partners. These groups involve representatives from national trade control agencies, the business community, and international development partners. UNECE has worked closely for many years with a range of Governments, on trade facilitation, the Single Window, and data harmonization. What this experience has shown is that countries, in order to succeed, need to develop holistic national trade facilitation strategies in consultation with all major stakeholders that include realistic priorities and key performance indicators, and have very high-level political support. In addition, for land-locked countries such as those in Central Asia, it is essential to develop regional cooperation in order to facilitate the processing and transport of goods in transit.

2 Justification

The countries of Central Asia have been largely excluded from funding under a number of programmes for trade development and facilitation, notably the Aid-for-Trade Programme and the WTO Enhanced Integrated Framework which both focus on the least developed countries. Nevertheless, even if a number of countries in the region possess oil, gas and other natural resources which have allowed them to move, recently, from low-income to middle-income country status, they still lack the capacity and skills to modernize their foreign trade procedures. In this sense, they would greatly benefit from the provision of capacity building.

The outputs and impact of a number of existing trade facilitation projects in the region could be significantly increased by a holistic strategic approach to trade facilitation in the countries and the region as a whole, and this project supports this process. UNECE and its partner agencies have already assisted member States such as Greece and Ukraine in preparing and implementing such projects. Some countries, such as Tajikistan in its post-WTO accession plan, have declared their intention to advance trade facilitation. Using the declared intention of the countries to work on these issues, following their needs and priorities, the project will foster the effective facilitation of legitimate trade.

3 Expected Output(s)

- Several national trade facilitation strategies (the most feasible number would be 3 or 4) and a regional trade facilitation strategy, as agreed with the countries of the region;
- Significantly enhanced capacity of the governments in the region to assess their readiness to implement trade facilitation measures (notably measures listed in the WTO Trade Facilitation Agreement);
- Increased capacity of the countries to implement these measures;
- Enhanced capacity of the countries to develop trade facilitation projects, which would be considered for donor support either within the scope of the WTO Aid-for-Trade or on a separate basis

4 Proposed Approach & Strategy, including Capacity Development Response

1. The project **builds on the expertise and experiences of the UNECE** and its partners in Central Asia, its expertise in developing trade facilitation and capacity-building tools for trade facilitation, and concrete experience in the implementation of such instruments as the Single Window and data harmonization.

2. The project component for **developing national/regional trade facilitation strategies** will be based on defining the current (“as is”) situation in terms of trade procedures and trade facilitation, determining ways of improving their performance, according to defined indicators (defining the “to be” situation and how to achieve it). Developing trade facilitation strategies will involve studying the existing national overall development plans and strategies of the countries, their trade policy regimes, and the current indicators of efficiency of their trade procedures, using business process analyses and other assessments of the trade procedure performance of the countries (e.g. the time release study of the WCO currently being carried out in Azerbaijan). On this basis, indicators for improvement will be identified, agreed with the countries, and included in their national (and regional) trade facilitation strategies. The experience of the UNECE in this area in other countries (e.g. Greece and Ukraine) will be used.

3. The project will provide assistance and capacity-building for the establishment of **national trade facilitation bodies**, or it will provide support to existing bodies. This will be done in collaboration with other development partners (ADB, GIZ, USAID, the World Bank, and others), and in compliance with UNECE and UN/CEFACT Recommendation 4 and article 23.2 of the WTO Trade Facilitation agreement. These interagency, public-private trade facilitation bodies will provide institutional support for the implementation of trade facilitation measures and the trade facilitation strategies.

4. Organize at least two meetings that include all regional players in order to foster the **development of capacity for regional cooperation**. Trade facilitation cannot be achieved through unilateral measures and, to support economic diversification and development, it is of crucial importance to achieve a higher level of regional cooperation among the land-locked countries of this region; building upon the similar economic size, culture, history, level of development, and development objectives of the SPECA countries.