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**PROGRAMME PLANNING AND EVALUATION: MONITORING AND
EVALUATION: REVIEW OF SELECTED PROJECTS IN THE
THEMATIC AREA OF MANAGING GLOBALIZATION**

(Item 7 (b) of the provisional agenda)

**INSTITUTIONAL CAPACITY-BUILDING FOR FACILITATION OF INTERNATIONAL
TRADE AND TRANSPORT IN LANDLOCKED AND TRANSIT COUNTRIES**

Note by the secretariat

SUMMARY

ESCAP is initiating a 22-month long capacity-building project aimed at enabling its member countries to experience more of the benefits of globalization. This project is intended to employ an integrated approach to improving trade and transport in participating landlocked and transit countries. The present document contains information on the work of member countries and the secretariat in connection with the realization of this project.

The project is jointly implemented by the ESCAP Trade and Investment Division, the Transport and Tourism Division and the Information, Communication and Space Technology Division. It assists Governments in reducing non-physical bottlenecks in international trade and transport through the establishment and strengthening of coordination mechanisms among stakeholders, application of the ESCAP Trade Facilitation Framework and the ESCAP Time/Cost-Distance Model, analysis of relevant international, regional, subregional and bilateral legislation, provision of a trade and transport facilitation database, as well as the provision of guidelines for and the advocacy of a better use of information and communication technology.

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I. BACKGROUND AND SITUATION ANALYSIS

1. Over the past two decades, many countries in the ESCAP region have undergone profound political and economic transformation as land borders opened and newly formed States joined the world economy. While some countries experienced major structural changes that opened domestic markets to imports, others took on the enormous task of transforming from centrally planned to market-oriented economic systems. The newly independent States of Central Asia faced the additional challenge of having to create separate, viable national economies from the hitherto integrated and encapsulated economic space of the Soviet Union.

2. Transformation and economic development were particularly challenging for landlocked countries, with no direct access to the world's major markets. In today's globalizing world, where international trade and transport play an increasingly vital role, lack of access is a major disadvantage. Therefore, countries in the ESCAP region have exerted considerable effort into upgrading and interconnecting physical infrastructure and into liberalizing trade regimes.

3. Nonetheless, market access for landlocked countries remains below expectations, hampered by non-physical barriers to trade and transport. These include complicated and frequently changed administrative procedures and documentation, different requirements in different countries, duplicated inspections, high charges, lack of inter-agency coordination at the national and international levels, overlap and conflict in conventions and agreements and absence of effective application of information and communication technology (ICT).

4. These challenges were highlighted at the International Ministerial Conference on Landlocked and Transit Developing Countries and Donor Countries and International Financial and Development Institutions on Transit Transport Cooperation, held in Almaty, Kazakhstan in 2003, which adopted the Almaty Programme of Action¹ and the Almaty Declaration.² The Almaty Programme of Action stipulates specific measures to establish efficient transit transport systems, recognizing the link between transport and international trade as well as economic growth. It calls for actions to be undertaken by both landlocked and transit developing countries with the support of their development partners. Therefore, implementation of the Almaty Programme of Action is a major focus of the work of ESCAP. International trade and transport facilitation is one of the five priority areas of the Almaty Programme of Action and it is in line with this priority that the interdivisional project in question is being realized.

¹ International Ministerial Conference on Landlocked and Transit Developing Countries and Donor Countries and International Financial and Development Institutions on Transit Transport Cooperation, Almaty Programme of Action: Addressing the Special Needs of Landlocked Developing Countries within a New Global Framework for Transit Transport Cooperation for Landlocked and Transit Developing Countries, Almaty, Kazakhstan, 28 and 29 August 2003, Annex I (A/CONF.202/3).

² IBID, Annex II.

II. PROJECT OVERVIEW: STRUCTURE AND INTENDED OUTCOMES

5. The focus of the project is to support both the Governments of selected landlocked countries (Kazakhstan, Kyrgyzstan, the Lao People's Democratic Republic, Mongolia, Tajikistan and Uzbekistan) and those of their respective transit countries, in the adoption of policies and plans to reduce non-physical bottlenecks in international trade and transport through the establishment or strengthening of national trade and transport facilitation committees and the application of ESCAP guidelines and tools. While budgeting constraints require the focus to be on selected landlocked and transit countries, the project outputs will be applicable and beneficial for all countries in the Asian and Pacific region. Consequently, and subject to the availability of resources, the material developed during the project can be used in future trade, transport and ICT activities.

6. In order to achieve this goal, the ESCAP secretariat has chosen an integrated, interdivisional approach, joining relevant aspects of trade facilitation, transport facilitation and ICT application. Three secretariat divisions, namely the Transport and Tourism Division, the Trade and Investment Division and the Information, Communication and Space Technology Division, are pooling their respective expertise to realize the project, which includes the following activities (in accordance with the project document):

(a) Enhancing national capacity to establish effective coordination and cooperation among all stakeholders in trade/transport facilitation bodies (led by Transport and Tourism Division);

(b) Assisting participating countries in assessing the level of trade and transport facilitation needed at the national level using the ESCAP Trade Facilitation Framework and Time/Cost Distance Model (led by Trade and Investment Division);

(c) Assisting participating countries in their efforts to simplify procedures and align documents used in international trade transactions (led by Transport and Tourism Division);

(d) Assisting participating countries in their efforts to harmonize overlapping bilateral and subregional agreements in a manner consistent with international conventions on trade and transport facilitation (led by Trade and Investment Division);

(e) Promoting the application of information and communication technology in facilitating international trade and transport (led by Information, Communication and Space Technology Division).

7. The following common activities are led by Transport and Tourism Division:

(a) Organizing two regional meetings to share experiences, review progress in the application of ESCAP guidelines and tools and consider national, subregional and regional action plans on trade and transport facilitation;

(b) Reviewing establishment of national trade and transport facilitation committees, and application of ESCAP guidelines and tools.

8. Another common activity, led by Trade and Investment Division, involves organizing six national workshops in selected landlocked countries.

9. In line with international development goals, such as the Millennium Development Goals, the project is expected to facilitate:

(a) More effective policies and programmes by Governments and the private sector for increasing trade and investment (under the lead of Trade and Investment Division);

(b) Improved implementation and decision-making on agreements related to regional transport networks and cross-border transit transport (under the lead of Transport and Tourism Division);

(c) Improved application and promotion of information, communication and space technology by Governments and stakeholders (under the lead of Information, Communication and Space Technology Division).

10. Transport and trade facilitation affects a wide group of public and private sector stakeholders and can only succeed if efforts among them are coordinated. Therefore, the project target group, on the one hand, comprises government agencies dealing with trade, transport, ICT, finance/customs, agriculture, immigration, traffic management, health/veterinary/phytosanitary/product quality control, national trade and transport facilitation committees. On the other hand, it includes such private actors as chambers of commerce, importers/exporters, brokers, insurance agents, freight forwarders, transport companies and banks.

11. The project budget of US\$ 429,000 has been contributed generously by the Government of the Netherlands. The project is now nearing completion, as it commenced in January 2005 and had a duration of 22 months.

III. PROGRESS, ACHIEVEMENTS, IMPACT

12. As the project is still in its implementation phase, achievements so far are preliminary. The full impact will only become visible in the medium and long terms. However, 17 months into project realization (as of July 2006), it can be confidently stated that the project is proceeding well and on schedule.

13. The project has been successful in raising awareness and building the capacity of relevant stakeholders with regard to various aspects of trade and transport facilitation. This was achieved through advisory services on national trade and transport facilitation committees and the application of ESCAP guidelines and tools. Activities and progress of participating member States and the ESCAP secretariat are presented in detail below, starting with cross-cutting outputs, followed by activities A to E and some discussions on lessons learned.

A. Cross-cutting project outputs

1. Focal points

14. Focal points (three per country, for trade facilitation, transport facilitation and ICT application respectively) were nominated in all six participating landlocked countries as points of contact between the ESCAP secretariat and the member States. This structure reflected the integrated project approach, which treats trade and transport facilitation as well as ICT application in a holistic manner. One of the focal points in each country has been nominated as coordinator for all project-related activities in a given country, especially with regard to the organization of the national workshops as well as feedback and data collection. Focal point representatives also participated in the regional meeting, thereby actively shaping the project agenda.

2. First regional meeting

15. The First Regional Meeting on Trade and Transport Facilitation in the Landlocked and Transit Countries was held in Bangkok on 10 and 11 October 2005 and was attended by government officials from relevant ministries and agencies as well as Permanent Representatives to ESCAP from 15 member States.

16. The meeting stressed the importance of enhancing trade and transport facilitation to support national economic development and regional integration while noting that facilitation was an ongoing process. Its main conclusions and recommendations included:

(a) Presenting the ESCAP Trade Facilitation Framework together with related questionnaires and requesting delegations to collect country-level data on the current level of trade facilitation implementation;

(b) Using ESCAP recommendations on national coordination mechanisms for trade and transport facilitation to establish and/or strengthen national facilitation mechanisms, once these were suitably tailored to national conditions;

(c) Applying the ESCAP Time/Cost-Distance Model using standard questionnaires and templates and requesting delegations to provide country-level feedback on the model's suitability;

(d) Considering the establishment of a regional trade and transport facilitation forum or network to strengthen collaboration and information exchange, placing information on national facilitation bodies on the ESCAP website and developing proposals for a more formal network of facilitation bodies for consideration at the second Regional Meeting;

(e) Exchanging ideas and best practices among national facilitation bodies at regional meetings, including organizations that deal with customs in future meetings and collaborating more closely with the World Customs Organization;

(f) Providing extensive information and specific guidance on the establishment and improvement of legal frameworks at the regional, subregional and bilateral levels through a study on legal regimes and agreements in the transport sector and holding an expert group meeting on transport legislation and implementation issues;

(g) Assisting countries, upon their request, in the formulation and implementation of international conventions and agreements through experience and information sharing, technical assistance and regional meetings and undertaking capacity-building activities;

(h) Strengthening institutional capacity of participating countries and sharing information on best practices in the use of ICT in trade and transport facilitation.

17. A Second Regional Meeting is under consideration for September 2006. This meeting is expected to serve as an opportunity for taking stock and deciding on further actions.

3. National workshops and advisory services

18. To date (July 2006), four of the six planned national workshops have been successfully convened in the Lao People's Democratic Republic (Paksé, 12-14 December 2005), Mongolia (Ulaanbaatar, 17-19 April 2006), Kyrgyzstan (Bishkek, 24-26 May 2006) and Tajikistan (Dushanbe, 29-31 May 2006). National workshops and advisory services are planned for Kazakhstan (due to take place in Astana from 24 to 26 July 2006) and Uzbekistan.

19. The workshops have been attended by relevant trade and transport stakeholders from national, regional and local government (for example officials from ministries and other governmental agencies, such as customs or railway authorities) and from the private sector (for example freight forwarder associations, chambers of commerce, traders, carriers and banks).

20. The aim of the workshops was to enhance participants understanding of trade and transport facilitation issues and the subsequent formulation of national action plans for trade and transport facilitation in accordance with national agendas and priorities.

21. The national workshops and advisory services covered the following topics:

(a) Raising awareness of the need for effective coordinating mechanisms such as national trade and transport facilitation committees;

(b) Providing an in-depth explanation on the use of the ESCAP Trade Facilitation Framework and assessing current national trade facilitation conditions;

(c) Providing an in-depth explanation on the use of the ESCAP Time/Cost-Distance Model;

(d) Presenting a preliminary analysis of legal frameworks for trade and transport facilitation at the bilateral, subregional and regional, as well as international levels;

- (e) Promoting the application of ICT at border crossings.

22. In the four national workshops that have been held to date (July 2006), participants with the assistance of the ESCAP advisory team and aided by the application of the ESCAP Trade Facilitation Framework and Time/Cost-Distance Model, formulated and adopted national action plans for trade and transport facilitation implementation. These now have to be considered by the relevant national decision makers for implementation. The ESCAP advisory team is following up on countries' progress.

4. National action plans

23. The national action plans lay out in detail countries' strategies on the implementation of trade and transport facilitation (including ICT application). While the national action plans in each of the participating countries address similar issues, they also include country-specific components, reflecting countries' needs and priorities as well as the current trade and transport conditions.

24. Issues dealt with in the national action plans cover national coordination, analysis and effective implementation of relevant legislation, harmonization and standardization of documentation and procedures, institutional and human capacity-building, information dissemination, application of ICT and the ESCAP Time/Cost-Distance Model as well as improvement of infrastructure.

25. Interactive discussions with stakeholders during the first regional meeting and the national workshops conducted so far, highlighted the fact that some progress has been achieved with regard to trade and transport facilitation reforms in all project countries, especially by adopting new laws and regulations. However, implementing the latter often remains a major challenge. Some major bottlenecks, identified by project countries, are discussed below; a summary of the issues is attached as annex I.

26. In some countries, such as Mongolia and the Lao People's Democratic Republic, some coordination structures for trade and transport facilitation already exist. However, these need to be reinforced, restructured and provided with sufficient funds and human resources.

27. In the area of simplification and harmonization of trade documents and procedures, the Lao People's Democratic Republic, Kyrgyzstan and Tajikistan have already aligned their customs declarations with international standards such as United Nations Layout Key (UNLK; ISO 6422), and Mongolia plans to do so. All countries expressed their intention to establish single window facilities and to gradually move towards electronic documentation. In this context, countries need to enhance their efforts to further simplify and harmonize trade documents. All countries are currently undertaking customs modernization and automation reforms with the assistance of international and regional agencies, including WCO, the World Bank and ADB.

28. Drawing on some commonalities among the project countries' trade and transport facilitation conditions, implementation priorities include:

- (a) Strengthening the coordination among participating government bodies and the private sector;
- (b) Allocating sufficient resources and equipment to expand the operation and function of national trade and transport facilitation committees (NTTFs);
- (c) Seeking external assistance (for example financing, expertise) to enhance NTTFs;
- (d) Reviewing existing trade, customs and transport laws and regulations and harmonizing them with those of neighbouring countries according to international standards;
- (e) Eliminating or reducing unnecessary procedures and steps in trade and customs documents and procedures, including the use of risk management techniques;
- (f) Developing simplified and aligned national trade document systems;
- (g) Harmonizing border procedures on road and rail between neighbouring countries and creating joint border control posts, where feasible;
- (h) Enacting and implementing legislation regulating the above mentioned ICT related issues;
- (i) Developing electronic trade document systems (ETDS), e-single window facilities and seeking funds and technical support for this purpose;
- (j) Seeking assistance to improve ICT infrastructure and conduct trainings;
- (k) Learning from best practices of countries with more advanced and efficient trade and transport facilitation mechanisms and systems;
- (l) Seeking funds to modernize private sector operations;
- (m) Receiving technical assistance for capacity-building in trade and transport facilitation;
- (n) Organizing more activities to raise awareness on trade and transport facilitation-related issues among various stakeholders including policymakers, legislators and private businesses;
- (o) Seeking external assistance to improve transport links, capacity and maintenance;
- (p) Constructing multimodal transport and transshipment infrastructure.

5. Study visits of border-crossing posts

29. As part of the official missions in the Lao People's Democratic Republic, Mongolia and Kyrgyzstan, the ESCAP advisory team visited the border-crossing posts at Chong Mek/Vang Tao (the Lao People's Democratic Republic/Thailand), Zamyn Uud/Erenhot (Mongolia/China) and Ak-Zhol/Korday

(Kyrgyzstan/Kazakhstan) to gain firsthand insights of transit routes and border-crossing procedures. The information gathered will be included in the presentations and material prepared for the Second Regional Meeting.

B. Project outputs A to E

30. In accordance with the project document, the project activities A to E have specific outputs, listed under A to E respectively. The progress on each of them is discussed in detail below.

1. Output A: National trade and transport facilitation mechanisms: increased awareness among government officials

31. International transport and trade facilitation involves a number of different stakeholders, such as government agencies and authorities and public and private entities. Efficient collaboration between and coordination of these various entities represent crucial prerequisites for the formulation and effective implementation of facilitation measures.

32. Therefore, the intention of the activities under Output A is to provide participating countries with advisory services and capacity-building on national trade and/or transport facilitation committees in order to enhance effective coordination and cooperation. To achieve this objective, the secretariat has conducted the following activities in line with the tasks listed in the project document.

(a) *Study on National Coordination Mechanisms for Trade and Transport Facilitation in the ESCAP Region (forthcoming)*

33. The secretariat conducted the Study on National Coordination Mechanisms for Trade and Transport Facilitation in the ESCAP Region, to be disseminated to participating countries. The study provides a global and regional overview of national coordination mechanisms for trade and transport facilitation, and presents recommendations on the establishment or strengthening of mechanisms in the ESCAP region. It presents major regional influences and challenges associated with trade and transport facilitation, as well as countries' progress in the establishment of respective national mechanisms of coordination. Identifying good practices, the study also draws on the experiences of other regions.

34. Results and detailed recommendations of the study have already been shared with participants of national workshops. The study recommends that the national coordination teams be comprised of representatives of all organizations involved in international trade and transport and that they take the form of regulatory/executive bodies, which are supported by public/private advisory bodies. They should meet regularly and have the mandate to assess and coordinate the facilitation of both, international trade and transport. The inter-agency bodies, as part of the Government, should be financed from the government budget, while the advisory body could be co-financed by Government and the private sector. In order to ensure harmonization and standardization of border crossing, they

should establish permanent links and a schedule of meetings with their counterpart bodies in other countries. At the regional level, ESCAP should provide a forum for information exchange and regional harmonization of trade and transport facilitation practices.

(b) *Secretariat advisory services on the establishment and/or strengthening of trade and/or transport facilitation committees*

35. During the national workshops in the six landlocked countries, the secretariat consulted with participating countries on the establishment or, where such committees or comparable coordination mechanisms already existed, the strengthening of national trade and transport facilitation committees. The suggestions of the secretariat on the functioning and structure of coordinating mechanisms, allowed countries to reflect on their practices and identify areas and aspects of coordination and cooperation upon which they could improve. Ensuing discussions also allowed the secretariat to refine its proposals and to develop various alternatives, suited to the governance structures of the countries. This aided participants in the formulation of national action plans on the establishment and/or enhancement of such coordination mechanisms.

36. As trade and/or transport facilitation committees have to be embedded in the administrative structure of each country, their structure and composition may vary according to national practice. Figure 1 below shows one such possible structure.



Figure 1. Example of a trade and/or transport facilitation committee

**2. Output B: ESCAP Trade and Facilitation Framework and Time/Cost-Distance Model:
Ability of government officials to use the tools**

37. Under Output B, ESCAP assists participating countries in assessing the existing trade and transport facilitation environment at the national and regional levels. While the ESCAP Trade Facilitation Framework provides a systematic step-by-step approach to assessing the level of trade facilitation and identifying problems and constraints within the trading system, the ESCAP Time/Cost-Distance Model adopts a route-based approach to identifying, isolating and addressing transport-related bottlenecks resulting in time loss and cost along specific routes.

(a) ESCAP trade facilitation framework

38. The ESCAP Trade Facilitation Framework is a guiding tool to assist Governments in assessing problems and bottlenecks that require remedial measures within the individual trade facilitation systems. It also identifies concrete remedial measures that may be applied to redress these problems.

39. Countries may be at the different levels of trade facilitation implementation and their trade facilitation needs and priorities may vary. Hence, the Framework is not intended as a one-size-fits-all tool. Consisting of suggested steps aimed at improving selected areas of trade facilitation, it can be applied in a flexible manner.

40. The Framework, which is depicted in figure 2, provides a systematic step-by-step approach to identifying problems and bottlenecks found within five key areas of a trade facilitation system, all of which have a direct bearing on trade transaction methods and costs.

41. For the purposes of this project, the Framework served as one of the tools for developing the national action plans for trade and transport facilitation implementation. At the national workshops and advisory services, the ESCAP advisory team provided a detailed explanation of the Framework's application, tailored to the specific conditions of the individual project countries. Based on their particular needs and priorities, these countries applied stages of the Framework in a selective manner. They were able to identify impediments to trade facilitation and to suggest actions and solutions to address them. The results of the application of the Framework are an assessment of the trade facilitation conditions in the project countries. These results are provided in annex II.

42. As evidenced by the national actions plans, several countries asked ESCAP to provide them with technical assistance and capacity-building support in the above-mentioned areas.

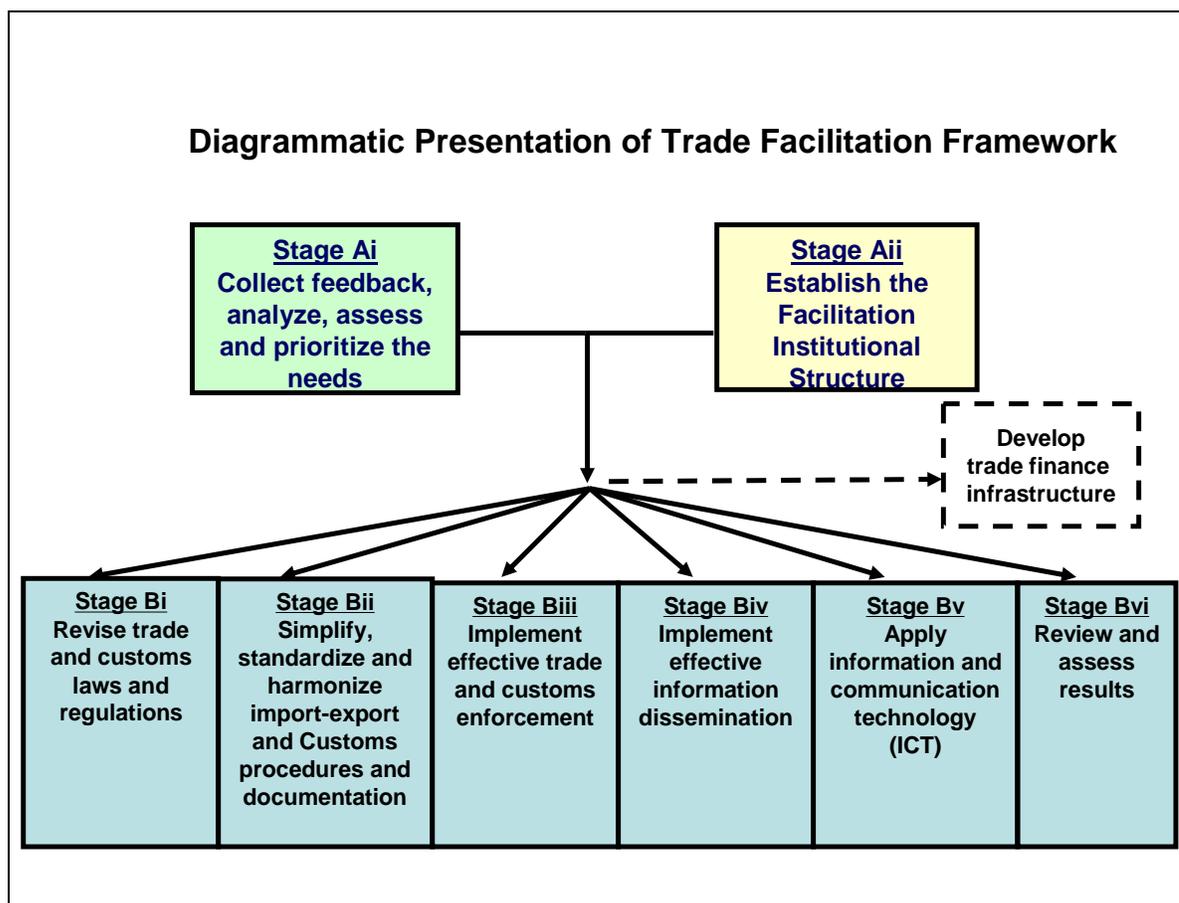


Figure 2. Diagrammatic representation of the trade facilitation framework

Source: ESCAP Trade Facilitation Framework – a Guiding Tool, 2004, page 6.

(b) ESCAP Time/Cost-Distance Model

43. The ESCAP Time/Cost-Distance Model represents a practical and simple method to illustrate the time and cost involved in transportation processes. Through graphical representation of data collected on the time and cost associated with transportation along any chosen route, it allows for the identification of inefficiencies and the isolation of non-physical bottlenecks.

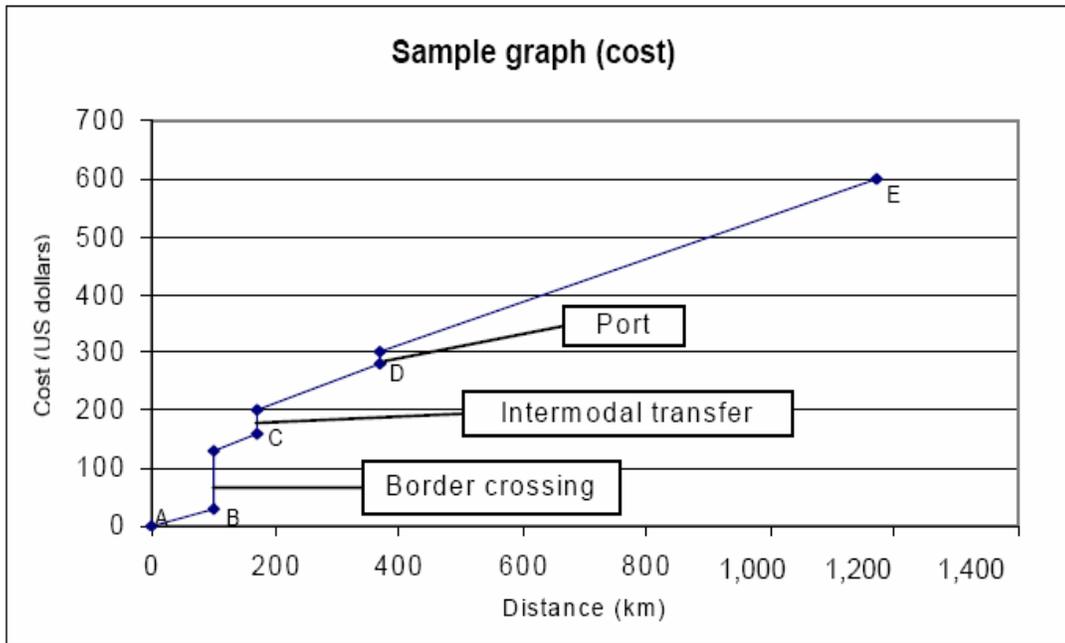


Figure 3. Sample graph illustrating the basic time/cost-distance model

Note: The methodology software is set up in such a manner that when data on distance, time and/or cost associated with a certain transportation route is entered into an Excel spreadsheet, the graph is produced automatically. Parts of the route where transportation is more efficient are reflected by a flatter graph, those that are less efficient are reflected by a steeper graph. When encountering bottlenecks (for example at border-crossings), the graph becomes vertical.

44. The ESCAP Time/Cost-Distance Model and its application were presented at the First Regional Meeting, held in Bangkok on 10 and 11 October 2005. Subsequently, the ESCAP secretariat prepared templates and questionnaires for selected trading routes in each of the countries involved. These templates help countries apply the model on selected trade routes.

45. The model has been explained to participants in detail at the national workshops-cum-advisory services, where it has been received with much interest. National focal points and other participants of the national workshops agreed to provide the ESCAP secretariat with data to allow for an analysis of important transportation routes through application of the ESCAP Time/Cost-Distance Model.

46. Indeed, the national action plans adopted during the national workshops indicate the precise manner of data collection and under whose responsibility it falls. The ESCAP secretariat is currently in the process of following up on the countries' data collection efforts. The results of the ensuing analysis will be sent back to the countries, aiding them in comparing and evaluating the causes of bottlenecks and inefficiencies.

47. The methodology and instructions on the model's usage have also been made available on the website of the ESCAP Transport and Tourism Division and a pilot version in Russian has been distributed to relevant participating member States on CD (it will be added to the website in due course). This allows ESCAP member States to employ the model themselves whenever they want to analyse a certain route. In addition, the Transport and Tourism Division has created a compendium of transport route analysis using the ESCAP Time/Cost-Distance Model, which can be found on the same website.

3. Output C: Review/analysis of agreements on legal frameworks

(a) Study on legal regimes for facilitation

48. A draft study analysing the provisions of bilateral and subregional agreements and reporting on the progress made by ESCAP member States in the implementation of ESCAP resolution 48/11 of 23 April 1992 on road and rail transport modes in relation to facilitation measure has been completed. The study findings will be reviewed at an expert group meeting to be held in Bangkok on 28 and 29 September 2006 and further discussed at the Second Regional Meeting on Trade and Transport Facilitation in the Landlocked and Transit Countries, to be held in Bangkok on 4 to 6 October 2006.

49. The study identifies three major types of legal arrangements for the facilitation of interregional land transport. These arrangements are bilateral (trilateral and quadrilateral) agreements, subregional agreements, and international agreements (also referred to as international conventions), which can all be complementary to each other.

50. The study finds that around 100 bilateral agreements have been concluded by ESCAP member countries since 1990. Common features include basic arrangements for cross-border and transit transport (such as traffic rights, transport routes, transport permits, road charges and taxes) and a reliance on bilateral agreements in related sectors and domestic legislation on customs and controls for their effective implementation. The study identifies the areas related to transport facilitation that can be effectively covered by bilateral agreements and introduces some good examples of provisions that can be included in such agreements.

51. The study indicates that subregional agreements are more comprehensive in their coverage of subject matter than bilateral agreements. In addition, they fill the gap between bilateral agreements and international conventions. Subregional agreements also seek to implement international conventions or important provisions of conventions through incorporating them into annexes and protocols. In this regard they could be stepping stones to the accession of international conventions. It concluded that future subregional trade and transport facilitation agreements should be guided by four principles, namely a balanced co-existence with bilateral, regional and international agreements; compatibility with other subregional agreements; correspondence to the needs of their subregions and built-in flexibility of the legal instruments for potential amendments.

52. The international conventions most relevant to transport facilitation have been concluded under the auspices of the United Nations, the United Nations Economic Commission for Europe (ECE) and the World Customs Organization (WCO). While the United Nations conventions deal with principles of transit and access to the sea, the majority of the conventions focus on standard setting, formalities, procedures and documentation for the facilitation of international transport and trade.

53. In 1992, ESCAP adopted resolution 48/11 on road and rail transport modes in relation to facilitation measures, in which it recommends that the countries in the region consider the possibility of accession to seven ECE conventions, if they have not already done so. The recommended conventions include:

- (a) Convention on Road Traffic (1968);
- (b) Convention on Road Signs and Signals (1968);
- (c) Customs Convention on the International Transport of Goods under Cover of TIR Carnets (1975);
- (d) Customs Convention on the Temporary Importation of Commercial Road Vehicles (1956);
- (e) Customs Convention on Containers (1972);
- (f) International Convention on the Harmonization of Frontier Controls of Goods (1982);
- (g) Convention on the Contract for the International Carriage of Goods by Road (CMR) (1956).

54. The study identifies additional conventions that would be beneficial for countries to accede to, beyond those reflected in resolution 48/11.

(b) Expert group meeting

55. An expert group meeting will be convened in Bangkok in autumn 2006 to provide input on the above study and to identify mechanisms for efficient implementation of legal regimes on trade and transport facilitation. The expert group meeting is intended to provide input that would assist countries in prioritizing international conventions.

4. Output D: On-line Database on Trade and Transport Facilitation conditions

56. The On-line Database on Trade and Transport Facilitation is a tool that will provide free access to the national trade and transport facilitation legislation and documentation of Kazakhstan, Kyrgyzstan, the Lao People's Democratic Republic, Mongolia and Tajikistan. This access will also extend to regional and international agreements and conventions in the sphere of trade and transport facilitation.

57. The database is being developed by the ESCAP secretariat in cooperation with the five countries and is based on data collected through:

(a) Application of the ESCAP Trade Facilitation Framework and direct discussions with national experts at the national workshops;

(b) Questionnaires and templates of ESCAP addressed to ministries (involved in trade facilitation policy and creation of regulations) and the private sector (including importers, exporters, carriers, freight forwarders, terminal operators, customs brokers);

(c) Research.

58. Traders, policymakers, trade facilitators and other interested stakeholders will be able to find the following legislation and documentation in the database:

(a) Trade and customs related laws and regulations of the individual project countries;

(b) Trade forms, which need to be obtained and completed to meet the documentary requirements for import/export procedures in the project countries;

(c) Legal arrangements for transport and transit, to which the project countries are parties;

(d) International trade and transport facilitation conventions and tools.

59. The database also responds to the need for increased transparency in the administration of trade. In the future, its scope might be extended to other subregions, or types of search information.

5. Output E: Guidelines for the application of ICT in simplifying and expediting border crossing formalities and procedures

60. Under Output E, ESCAP assists participating countries in applying ICT in trade and transport facilitation processes at the national and regional levels. The ESCAP Guidelines on ICT Applications for Trade and Transport Facilitation in Landlocked Countries in the Asia-Pacific Region provide a step-by-step means of implementing ICT applications in trade and transport facilitation as well as tools for monitoring progress.

(a) ESCAP Guidelines on ICT Application for Trade and Transport Facilitation for Landlocked Countries in the Asia-Pacific Region (forthcoming)

61. The ESCAP Guidelines on ICT Application for Trade and Transport Facilitation is a guiding tool to assist ESCAP member and associate member countries, particularly the landlocked developing countries, in establishing interoperable electronic systems to facilitate trade and transit of their exports and imports. The Guidelines identify principles and fundamental requirements for moving towards interoperable national and international paperless trading systems. The Guidelines recognize that many aspects of this process are related, such as ICT policy, ICT infrastructure, and legal, regulatory and institutional frameworks.

62. The interoperable electronic systems are designed to connect all stakeholders in trade and transport activities so that information can flow among them seamlessly, thereby minimizing manual

interventions. This results in more efficient and cost-effective processes in each country and is made possible by advances in ICT.

63. The Guidelines not only provides guidance on the use of ICT in facilitating trade and transport, but also cover a wide range of issues and areas that encompass different aspects of trade and transport and technologies applicable to the modernization process. They include specialized areas such as supply chain management, customs modernization and e-business.

64. The use of ICT, when implemented in conjunction with the harmonization of customs systems and documentation, can help accelerate the progress of current initiatives to simplify trade and transport. The progress is depicted in figure 4. ICT is especially effective when pre-clearing goods, vehicles and drivers before they arrive at a customs post; and engaging in risk management and selective processes. Harmonization of customs risk-management systems, of valuation processes and of databases should enhance the cross-border trade by road and rail among the landlocked developing countries.

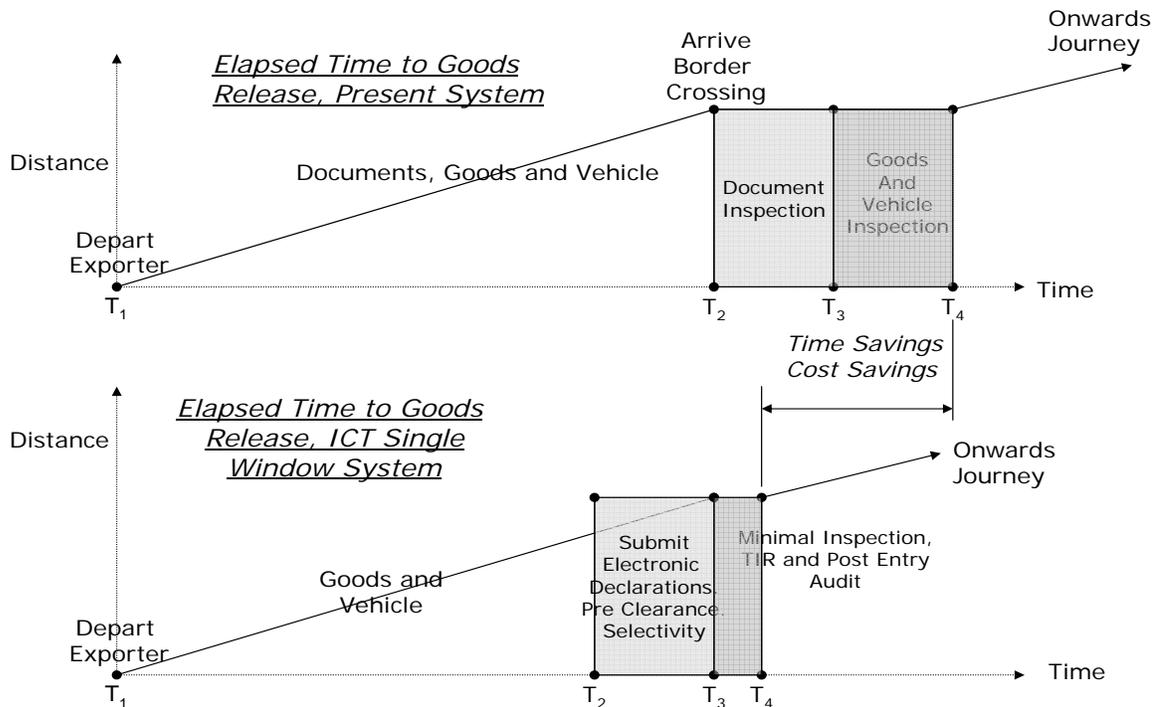


Figure 4. Impact of electronic Trade and Transport Facilitation at Landlocked Developing Country border crossings

Note: At present, all activities are conducted sequentially. In other words one activity must be completed before the next one can begin or the documents, goods and vehicle have reached the border crossing. An example can be seen in figure 4, where activity T₂-T₃ (document inspection) must be completed before activity T₃-T₄ (goods and vehicle inspection) can begin. With the implementation of the ICT-based Single Window system, the document inspection (T₂-T₃) or pre-clearance can be conducted before the goods and vehicle reach the border. In addition, the ICT-based Single Window system can minimize the time for goods and vehicle inspections (T₃-T₄). Implementing the ICT-based Single Window system therefore saves overall time required for goods and vehicles to reach their destination.

65. For the purposes of this project, the Guidelines served as one of the tools for developing the national electronic trade and transport facilitation systems. ESCAP will interact with participating countries regarding the possible application of the guidelines in the respective countries.

(b) Expert group meeting on ICT guidelines for cross-border trade and transport facilitation

66. ESCAP organized an Expert Group Meeting on ICT Guidelines for Cross-border Trade and Transport Facilitation in April 2006 to review the draft Guidelines, share experiences, and make recommendations for the improvement of the Guidelines. At the end of the meeting, draft national action plans on the use of ICT for trade and transport facilitation were developed to initiate discussions at the national level on the electronic trade and transport facilitation processes. These were used as inputs for the later integrated national action plans which were formulated at national workshops. In addition, the following conclusions and recommendations were adopted at the Meeting:

(a) The meeting observed that in most of the participating countries, the application of ICT in trade and transport facilitation is in the early stages of development. The meeting also welcomed the initiative of ESCAP in developing guidelines on ICT applications for trade and transport facilitation;

(b) The meeting emphasized that coordination between concerned ministries, agencies and other stakeholders is important to facilitate efficient, economic and harmonized transport and trade systems. The meeting also stressed the importance of establishing a national trade/transport/customs facilitation committee as a platform for coordination;

(c) The meeting recognized the importance of technical cooperation and the sharing of best practices among border countries. The meeting indicated that this will harmonize documents and procedures, facilitating trade and transport. In addition the meeting requested ESCAP to organize activities to facilitate regional cooperation on trade and transport facilitation;

(d) Trade and transport facilitation, including the use of ICT for that purpose, requires an enabling environment, including the development of infrastructure (such as roads and telecommunications) and legal frameworks, among others. The meeting stressed the importance of political leadership and commitment to these issues and requested ESCAP to organize activities to improve awareness of policymakers in this regard;

(e) The meeting recognized the benefits of the single window model in facilitating trade and transport. The national action plans were developed by the participants with guidance from experts during the meeting. These plans should be further developed and streamlined in consultation with other stakeholders in the country upon their return. In addition, they should work as a roadmap for establishing a single window in each participating country;

(f) The meeting reviewed various standards and models. While there is no “one-size-fits-all” model, the meeting recommended that ESCAP organize activities to share information and best

practices. In addition, the meeting recommended that ESCAP build capacity to promote standards for cross-border data interoperability;

(g) It was emphasized that there was a need to build the capacity of national institutions and of the trade and transport community for ICT application. The meeting recommended that ESCAP organize technical cooperation activities to enhance countries' technical capabilities and to promote the use of ICT, especially as a means of facilitating trade and transport.

C. Lessons learned during project implementation

(a) Good practices

67. By choosing an integrated approach involving three ESCAP divisions, the secretariat has been leading by example, highlighting the importance of coordination and cooperation. Implementing a joint project in this manner is more complex than implementing a project through a single division and this form of cooperation has been a new experience. The key to making this approach successful was the effort put into the development of the project at its inception. At this point a clear operational structure was delineated, establishing the sequence and timing of activities and precisely dividing responsibilities and budget.

68. The project, especially the regional meetings and the national workshops, enabled trade and transport agencies, along with the public and the private sectors of the participating countries to meet and discuss issues of common concern. They saw the importance of having a platform to meet personally and consult with each other.

(b) Challenges

69. Given the financial constraints faced by the project, the engagement of transit countries in the project activities has been restricted. Because landlocked countries have limited ability to facilitate trade and transport, they need to coordinate and cooperate with relevant counterparts in the transit countries to find the most suitable solutions. Therefore, it is important to raise transit countries' awareness of trade and transport facilitation and to strengthen coordination and cooperation between relevant stakeholders in landlocked and transit countries. However, in many cases landlocked countries are also transit countries and trade and transport facilitation really is a "two-way street" benefiting the entire region.

70. Due to financial constraints, the project focus could not include landlocked and transit countries of South Asia, which are faced with similar trade and transport facilitation issues to the landlocked countries participating in the project. Given the success of the current phase, positive feedback and requests for further assistance from participating countries, project replication in other subregions should be considered.

71. The ESCAP secretariat faced operational difficulties in the form of delays and complications with receiving feedback on questionnaires and templates from some participating countries. These

were needed in order to create the Trade and Transport Facilitation On-line Database and apply the ESCAP Trade Facilitation Framework and the ESCAP Time/Cost-Distance Model. Another difficulty was the change of focal points over the project period and the difficulty some focal points faced in coordinating with other ministries and government agencies.

72. Collecting the national data of participating countries for the ICT Guidelines was difficult. In many cases this data is not publicly available. Although the national workshops were used to collect more information, the task remained challenging.

73. These difficulties could be overcome in the future through:

(a) Setting aside funding for resource persons to translate questionnaires and templates into national languages and translating the answers back into English for analysis. Identifying relevant informants among the various stakeholders, thereby insuring a high and timely return rate would also be useful;

(b) Setting aside funding for translation and interpretation services for national workshops. Countries subsidized the interpretation costs at the national workshops. However, this was a struggle for them as it needed to come out of their national budget, which normally requires advance notice. Because interpretation services are expensive, it would be better to have project funds allocated for them;

(c) Giving stakeholders more detailed explanations and/or training so that the ESCAP secretariat will receive the type of information needed to aid countries in the application of ESCAP tools. The ESCAP advisory teams explained the tools during the national workshops, however, not all officials tasked with responding to the templates and questionnaires were present. For this reason it would be beneficial for specially hired consultants to collect the data directly in the respective national languages;

(d) Ensuring livelier exchange between the various stakeholders and better coordination between focal points, for example, by creating a permanent forum with regular meetings and work programmes.

IV. INTERIM CONCLUSIONS

74. As mentioned at the outset, the project is still ongoing and its intended impact will only become visible in the medium and long term. However, the interim results can be summarized as follows:

(a) Project countries are aware of the need for collaboration between public and private stakeholders in trade and transport and understand the significance of the value added yielded by the ensuing synergies. Both Governments and industry support the adoption of an integrated approach to trade and transport facilitation;

(b) Project countries are committed to considering the establishment and/or strengthening of their trade and transport facilitation mechanisms and through the assistance of ESCAP are aware of options to make them more effective;

(c) Project countries can apply ESCAP trade and transport facilitation tools and benefit from ESCAP guidelines and studies conducted as part of the project. These can aid them in the analysis and reduction of bottlenecks and the simplification and harmonization of trade and transport related regulations and procedures in their respective countries and the ESCAP region;

(d) National action plans were developed by participants of national workshops. Participating countries therefore have the responsibility of considering their implementation. The national action plans can be viewed on the following project website: <http://www.unescap.org/tid/itt/mtg/nw.asp>.

V. ISSUES FOR CONSIDERATION

75. Policy- and senior decision makers are encouraged to consider the national action plans developed by participants of national workshops (see the project website: <http://www.unescap.org/tid/itt/mtg/nw.asp>).

76. In view of the successful implementation of the current project and the importance of trade and transport facilitation as well as ICT application in landlocked and transit countries of the ESCAP region, it is proposed that the project be continued to a second phase that:

- (a) Extends the project to cover the South Asian subregion;
- (b) Provides a forum for landlocked and transit countries to exchange experience and discuss the implementation of action plans;
- (c) Provides assistance to participating landlocked countries in implementing the national action plans.

77. The Committee may wish to provide their guidance to the secretariat on this proposal.

Annex I

**SUMMARY OF THE MOST FREQUENT BOTTLENECKS TO INTERNATIONAL
TRADE AND TRANSPORT AS IDENTIFIED IN THE
NATIONAL ACTION PLANS**

Issues	Bottlenecks
National coordination mechanisms for trade and transport facilitation	<ul style="list-style-type: none"> • Inefficient coordination and cooperation among ministries and relevant authorities at the local and national levels • Lack of administrative, financial and human resources to ensure sustainable operation and functioning of the trade and transport facilitation committees • Insufficient and outmoded infrastructure and equipments for the committees
Laws and regulations	<ul style="list-style-type: none"> • Changes and updates to laws and regulations to reflect the new issues of risk management, E-commerce and ICT application • Inconsistency with regional/international agreements and conventions • Lack of awareness and information dissemination among stakeholders and the public
Simplification and harmonization of trade documents and procedures	<ul style="list-style-type: none"> • Complicated and time-inefficient procedures for customs clearance, inspections and documentation • Lack of harmonized and standardized documents meeting international standards • Absence of coordination and agreements with neighboring countries to align trade related documents and procedures • Lack of competent human resources with knowledge and expertise
Application of ICT	<ul style="list-style-type: none"> • Poor and insufficient ICT infrastructure • Lack of legal platform to regulate ICT related aspects including E-commerce, digital signature, electronic data interchange, E-document system and intellectual property • Absence of electronic trade document systems
Border control coordination	<ul style="list-style-type: none"> • Lack of coordination among border control agencies • Duplicated border control procedures • Incompatible border control procedures with international/regional conventions
Infrastructure	<ul style="list-style-type: none"> • Poor quality road networks and lack of road capacity • Poor road and rail transport infrastructure and maintenance backlogs • Underdeveloped multimodal transport and transshipment hardware and software

Issues	Bottlenecks
Human resources development for strengthening national agencies	<ul style="list-style-type: none">• Insufficient human resources in terms of number of qualified personnel, knowledge and skills on trade related issues• Lack of awareness on trade-related law and regulations• Lack of training opportunities and resources

Annex II

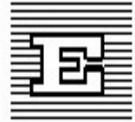
APPLICATION OF ESCAP TRADE FACILITATION FRAMEWORK

Country					
Stages	Kazakhstan	Kyrgyzstan	Lao People's Democratic Republic	Mongolia	Tajikistan
Ai – Collect feedback, analyse, assess and prioritize needs					
Conduct detailed survey		X	X	✓	X
Conduct focus group discussions		X	X	✓	X
Document the findings		X	X	X	X
Aii – Establish the trade facilitation institutional structure					
Designate a lead agency (LA)		X	X	✓	X
Establish a trade facilitation advisory committee		X	X	✓	X
Bi – Revise trade and customs laws and regulations					
Obtain a clear understanding of the overall trade legislative and regulatory framework		✓	✓	✓	X
Review the import-export laws to determine relevance and conformity with international conventions and obligations		✓	X	✓	X
Review customs act to assess conformity with international conventions and recommendations		X	X	✓	✓
Review bilateral, regional and multilateral agreements on trade, transport and transit to determine whether existing legislation has incorporated elements of these agreements		✓	✓	✓	✓
Consolidate and streamline all trade related regulations		X	X	✓	X
Bii – Simplify, standardize and harmonize import-export documentation and customs procedures					
Classify all tradable products and identify agencies involved in implementing trade controls		✓	✓	✓	✓
Review current trade and customs procedures		X	✓	✓	✓
Streamline, simplify and harmonize trade document processing		X	✓	X	X
Align and simplify documents used in trade		✓*	✓*	✓*	✓*

Stages	Country				
	Kazakhstan	Kyrgyzstan	Lao People's Democratic Republic	Mongolia	Tajikistan
Biii – Implement effective trade and customs enforcement					
Develop an efficient trade statistics collecting system		X	✓	✓	X
Establish channels of trade intelligence		X	X	X	X
Identify and assess areas of trade risk		X	X	X	X
Implement systematic pre-inspection and post-audit programme		X	X	X	X
Allow pre-submission of documents		X	X	✓	X
Establish pre-payment of duties		X	X	X	X
Conduct physical inspections based on risk profiling		✓	✓	✓	✓
Set up juxtaposed customs offices		✓	✓	✓	✓
Biv – Implement effective information dissemination					
Conduct information and training needs assessment		X	X	X	X
Develop mechanisms to inform the business community		✓	✓	✓	✓
Collaborate with other agencies and industry associations		✓	✓	✓	✓
Establish help desks and contact points		✓	X	X	X
Bv – Apply information communication technology					
Develop blueprint for Electronic Trade Documentation System (ETDS)		✓	X	✓	X
Provide legislative powers for ETDS		X	X	X	X
Develop electronic online documents (eDOCs) for ETDS		X	X	X	X
Automate internal processes of agencies involved in ETDS		X	X	X	X
Appoint ETDS vendor and contractor		X	X	X	X
Develop the ETDS system and software		X	X	X	X
Establish technical and training support		X	X	X	X
Develop e-payment system for customs duties		X	X	X	X

*Only partially

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ECONOMIC AND SOCIAL COMMISSION FOR ASIA AND THE PACIFIC

Committee on Managing Globalization

Third session, Part I
12-14 September 2006
Bangkok

**PROGRAMME PLANNING AND EVALUATION: MONITORING AND
EVALUATION: REVIEW OF SELECTED PROJECTS IN THE
THEMATIC AREA OF MANAGING GLOBALIZATION**

(Item 7 (b) of the provisional agenda)

**INSTITUTIONAL CAPACITY-BUILDING FOR FACILITATION OF INTERNATIONAL
TRADE AND TRANSPORT IN LANDLOCKED AND TRANSIT COUNTRIES**

Note by the secretariat

Corrigendum

Summary (Cover Page, first paragraph)

The first paragraph should read

ESCAP is completing a 22-month long capacity-building project aimed at enabling its member countries to experience more of the benefits of globalization. This project employs an integrated approach to improving trade and transport in participating landlocked and transit countries. The present document contains information on the work of member countries and the secretariat in connection with the realization of this project.

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