


TRACECA: Trade Facilitation,  
Customs Procedures & Freight  
Forwarding Project  
**Completion Report**  
March 1997

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**Form 1.2. REPORT COVER PAGE**

Project Title	: TRACECA Project: Trade Facilitation, Customs Procedures and Freight Forwarding
Project Number	: TNREG 9308
Countries	: Armenia, Azerbaijan, Georgia, Kazakhstan, Kyrgyzstan, Tajikistan, Turkmenistan, Uzbekistan
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Name of Report: Completion Report

Reporting period : November 1996 through February 1997

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## 1. PROJECT SYNOPSIS

**Wider Objectives:** To promote a transport corridor between Europe and the Caucasus / Central Asia through greater regional harmonisation and integration with international transport and trade practices.

**Specific Project Objectives:** To improve operational efficiency through the introduction of customs and trade documentation in accordance with UN and international standards and make recommendations on the requirements for modern data processing systems and the upgrading of customs facilities. Institutional arrangements will also be examined with a view to creating transport & trade associations and encouraging co-operation between customs authorities, freight forwarders and transport operators.

**Outputs:** The following outputs are targeted with the assistance of NTTFs:

- a Customs Documentation Package containing proposals for a harmonised customs documentation system based on UN alignment
- an International Trade Documents Package based on international conventions and world trade practices
- a Computer Systems Plan for the introduction of modern data processing technology in the customs environment including a feasibility study of the long term introduction of EDI systems
- a Customs Border Post Report with the results of detail surveys and recommendations for upgrading existing facilities
- an Implementation Report giving cost benefit analysis and implementation schedules for the introduction of transport and trade documents, computer systems and border post improvements
- and Institutional Framework Plan for the development of Customs Consultative Council's, Customs Agents Associations and Trade & Forwarder Associations including draft articles of association
- a Business Plan for a pilot multi-modal regional freight forwarding operation
- a Banking and Insurance Overview Report
- a Training Programme including workshops / seminars and visits to European facilities

**Target Group:** At the general level target groups will include both relevant ministries / customs authorities and the state owned or privatised transport and forwarding industry. More specifically, local expertise will be promoted through direct training and transfer of technology to counterpart staff in the NTTFs.

**Inputs:** Technical assistance will include 17 man months of long term experts and 323 man days of short term experts in difference specialities. Training materials will also be provided and access arranged to European facilities for the purposes of the familiarisation mission. The involvement of a west European Freight Forwarder in the pilot study will be sought as an essential pre-requisite of seeking further funding for implementation of the pilot.

## 2. SUMMARY OF PROJECT PROGRESS

The Project Strategy was to divide the International Trade Task Force (ITTF) into two Action Teams for the first part of the programme in response to the identified logistical problems of attempting to undertake work in all eight countries simultaneously and to ensure maximum contact with the recipients. The documentation and Customs procedures were selected for study in the first part of the project because the recipients considered that these issues should be prioritised.

The detailed appraisal of the trade and Customs documentation systems and procedures was undertaken by the ITTF specialists, assisted by the respective NTTF experts. The Caucasus region was evaluated in April-June and Central Asia in July-September. The Documentation and Customs Procedures Report was compiled in September-October and published October-November 1996.

The appraisal of the Customs computerisation was undertaken in parallel with the documentation and procedures study. This ensured that the recommendations were harmonised and that the proposals met future, as well as existing needs. The report was compiled in October and published November-December 1996.

The inspection of the Border Posts was undertaken commencing in the Caucasus in March and completing in Central Asia in September. A total of 73 borders were assessed by the ITTF with the NTTF experts. The analysis of the results and compilation of the report was completed with publication in November 1996.

The NTTF teams were established during the Inception Phase. These experts were mainly nominated by the respective recipients. There were significant changes in the initial stages, but this later stabilised.

Due to the complexity of the Deliverables in the form of the three large reports and the implications of the recommendations, the ITTF team visited the recipients in November 1996 to January 1997 to discuss the contents prior to the 2nd Regional Conference. This was to fully explain the contents and to identify potential problems in future implementation.

A Familiarisation Tour took place in the United Kingdom in June 1996 and was followed by the 1st Regional Conference in early July. The 2nd Regional Conference took place in February 1997 in Almaty. This followed a similar format to that of the first conference using a presentation/workshop methodology to ensure the active participation of the NTTF teams and incorporating feed-back from their sponsor organisations. The recommendations in the deliverables were accepted, with only minor modifications.

The extension to assist the Government of Uzbekistan in the movement of cotton along the TRACECA corridor commenced in November 1996 with market research in both Europe and Uzbekistan. A Cotton Commission has been formed and an Interim Report was issued in January 1997. This identified a number of key issues which need to be addressed by the technical assistance programme. The Report also indicated problems in containerisation of cotton with the current methods of sale.

A programme of seminars on international forwarding and logistics were provided throughout the project and will continue over the period of the Cotton Extension.

The project has been active in the promotion of Freight Forwarding Associations. This is expected to continue and more are expected to be formed in conjunction with the Legal Framework Project.

### 3. PROJECT PROGRESS IN FINAL PROJECT PERIOD

#### PROJECT STRATEGY

The project strategy to be undertaken in the final reporting period for the Trade Facilitation Project was as indicated in the last Progress Report. This was as follows:

- Discussions with NTTFs on recommendations in reports;
- Development of Customs Consultative Councils;
- Funding proposal for a national Customs computerised clearance system;
- Development of Freight Forwarding Associations;
- Development of the Business Plan for a multi-modal regional freight forwarding operation;
- Training Seminars; and the
- Commencement of the Uzbekistan Cotton Project

The work undertaken in the final period of the project was undertaken by the Team Leader concentrating on the institutional aspects regarding the establishment of Freight Forwarder Associations and Customs Consultative Councils. The Regional Co-ordinator concentrated on the Freight Forwarder Business Plan. Both were assisted by the NTTF teams with access to the short term ITTF specialists and head office experts as required. The work was undertaken on a simultaneous basis in both regions. Both ITTF experts collaborated on the market research for the Uzbekistan Cotton Project, together with the specialist from BCEOM.

Due to the complexity of the reports on Trade Documentation and Customs Procedures, Customs Computerisation and Border Posts, it was decided that the project team would visit most of the countries during December-January to ensure that the recommendations were being actively considered by the NTTF teams and the organisations they represented, prior to the 2nd Regional Conference. This strategy enabled an understanding to be gained as to which issues were potentially controversial, such that alternate recommendations could be considered.

The 2nd Regional Conference was postponed until February in Almaty to ensure sufficient time for consideration of the reports. The objective of the Conference was to confirm the recipient's agreement to the project recommendations contained within the key reports. The format of the Conference was to be that of presentations followed by working groups each chaired by a facilitator. This technique ensures maximum discussion and participation of delegates to develop group agreements and had been used successfully at the 1st Conference.

It was necessary to make a number of changes as indicated in the following section, although the overall coverage was similar.

## **PROJECT ACTIVITIES**

### **Discussions with NTTFs on Recommendations in the Reports**

The Team Leader and Regional Co-ordinator made visits to most of the Republics in order to confirm that the three key project reports had been received (Trade Facilitation and Customs Procedures, Customs Computerisation and Border Posts) and were being circulated to interested parties. This was considered to be essential if the NTTFs were going to be in a position to sign a Declaration at the Conference to the effect that they agreed with the recommendations contained in the report, or wished to submit alternatives.

It was also important to identify controversial or key issues in advance to ensure that sufficient time was made available to fully discuss them within the programme at the Conference. The visit also allowed some clarification on points which had arisen as a result of the translation process.

### **Development of Customs Consultative Councils (Activity 5)**

The Team Leader visited the region for discussions with both the Customs and trade and transport organisations on the potential benefits of forming Customs Consultative Councils and indicated how these could work in practice. In general, the forwarders and traders were enthusiastic but indicated concern as to whether a balanced consultation process would be possible in the current environment. The Customs were less enthusiastic until advised that they would be required to chair the Council and that it was a "consultative" organisation, rather than one which formulated regulations, thus enforcing change. Following explanation, all organisations were interested in the concept, but were unfamiliar with the role of "Consultative Councils".

The results of these discussions are included in the Trade Facilitation Institutions Report which is being published in March 1997.

### **Funding proposal for Computerised Clearance System (Activity 6)**

Following discussions with the TRACECA project team, it was decided not to proceed with a model submission for funding of a computerised clearance system. This was because of the current uncertainty regarding which system countries wished to adopt, the necessity to obtain prior approval of the concept to using such a system in a national Customs environment and that such capital funding would be outside the remit of a TACIS programme.

The discussions at the 2nd Regional Conference did confirm that countries who had not already installed such systems wished to do so in the future, though there was no indication of system or timing. The ASYCUDA team at the conference advised that they would be willing to provide some advice on submissions for funding of their system.

### **Development of Freight Forwarder Associations (Activity 10)**

During the reporting period, the ITTF team have been actively promoting the formation of Freight Forwarding Associations. This has been in conjunction with work undertaken by the NTTF teams. Initial work commenced with the collection of data on active forwarders in each country. This was followed by interviews with the Transport Ministries and key local operators to ascertain their



reaction to the formation of an Association. Following positive responses, the NTTF teams are progressing using the model set of Articles of Association issued in the last Progress Report and issuing Letters of Invitation to inaugural meetings.

Uzbekistan established a Freight Forwarding Association in the previous reporting period and now has full FIATA accreditation. Initiatives of the type described above are continuing in Azerbaijan, Georgia and Kazakhstan with the teams assistance.

The draft Articles of Association have been modified following discussions with the TRACECA Legal Framework project to provide a more simplified version.

The results of the study are shown in the Trade Facilitation Institutions Report.

### **Business Plan (Activity 12)**

The strategy for undertaking this task was changed during the reporting period. This was due to the changed circumstances since the Terms of Reference (TOR) were drawn-up and that EU funding was not now available for funding of a Pilot Project. It was, therefore, decided in agreement with the TRACECA project management to concentrate on providing “an overview of the perspectives for an independent freight forwarding industry within the Region” as required by the TOR, rather than production of a Business Plan. This would be in the form of an appraisal of the forwarding environment in each country and provide identification of the key issues which are constraining the development of an independent freight forwarding industry.

The Regional Co-ordinator and Team Leader, assisted by the NTTF forwarding specialists made visits to all countries, except Tajikistan, in the reporting period to collect data and interview leading forwarding organisations. A Forwarding Report is being compiled and is expected to be issued in March 1997.

### **Training Seminars (Activity 13)**

Further training seminars were conducted on freight forwarding, international logistics and modern customs procedures. These were partially delayed due to the commencement of the cotton project restricting availability of key personnel, the holiday period and the approach of the 2nd Regional Conference. These will now be extended over the next few months when team members are travelling in the region in connection with the Uzbekistan Cotton extension or the TRACECA Legal Framework project.

A programme is being designed with the Legal Framework team to hold specific seminars in July with FIATA aimed at obtaining membership for some more Republics at the FIATA Annual Conference in the Autumn of 1997.

### **Uzbekistan Cotton Extension (Activity 16)**

The Cotton Extension was commissioned in October to assist the Government of Uzbekistan in developing the movement of cotton along the TRACECA corridor. This is expected to have benefits to those countries on the route and demonstrate the international importance of this transport corridor.

The operational strategy for undertaking the Uzbekistan Cotton Project extension was to separate the initial tasks to suit two specialist teams. The first team consisted of the Team Leader and Regional Co-ordinator, supported by local specialists working along the TRACECA route. Their role was to create and participate in the Uzbek Transport Commission, who would be responsible for overseeing the shipment of cotton to Poti and the establishment of a monitoring system to record movements along the corridor. Shipment is expected to be in conventional covered wagons in block trains. The second team from BCEOM, who undertook the TRACECA Multi-modal project, would examine new methods of shipment. This commenced with a European marketing study to identify purchasing systems, current use of containers in cotton importation and buyer preference factors.

An Interim Report was published in January which highlighted the current market situation. It also proposed a change in strategy in recognition of the complexity of the issues and that the use of multi-modal transport systems was unlikely in the short term due to the current use of "Free on Board" buying terms. The proposal was to concentrate on enhancing the movement of cotton along the TRACECA corridor in conventional rail wagons to meet buyers requirements, with potential containerisation being addressed as a secondary consideration.

The Uzbek Transport Commission has been formed and has met three times to discuss the focus of the project and the contents of the Interim Report. This report has been widely circulated amongst interested parties in the region.

Further progress Reports will be issued in respect of the Cotton Project.

### **Liaison**

Liaison was maintained with other TRACECA projects where possible. Regular contact was made with the TRACECA regional co-ordinating offices in Tashkent and T'bilisi advising them of progress and seeking information regarding other projects having an interface with the Trade Facilitation Project. Visits were also made to TACIS Co-ordinating Units within the reporting period.

Contact was also maintained with EuroCustoms in relation to their documentation and procedural harmonisation programme and the UN in relation to transit procedures.

Meetings were held with the TACIS Monitoring teams in both T'bilisi and Almaty.

### **2nd Regional Conference**

The 2nd Regional Conference was held in Almaty 5-6th February 1997. The delay was due to the later publication of the main reports and the need for an extended consultation period in order to ensure that results could be achieved. The ITTF team had travelled in region to discuss the key issues prior to the conference as part of the preparation.

The agenda for the Conference is shown in Appendix 1. Following the official opening by the Minister of Transport of the Republic of Kazakhstan, addresses were given by the Chairman of State Customs of Kazakhstan and representatives of the European Commission, the TRACECA Programme Co-ordination team and the Consultants. Presentations were made on each of the three project reports followed by a workshop. The NTTF teams were split into three groups for each

session. The recommendations were fully debated and any proposed changes agreed. The results of each workshop were presented to the full forum and the wording of the Declaration agreed.

ASYCUDA team from UNCTAD made a presentation to the Conference explaining how their system worked and how it could be used to benefit both trade facilitation and assist Customs in meeting their statutory roles.

On completion of the Conference, a Declaration was provided for signature by each delegation. This was to formally accept the key recommendations of the project. Whilst it does not represent a commitment to implementation, it provides agreement, in concept, to the implementation of recommendations designed to modernise, harmonise and standardise key aspects of trade facilitation in the TRACECA region. Copies of the signed declarations are shown in Appendix 2.

An evaluation of the Conference was provided in the form of questionnaires to each delegate. The questionnaire is shown in Appendix 3. The results indicate general satisfaction with the overall presentation of the Conference.

An analysis of the questionnaire results indicated the following:

- 31% of all participants graded the 12 questions raised at the highest grade (grade 1)
- 61% of all participants graded the 12 questions raised at the next highest grade (grade 2)
- Only 5% were uncertain of the value

Of the comments received, the main points are given below:

- More time needed for questions and discussion
- Participation of government representatives necessary to implement the recommendations
- Not enough workshop time
- Course content very logical and practical
- Presentation was clear and practical
- Freight forwarding should be discussed more thoroughly during the Conference

The Conference achieved its main objectives. The short duration was appreciated by the delegates as it minimised the time away from their workplace.

The fact that all countries sent senior representatives to Almaty in February confirmed that the counterparts viewed the Conference positively and that a good team spirit had been developed.

## **DEVIATIONS FROM INCEPTION REPORT PLANS**

As indicated above, it was necessary to make changes during the final period to the original project planning as set out in the Inception Plan in respect of a number of issues. The key changes were as follows:

- the re-focusing of the “pilot” regional Freight Forwarding Company towards that of a general review of the forwarding industry. This was due to indications that funding for the proposed pilot scheme was not available
- the costing of the computerised Customs clearance system was not progressed beyond the original outline estimates as this was not considered to be productive until there had been an acceptance of a specific system.

As indicated these changes were introduced due to changes of situation which occurred during the project. They do not represent a significant alteration in the objectives as set out in the Terms of Reference or represent reduced inputs on behalf of the Consultants.

## **REPORT FORMS**

Progress Report (Form 2.2), Resource Utilisation Form (Form 2.3), and Output Performance Report (Form 2.4) are included at the end of this section. These exclude data relating to the Uzbekistan Cotton Project as this is the completion report for the main Trade Facilitation Project. Comments are as follows:

- Resource utilisation was only 8.5 man month compared to 9.5 man months planned. This was due to work on the Cotton Project which resulted in a delay in forming the Forwarding Associations, including training to forwarders and Ministries. The remaining 1.5 man months will be utilised during the extension for this work and a programme has already been agreed.
- Resource utilisation of the NTTF staff and local interpreters was 25.5 man months as forecast. It should be noted that the full amount of counterpart has been utilised due to the approach of maximising the involvement of local personnel.

## FORM 2.2: PROJECT PROGRESS REPORT

Project title: <b>TRACECA: Trade Facilitation, Customs Procedures and Freight Forwarding</b>		Project number: <b>TNREG 9308</b>		Countries: <b>Armenia, Azerbaijan, Georgia, Kazakhstan, Kyrgyzstan, Tajikistan, Turkmenistan, Uzbekistan</b>		Page: <b>11</b>							
Planning Period: <b>November 1996 - February 1997</b>		Prepared on: <b>March 1997</b>		EC Consultant: <b>Scott Wilson Kirkpatrick</b>									
Project objectives: To facilitate trade throughout the TRACECA region by harmonising customs procedures, trade documents and data processing systems and encouraging freight forwarding.													
INPUTS													
No	ACTIVITIES IMPLEMENTED	TIME FRAME 1996 - 1997 months				Personnel EC Consultant		Personnel Counterpart		EQUIPMENT AND MATERIALS		OTHER	
		Nov	Dec	Jan	Feb	Planned	Utilised	Planned	Utilised	Planned	Utilised	Planned	Utilised
1	Appoint NTTFs	x		x	x	0.0	0.0	0.0	0.0	0.0	1.0		
2	Collect customs documentation					0.0	0.0	0.0	0.0		0.0		
3	Compare documents with UN documents					0.0	0.0	0.0	0.0		0.0		
4	Develop trade package					0.0	0.0	0.0	0.0		0.0		
5	Develop customs councils		xx	xx	xxxx	2.0	1.0	4.0	4.0		4.0		
6	Computerisation study					0.0	0.0	0.0	0.0		0.0		
7	Audit border posts					0.0	0.0	0.0	0.0		0.0		
8	Evaluation of EDI					0.0	0.0	0.0	0.0		0.0		
9	Appraise statistical systems					0.0	0.0	0.0	0.0		0.0		
10	Evaluate forwarding industry			xxx	xxx	2.0	3.0	4.0	4.0		6.5		
11	Cost benefit analysis					0.5	0.0	1.5	1.5		0.0		
12	Develop business plan					2.0	0.0	6.0	6.0		0.0		
13	Train NTTF staff	xx			xxx	2.0	3.0	6.0	6.0		8.0		
14	Develop trade & forwarding associations				xxxx	1.0	1.0	4.0	4.0		6.0		
15	Evaluate bank and insurance documentation					0.0	0.0	0.0	0.0		0.0		
<b>TOTAL</b>						<b>9.5</b>	<b>8.0</b>	<b>25.5</b>	<b>25.5</b>	<b>0.0</b>	<b>25.5</b>	<b>0.0</b>	<b>0.0</b>

Note: Excludes Cotton Project Extension

## FORM 2.3: RESOURCE UTILISATION REPORT

<b>Project title: TRACECA: Trade Facilitation, Customs Procedures and Freight Forwarding</b>	Project number: <b>TNREG9308</b>	Countries: <b>Armenia, Azerbaijan, Georgia, Kazakhstan, Kyrgyzstan, Tajikistan, Turkmenistan, Uzbekistan</b>	Page: <b>12</b>		
Planning Period: <b>November 1996 - February 1997</b>	Prepared on: <b>March 1997</b>	EC Consultant: <b>Scott Wilson Kirkpatrick</b>			
Project objectives: To facilitate trade throughout the TRACECA region by harmonising customs procedures, trade documents and data processing systems and encouraging freight forwarding.					
RESOURCES/INPUTS	TOTAL PLANNED	PERIOD PLANNED	PERIOD REALISED	TOTAL REALISED	AVAILABLE FOR REMAINDER
<b>PERSONNEL</b>					
ITTF staff	31.5 work months	9.5 work months	8.0 work months	30.0 work months	1.5 work months
NTTF Staff and Interpreters	121.5 work months	25.5 work months	25.5 work months	121.5 work months	0.0 work months
Sub-total	153.0 work months	35.0 work months	33.5 work months	153.0 work months	1.5 work months
<b>EQUIPMENT &amp; MATERIAL</b>					
<b>TOTAL</b>	<b>153.0 work months</b>	<b>35.0 work months</b>	<b>33.5 work months</b>	<b>153.0 work months</b>	<b>1.5 work months</b>

## FORM 2.4: OUTPUT PERFORMANCE REPORT

Project title: TRACCEA: Trade Facilitation, Customs Procedures and Freight Forwarding	Project number: TNREG 9308	Countries: Armenia, Azerbaijan, Georgia, Kazakhstan, Kyrgyzstan, Tajikistan, Turkmenistan, Uzbekistan	Page: 13
Planning Period: November 1996 - February 1997	Prepared on: March 1997	EC Consultant: Scott Wilson Kirkpatrick	
Output results	Deviation original plan + or -	Reason for deviation	Comment on constraints & assumptions
1. Appraisal visits and establishment of NTTF	0		NTTF supportive
2. Customs documentation package	0	Overcame delay due to operating strategy of two regions and compatibility checks	Documents generally available
3. International trade documents package	0	Trade Documents package delivered	Documents generally available
4. Computer system plan & EDI feasibility	0	Computer System package delivered	Demand for standard systems is evident but power / telecoms will remain a problem
5. Customs border post report	0	Border Posts report delivered	Access generally OK for extended programme
6. Implementation report	0		Incorporated in Outputs 2-5
7. Institutional framework plan	0		Limited availability of key members indicates limitation in numbers of institutions
8. Business plan for forwarding companies	0		Change in project output
9. Banking & insurance overview report	0	Incorporated in Documents Report	Access to financial institutions reasonable
10. Training programme	0		UK Study Tour / Conference of particular value. 2nd Regional Conference postponed until February 1997

## 4. OVERALL REPORT ON THE TOTAL PROJECT

### PROJECT STRATEGY

The logistical problems of undertaking the data collection phase of the project in all eight countries simultaneously were realised at an early stage. This resulted in the need to adopt a new operational strategy to ensure the project objectives were achieved. The main changes consisted of an Extended Appraisal Mission (EAM) and the division of the International Task Force (ITTF) into two operating teams to evaluate each region consecutively and then combine the results to provide harmonised solutions.

The first team consisted of the Regional Co-ordinator and the short term ITTF experts, supplemented by the NTTF experts. They commenced in May-June with visits to Armenia, Azerbaijan and Georgia and returned to the UK for the 1st Regional Conference. The team then continued through July -September with visits to the Central Asia region - Kazakhstan, Kyrgyzstan, Tajikistan, Turkmenistan and Uzbekistan. This visit programme was completed early September 1996.

The second team consisted of the Team Leader and the NTTF experts and was initially assisted by the Regional Co-ordinator during the EAM. This team commenced in March-April in Armenia and Georgia and continued in May-June in Kazakhstan, Kyrgyzstan, Tajikistan and Uzbekistan before returning for the 1st Regional Conference. The team returned to the region with visits to Azerbaijan and Turkmenistan before covering the remaining borders in Kazakhstan, Kyrgyzstan, Tajikistan and Uzbekistan. This visit programme was completed mid-September.

As indicated in previous Progress Reports, the initial concentration was to be on the customs aspects. This strategy was adopted in response to the recipient's requests in discussions during the EAM. It was recognised that the Customs recommendations would be more complex, required most fieldwork, would take longer to debate and implement and would probably require changes in legislation.

A practical approach to the project was adopted as part of the operational strategy. This was to ensure that the recommendations were relevant to the specific trade and transport environment in each country. It also maximised the involvement of the NTTF personnel in visiting sites around each country so as to experience problems first hand and to enable the wider participation by other interested parties. The ITTF teams covered over 25,000 kilometres by road in addition to air travel and have maintained contact with the recipients throughout the project. The whole of the TRACECA route was visited with the exception of the route between Chimkent and Aktau.

### PROJECT ACTIVITIES UNDERTAKEN AND IMPLEMENTATION INITIATIVES

This section addresses each of the project activities indicating how the work was carried out, what was achieved and how the results can be transformed into action.



### **Mobilisation of NTTFs (Activity 1)**

The National Trade Task Forces were mobilised in the Inception Stage. Unfortunately, a large number of changes were made in the initial period April to June because the nominated personnel were withdrawn by the recipients. However, no significant changes occurred after June and it was therefore possible to develop teams who were known to each other and who were able to develop a regional perspective.

It is recognised that the necessity to adopt a two region strategy would tend to place a heavier workload on NTTF specialists in one region, whilst there is limited activity in the other. The final period was conducted simultaneously in both regions, thus giving a more balanced input. The teams met for the final time at the 2nd Regional Conference to discuss implementation.

The NTTFs were a vital component in the data gathering stages of the project and in leading the debates over the proposed recommendations. Training has been provided to the team members through familiarisation visits, both in UK and in region, regional conferences and access to the reports. They have been able to obtain a wealth of information relating to trade facilitation in their own and neighbouring Republics. It is hoped that the relationships established during the project will continue through to the implementation phase to ensure a co-ordinated approach, though this will obviously be subject to the agreement of their representative organisations.

### **Documentation (Activities 2-4,15)**

The ITTF Documentation Specialist, assisted by the NTTF experts, completed the data collection phase in Central Asia in early September. The data from both regions was analysed and recommendations developed, which were then cross-checked with both UN and EuroCustoms to ensure compatibility of approach, since both organisations have parallel projects being undertaken in the region.

During the preparation of the Documentation Report, it became evident that documentation and Customs procedures were so closely linked that the results should be combined into a single deliverable report. Documentation depends on Customs requirements and standardised documentation is essential to be able to introduce standardised processing and clearance procedures.

The Report was issued in English in October and in Russian in November 1996. This was studied by the NTTF teams and circulated to interested parties to enable responses to be provided at the Conference. There were no significant changes between the final Declaration and the report recommendations. This is because of the close liaison between the ITTF and NTTF teams which ensured that the ITTF experts had a good understanding of the market environment in each Republic.

The recommendations are practical and can be implemented by the appropriate authorities, particularly Customs. However, it will be essential to continue the momentum and the formation of a TRACECA Customs Co-ordinating Committee to act as a steering group would assist this process.

### **Customs Procedures (Activities 2-5)**

The ITTF Customs Specialist, assisted by the NTTF Customs experts, completed the collection of data and site visits to examine procedures in Central Asia in September. The results were analysed and recommendations developed. These were checked with both the UN and EuroCustoms to ensure compatibility with their recommendations contained in parallel projects in the region. This process was completed in October. As indicated above the findings were included in the combined Trade Documents and Customs Procedures report.

EuroCustoms have placed two specialists in the CIS to assist in the harmonisation and standardisation of documentation and procedures. As one of the EuroCustoms specialists is based in Tashkent, the project ITTF Customs Specialist is similarly based in Tashkent covering Central Asia and Azerbaijan. This is expected to be of benefit to the adoption and implementation of the project recommendations.

The comments relating to implementation are the same as those indicated above.

### **Customs Computerisation ( Activities 6,8,9)**

The ITTF Computer Specialist, assisted by the NTTF Customs experts and computer sections within the Customs Administrations, completed the collection of data and inspection of existing systems in September. The results were analysed and recommendations developed. Difficulties were encountered in obtaining copies of the TACIS ERMIS study, but eventually a copy was obtained and the ITTF specialist's recommendations are confirmed as being compatible with the ERMIS study. The computer report was completed in October and was published in November in English and December 1997 in Russian.

The cost of introducing a computerised Customs clearance package was estimated at approx. \$8-10m per country. These estimates were confirmed by the ASYCUDA team who made a presentation at the 2nd Regional Conference.

The recommendations were fully discussed at the 2nd Regional Conference and agreed by delegates, with only minor modifications. There was acceptance that such systems were needed in order to develop a modern Customs system and improve the collection of trade data.

Armenia already has a computer clearance system - ASYCUDA - in operation and Georgia has a pilot scheme underway. In order to implement the recommendations, it is necessary for the national Customs to confirm their requirements for such a system and agree a national implementation strategy.

### **Border Post Inspection (Activity 7)**

The Team Leader, assisted by the Customs experts in the NTTF teams, completed the extended border inspections in mid-September. As indicated in the previous reports, this task took longer than originally forecast due to:

- the distances from the capital and accessibility to these border control points
- requests by recipients to inspect more border facilities

- the need to visit non-TRACECA control points to enable the TRACECA crossings to be appraised in the context of national crossings, rather than being considered in isolation

73 border control points have been assessed of which 65 were visited by the team, including 30 in the reporting period. The report was published in both English and Russian in November 1996.

The report provided a comprehensive audit of the border posts and highlighted the need for changes in procedures and for investment in up-grading of facilities. The recommendations were discussed and agreed at the 2nd Regional Conference .

Implementation of the procedural aspects are linked to the Trade Documentation and Customs Procedures outlined above. The development of the border post facilities can be undertaken based on the strategies outlined in the report.

#### **Forwarding Industry Evaluation (Activity 10)**

The ITTF team made an initial evaluation of the forwarding industry in each country in connection with work undertaken relating to activities 2-8 in the period May-September and a more in depth analysis in the final period November- February. The NTTF forwarding experts in each country assisted in compiling a profile of the forwarding industry in their own country to be used in connection with Tasks 12 (development of business plan) and Task 14 (development of trade and forwarding associations).

The results of the evaluation are being published in a deliverable report to be issued in March 1997.

#### **Cost Benefit Analysis (Activity 11)**

An assessment of the nature of benefits has been provided within the individual reports in order to enable the recipients to justify expenditure in key areas. This is generally in a text form rather than on a mathematical basis. The problem is that the benefits in terms of reduced transit times and increased transport efficiency resulting from the introduction of improved documentation and procedures are difficult to quantify and will vary significantly with the pace and extent of reform in both the individual countries and in the region as a whole.

It was considered that further work in this area would be premature until an implementation programme has been agreed on a national or regional basis. This would identify the need for specific cost benefit appraisals in connection with applications for external funding.

#### **Business Plan (Activity 12)**

Circumstances changed since the Terms of Reference (TOR) were drawn-up and EU funding was not available for funding of a Pilot Project. The strategy was therefore to concentrate on providing "an overview of the perspectives for an independent freight forwarding industry within the Region" as required by the TOR. This would be in the form of an appraisal of the forwarding environment in each country and identification of the key issues which were constraining the development of an independent freight forwarding industry - i.e. Activity 10 above.

This was undertaken in the form of market research and interviews with major operators by the ITTF and NTTF teams. The results of the study are being analysed for publication in March 1997. There is no implementation phase but the results of the evaluation will assist the Ministries of Transport in their understanding of the forwarding industry and its current state of development to consider whether remedial action is required..

### **NTTF Training (Activity 13)**

The strategy of actively involving the National Trade Task Forces (NTTFs) continued with the NTTFs working alongside the ITTF team on all visits in the respective countries. In addition, they have been collecting and collating data on the basis of specific requests from the ITTF specialists in connection with future work and checking data that had already been collected. Many of the NTTF specialist are attending other TRACECA project conferences and are participating in other TACIS and UN programmes, particularly relating to Customs.

The main training for the NTTF teams was provided at the two regional Conferences. The 1st Conference was held in the UK in July 1996, following a one week familiarisation tour. This confirmed the focus of the project. The 2nd Regional Conference was held in Almaty in February 1996. This confirmed the recommendations of the project teams, both ITTF and NTTFs, and discussed implementation. The workshop techniques used were new to the participants and ensured maximising the involvement of those present and improved the experts knowledge of related environments, such as Customs learning about forwarding and vice versa.

Training seminars have been provided on freight forwarding and international logistics in many of the countries. It is intended that these will continue until July 97 when the ITTF specialists are in the region in connection with the Uzbekistan Cotton Extension or the TRACECA Legal Framework project. It is proposed that the President of FIATA, who is an ITTF short term specialist will visit the region in July with a view to obtaining membership for all the remaining countries at the FIATA Annual Conference, provided local Associations can be formed in time.

### **Development of Trade and Freight Forwarding Associations (Activity 14)**

The ITTF team have been actively promoting the formation of Freight Forwarding Associations. This has been in conjunction with work undertaken by the NTTF teams. Initial work commenced on the development of Freight Forwarding Associations. A model set of Articles of Association was issued in the last Progress Report.

Uzbekistan has established a Freight Forwarding Association with full FIATA accreditation. Initiatives to develop associations are being actively progressed in Azerbaijan, Georgia and Kazakhstan with the teams assistance.

Consideration was also given to the establishment of Customs Consultative Councils. This concept was discussed with senior Customs officials and trade operators in each country. In general, there was a positive response, though the timing of such an initiative may be too early as part of this project.

The formation of both Freight Forwarder Associations and Customs Consultative Councils are specifically addressed in the Trade Institutions Report being issued in March 1997. As indicated above the ITTF team will continue with providing technical assistance in the development of the Freight Forwarder Associations.

### **Evaluate Bank and Insurance Documentation (Activity 15)**

During the documentation appraisal, an evaluation of the banking and insurance aspects was undertaken. This indicated that there were no major problems which acted as a constraint to trade facilitation, although there was significant scope for introduction of more modern trade banking practices. There were concerns regarding the ability to provide the necessary guarantees for a new Community Transit system, but these were not considered to be insurmountable. The results of the evaluation were included in the Trade Documentation and Customs Procedures Report.

### **Liaison with other TRACECA Projects**

Liaison with other TRACECA projects has been a problem area, as has been access to previous TACIS study reports. The recent establishment of the TRACECA co-ordination offices in Tashkent and T'bilisi has improved matters significantly. However, liaison remained difficult due to the need for teams to move around the region on a constant basis.

Contact was maintained with the following other TRACECA teams:

- Legal Framework
- Intermodal/Multi-modal Transport
- Road Transport Services (Central Asia and Caucasus)
- Regional Traffic Forecasting Model
- Rail Tariffs
- Rail Tracking Systems

The ITTF teams have attempted to attend other project teams conferences wherever possible and have issued invitations to other projects to attend the 2nd Conference in Almaty.

## Form 3.2: PROJECT COMPLETION REPORT

Project title : <b>TRACECA Project: Trade Facilitation, Customs Procedures and Freight Forwarding</b>	Project number : <b>TNREG 9308</b>	Countries : <b>Armenia, Azerbaijan, Georgia, Kazakhstan, Kyrgyzstan, Tajikistan, Turkmenistan, Uzbekistan</b>	Page : <b>20</b>
Planning period : <b>November 1996 - February 1997</b>	Prepared on : <b>March 1997</b>	EC Consultant : <b>Scott Wilson Kirkpatrick</b>	
Project objectives : <b>To facilitate trade throughout the TRACECA region by harmonising customs procedures, trade documents and data processing systems and encouraging freight forwarding.</b>			
REPORTING PERIOD	MAIN ACTIVITIES UNDERTAKEN	EC CONSULTANT	INPUTS UTILISED
March 1996 - July 1996 March 1996 - November 1996 April 1996 - December 1996 April 1996 - November 1996 December 1996 - February 1997 April 1996 - December 1996 March 1996 - December 1996 April 1996 - December 1996 April 1996 - December 1996 March 1996 - February 1997 November 1996 - December 1996 March 1996 - February 1997 March 1996 - February 1997 January 1997 - February 1997 April 1996 - June 1996	1) Appoint NTTFs 2) Collect Customs Documentation 3) Compare with UN Documents 4) Develop Trade Package 5) Develop Customs Councils 6) Computerisation Study 7) Audit Border Posts 8) Evaluation of EDI 9) Appraise Statistical Systems 10) Evaluate Forwarding Industry 11) Cost Benefit Analysis 12) Develop Business Plan 13) Train NTTF Staff 14) Develop Trade & Freight Forwarding Associations 15) Evaluate Bank & Insurance Documentation	1.0 man month 4.0 man months 2.0 man months 1.5 man months 1.0 man months 2.5 man months 4.5 man months 1.0 man months 1.0 man months 4.0 man months 0.5 man months 0.0 man months 5.5 man months 1.0 man months 0.5 man months	MATERIALS & EQUIPMENT OTHER
<b>TOTAL</b>		30.0 man months	

## FORM 3.3: OUTPUT PERFORMANCE SUMMARY

Project title: TRACECA: Trade Facilitation, Customs Procedures and Freight Forwarding		Project number: TNREG 9308		Countries: Armenia, Azerbaijan, Georgia, Kazakhstan, Kyrgyzstan, Tajikistan, Turkmenistan, Uzbekistan		Page: 21	
Planning Period: February 1996 - February 1997		Prepared on: March 1997		EC Consultant: Scott Wilson Kirkpatrick			
Output results	Deviation original plan + or -	Reason for deviation	Comment on constraints & assumptions				
1. Appraisal visits and establishment of NTTF	0		NTTF supportive				
2. Customs documentation package	0	Initial delays overcome	Documents generally available				
3. International trade documents package	0	Initial delays overcome	Documents generally available				
4. Computer system plan & EDI feasibility	0	Initial delays overcome	Demand for standard systems is evident but power / telecoms will remain a problem				
5. Customs border post report	0	Initial delays overcome	Access generally OK for extended programme				
6. Implementation report	0	Initial delays overcome	Incorporated in Outputs 2-5				
7. Institutional framework plan	0	Initial delays overcome	Limited availability of key members indicates limitation in numbers of institutions				
8. Business plan for forwarding companies	0	No funds available to implement	Change in project output to provide a freight forwarding overview				
9. Banking & insurance overview report	0	Incorporated in Documents Report	Access to financial institutions reasonable				
10. Training programme	0		UK Study Tour / Conference of particular value. 2nd Regional Conference postponed until February 1997				

## 5. LESSONS LEARNED AND RECOMMENDATIONS

This section presents an evaluation of the project from the perspective of project management. It indicates how the project was planned, carried out and whether the objectives have been realised and the target groups reached. It also identifies where further technical assistance might be considered in enabling the project recommendations to be implemented more rapidly.

### Operational Strategy

The problems of attempting to cover such a large geographical area with eight countries was recognised at an early stage. The decision to split the region into two areas for detailed study and then combine the results is still considered as the optimum solution to address the logistical difficulties.

The initial concept was to split the TRACECA region into the Caucasus and into Central Asia. At that time, it was considered that the Caspian Sea effectively divided the two areas and that there was a similarity between the countries in each of the two regions. Whilst this still remains partially true, there is a significant difference between countries politically and economically and therefore each country essentially needs to be considered individually before adopting a regional approach.

The disadvantages of this system are that with concentration in one region at a time the contact with the other region is relatively small, thus creating an imbalance in project input geographically. However, this is outweighed by the advantages of being able to use a single study team to cover both areas, thus ensuring compatibility of approach, and co-ordination in combining the results.

The logistical situation has partially improved during the project with improved access between Azerbaijan and Turkmenistan. It is now easier to split on a four country basis linking Turkmenistan with the Caucasus countries. The UN flight service in the Caucasus has been critical to moving around that area. Flight links between Turkmenistan and the other Central Asian Republics remain limited.

### Project Approach

The approach taken was that this project was essentially a practical study. It therefore required selection of team members who were prepared to undertake most of the work in region working alongside the local personnel, as represented by the NTTFs. This high proportion of site time was considered essential to gain a full understanding of the situation in each country and enabled a good working relationship to be established with the recipient and the NTTF teams.

This approach has proved beneficial in that the recommendations reflect the needs of the recipient, as demonstrated in the minimal adjustments required in the final Declaration. It has also enabled the ITTF and NTTF teams to operate as a single unit working together.

### Project Co-ordination

Co-ordination is a problem with teams moving around over a wide geographical area. Communication systems are relatively poor or unreliable outside most of the capital cities. It was noted that telephone links between the Caucasus and Central Asia were particularly difficult, as was contact with border posts.



The solution to this was to appoint a Project Co-ordinator based in Europe who acted as a central communication point. It was necessary to send messages between the two regions via Europe as the international communication services are better than those between some of the Republics. This solution also provided linkage between the EU management team and the operational teams. The need for such an organisation was not recognised when the contract was awarded and therefore not included in the project budget. It has therefore been provided at the Consultants expense.

It is recommended that in future projects covering a number of countries in areas with variable communication services, such as the TRACECA region, that a project co-ordinator should be included as part of the costs of the consulting team. This would be to the overall benefit of the project.

### **TRACECA Co-ordination**

At the inaugural meeting in Brussels to commence the TRACECA programme, the various project managers expressed the need to liaise with the other teams to ensure a co-ordinated approach. Unfortunately this has not taken place for a number of reasons.

It is recognised that the prime source of knowledge of data is expected to be with the Team Leaders who are responsible for the day-to-day management, evaluation of all the information collected and who travel within the region. There has been no central meeting of the Team Managers where an exchange of project experience would have taken place. It is recommended that consideration be given to having one or two such operational meetings within a major programme.

Given the large geographical area and extent of travelling, it has not been possible to organise such meetings "in Region". It was necessary in the first half of the project to visit TACIS CUs to identify who was in the area at the time. This enabled some exchanges and liaison to be achieved, but on a variable basis. Despite active searches some other TRACECA teams were never met during the project.

The appointment of the TRACECA management offices in Tashkent and T'bilisi late in the project has improved the situation by providing a central point of contact. Unfortunately, this can only be as effective as the information and resources provided. With operational teams on the move, the amount of time spent within either of these two centres may be limited.

In general, it is considered that the degree of co-ordination between projects is dependant on the respective team leaders, rather than a formal structure. It is recommended that a structure is developed whereby the various projects work together towards achievement of an end goal as well as covering their own specific aspects.

Problems have been experienced in obtaining reference documentation. This was necessary to ensure that the project recommendations were compatible with previous studies, or indicated why there was a need for change. It is recommended that copies of all documents referred to in the Terms of Reference are made available to the appointed Consultant on award of the contract.

Where co-ordination is a necessary requirement then consideration should be given to specifying what is envisaged so that Contractors can make suitable allowances within their fee structures.

### **TACIS Co-ordination Units**

Problems were experienced at different stages of the project with some of the TACIS CUs. It is considered that the major reasons for such difficulties arising was that the TRACECA programme

differed significantly from other TACIS projects and they had not been made fully aware of how and what the TRACECA programme was to achieve.

Most TACIS projects tend to be of a longer duration (over 6 months) in one country with a resident Project Manager or Team Leader. The TRACECA programme was significantly different with large numbers of personnel coming in for short duration with no resident staff. This created extra work for the CU and resulted in some misunderstandings. It also made close contact with the CU more difficult than would occur with resident projects.

Particular problems were experienced on the circulation of deliverable and progress reports. Some CUs complained at the numbers of copies sent and others did not circulate the copies to interested parties. It should be noted that the TOR requires all the reports to be delivered to the local Tacis CUs. In retrospect, a plan needed to be agreed as to how and to whom reports should be circulated so that the CUs have a clearer TOR in respect of dealing with the paperwork generated by the programme. The current system of signatures on multi-country projects needs to be reviewed as there are differences of approach by CUs as to when the document should be signed and problems in collecting the signed copies without resident offices.

The CUs provide an essential link between the respective Government and the EU and assisted the teams in their work. The assistance during the project has been much appreciated.

### **International Agencies Co-ordination**

Throughout the TRACECA region, there are a large number of international agencies undertaking various projects. It is clear that there is limited co-ordination between some of these agencies and no central source of information on what projects are being or have been undertaken. The most active organisations appear to be the World Bank, TACIS, EBRD, ADB and US AID.

It is clear that there is some overlap between projects currently being conducted and some duplication of past work. There did not appear to be a central point in any of the countries where knowledge of current and past projects was known. This is a role partially being undertaken by the World Bank in some countries and the US Embassy in others. There is no doubt that some valuable information would have been available if it was possible to know where it was and how to get it. It should be noted that this situation occurs in other areas of the world and is not unique to the TRACECA region.

Another example of lack of international co-operation was demonstrated in Tashkent in October 1996. There were three different conferences on Customs procedures taking place at the same time, all with different participants.

### **Project Recipients**

The Ministry of Transport was the recipient of the Trade Facilitation Project. They have acted as a vital focal point providing key members of the NTTF teams. The reports highlight the need for changes on Customs procedures and working practices as the key issues in improving trade facilitation.

The State Customs in most of the countries are either a Ministry in their own right or part of the Ministry of Finance. It is clear that the implementation of the project's recommendations will be dependent on this ministry rather than the Ministry of Transport. It is recommended that if further assistance is requested that consideration should be given to changing the recipient to the State Customs, rather than via the Ministry of Transport, if it is a Customs-related issue.

It is important to be able to reach the target groups. This was a major role of the NTTF teams and was successfully achieved. The ITTF teams were able to conduct meetings at Minister or Deputy Minister level and meet the head of all the State Customs. Access was also possible with the Directors of the major forwarding organisations. The NTTF teams circulated the reports to senior Government officials and there is an understanding of the work undertaken and key recommendations at the level required to promote implementation.

### **Project Realisation**

The project has achieved most of the original objectives as set out in the original Terms of Reference and those additional requirements indicated by the Recipients.

It has “promoted a transport corridor between Europe and the Caucasus/Central Asian region through greater regional harmonisation and integration with international transport and trade practices”. This has been achieved by the joint development of agreed strategies to standardise and simplify documentation system and consider the introduction of new working practices. The system of National Trade Task Forces (NTTFs) has enabled countries to gain an understanding of the trade facilitation environment, both in their own countries and in neighbouring Republics. The ITTF team has made presentations at a number of international conferences promoting the TRACECA corridor and the developments expected in trade facilitation.

The “improvements in operational efficiency through the operation of Customs and trade documentation in accordance with the UN and international standards and making of recommendations on the requirements for modern data processing systems and the up-grading of Customs facilities” have all been achieved through the production of comprehensive approved project reports. These were based on extensive site visits and discussions with operational personnel, as well as central administrations. The signing of the Declaration represents the acceptance of the concepts, which is the first stage towards final implementation.

The “institutional arrangements should be examined with a view to creating transport and trade associations and encouraging co-operation between Customs authorities, freight forwarders and transport operators” has been achieved mainly through the work of the NTTFs and development of Freight Forwarder Associations. The work undertaken by the NTTF teams during the site visits, on the familiarisation visit and the working sessions has given the Ministry of Transport, Customs and forwarding appointees an insight into each others spheres of responsibility, thus creating better understanding. The selection of the groups in the training workshops were specifically to ensure a joint approach by members with different areas of responsibility towards the agreement of a common goal.

The institutional work was deliberately focused on the Freight Forwarding Association, and to a lesser extent on Customs Consultative Councils, rather than a larger number of associations. This is because, at this stage of development, it was recognised that there are a limited number of individuals within key organisations with the necessary authority or experience to participate in such institutions to ensure they operate successfully. It is considered that the current requirement is for a few associations, which are an effective representation of their industry, rather than creating many institutions whereby the availability of resources would become limited. One country has formed a Forwarders Association during the project and at least two other are expected in the near future. The team has obtained Associate Membership of FIATA for a number of carriers.

The only objective not achieved was the development of the “pilot” forwarding project. The evaluation of the industry as a whole is considered to be more beneficial towards the future of freight forwarding by highlighting the market constraints. This provides a wider focus than would

have been achieved with the “pilot”. This project should achieve the overall objective of assisting the freight forwarding industry to develop.

### **Implementation**

As indicated at the 2nd Regional Conference, the Project has provided the necessary strategies and information to proceed and it is now up to the member states to commence the implementation process. Progress on implementation can commence immediately as all the reports contain implementation programmes. These were specifically designed to contain some implementation tasks which were relatively easy to implement whereas others were more difficult and may involve changes in legislation. It should therefore be easy to start the implementation programme almost immediately.

### **Additional Technical Assistance**

Request were made at both the conference and to TACIS personnel for additional technical assistance to implement the projects recommendations. It is the Consultants view that almost all the recommendations can be implemented without external assistance. However, it is recognised that there may be a case for provision of technical assistance to enhance the implementation process.

The Consultants fully support the case for “conditionality”. That is the provision of technical assistance at later stages is only provided “on condition that it achieves a set final objective”. It should be provided in response to a specific request from a member state and for a specifically designed purpose.

Subject to these provisos, the main areas where additional assistance might be considered, if funding were made available, are as follows:

- a) Facilitation of the regional Customs teams reviewing the documentation requirements. The objective is to reduce the amount of documentation required to be produced at different stages of the clearance process. The form of the technical assistance would be the provision of experienced trade facilitators.
- b) Formation and establishment of the TRACECA Customs Co-ordination Committee. The objective is to create a regional organisation to review the standardisation and harmonisation of Customs documentation and procedure. The form of the technical assistance would be to provide an initial secretarial role during the establishment phase.
- c) Examination of the potential for a Community Transit system. The objective is to provide additional training as to how such a scheme operates in detail and how it can be established. The form of the technical assistance would be to present seminars to Customs and ascertain sources for guarantees.
- d) Design of border facilities. The objective is to provide a technical resource in the layout of new or changes to old facilities to make them more operationally efficient. The form of the technical assistance would be the provision of experienced facility designers to review plans for new or changed border facilities.
- e) Training in rationalised examination procedures. The objective is to demonstrate to Custom’s personnel the advantages of such a system and how it will assist in both trade facilitation and their operational performance. The form of technical assistance would be to present seminars to Customs officials on such schemes.

f) Production of investment presentation. the objective is to assist the recipient in making formal funding applications to the international funding institutions in connection with investments at border posts or introduction of computerised clearance system. The provision of cost benefit appraisals will be essential to the consideration of such loans/grants. The form of technical assistance would be to provide economists to prepare funding submissions.

It is recognised that individual countries rather than the region as a whole may require some additional technical assistance as not all are at the same stage of development. However, the same “conditionality” factor will still apply. As indicated at the 2nd Regional Conference, there is no specific funding for additional Technical Assistance in the current budget, but that specific requests would be considered.

*Appendix*

*1*

*Conference Agenda*

**2nd TRACECA TRADE FACILITATION, CUSTOMS PROCEDURES  
AND FREIGHT FORWARDING CONFERENCE (TNREG 9308)  
Held in Almaty - Republic of Kazakhstan 5-6th February 1997  
AGENDA**

*Wednesday 5th February*

- 0900-0915 Opening of Conference by Mr Yuri Lavrinenko -Minister of Transport -  
Government of Kazakhstan
- 0915-0930 Address by Mr Ganni Kasymov - Chairman State Customs Committee of  
Kazakhstan
- 0930-0945 Presentation by Mr Michael Sims - TRACECA Programme Co-ordinator
- 0945-1000 Introduction by Mr Richard Levett - Project Co-ordinator
- 1000-1015 Conference Programme by Mr Anthony Bayley - Project Team Leader
- 1015-1045 Break
- 1045-1130 Presentation on Trade Documentation and Customs Procedures Report  
by Mr Dave Green - ITTF Trade Documentation Specialist
- 1130-1230 Trade Documentation and Customs Procedures Workshop
- 1230-1300 Summary Session
- 1300-1400 Lunch
- 1400-1445 Presentation on Customs Border Post Report by Anthony Bayley - Team  
Leader
- 1445-1515 Break
- 1515-1615 Customs Border Post Workshop
- 1615-1645 Summary Session

*Thursday 6th February*

- 0900-1000 Presentation on Customs Computerisation by Alan Long - ITTF Computer  
Specialist
- 1000-1030 Break
- 1030-1130 Customs Computerisation Workshop
- 1130-1230 Summary Session
- 1230-1300 Presentation on Freight Forwarding and Logistical Problems of the TRACECA  
Corridor by Les Cheesman - Regional Co-ordinator
- 1300-1400 Lunch
- 1400-1530 ASYCUDA Presentation by UNCTAD- Geneva, Switzerland
- 1530-1600 Break
- 1600-1630 Closing Session: Conference Review and signature of Conference Declaration
- 2000- Conference Dinner

*Appendix*

**2**

*Conference Declarations*



2nd TRACECA TRADE FACILITATION, CUSTOMS PROCEDURES  
and FREIGHT FORWARDING CONFERENCE

5-6th February 1997


ALMATY

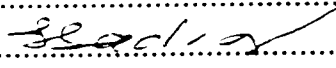
DECLARATION OF DELEGATES

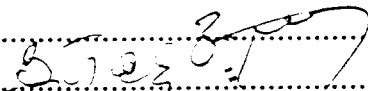
The attached pages detail the project recommendations which were accepted by each of the National Trade Task Forces as a result of the project reports and the workshops conducted at the Conference.

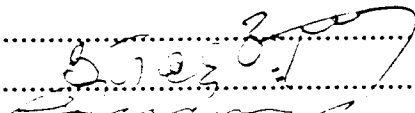
Each team agrees to forward these recommendations to the relevant authorities in their Republics for progress towards implementation.

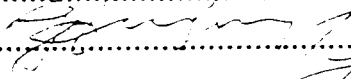
Signatures of the Senior representatives of each NTTF Team

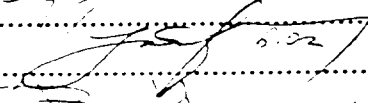
Armenia .....  .....

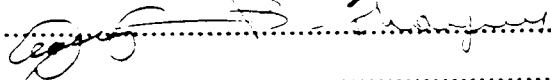
Azerbaijan.....  .....

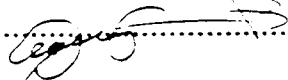
Georgia.....  .....

Tadjikistan.....  .....

Turmenistan.....  .....

Kazakhstan.....  .....

Kyrghyzstan.....  .....

Uzbekistan.....  .....

**The following were the recommendations agreed at the 2nd Trade Facilitation Conference in Almaty in respect of Trade Documentation and Customs Procedures:**

1. The Cargo Declaration should remain the key Customs document in its current format. The data element should be aligned and the extension to the Harmonised System Code limited to two additional digits.
2. The Certificate of Origin should be standardised and consideration should be given to reduce the necessity to use this form.
3. All countries should sign and work towards implementing the 1975 TIR Convention. This requires the establishment of affiliated road transport associations able to provide the appropriate guarantees to enable them to issue carnets.
4. A second type of transit system is required which is cheaper and simpler to operate, especially for traffic movements which only cross one or two borders. The adoption of a Community Transit system would expedite transits and minimise loss of duties through incomplete journeys.
5. The use of UN aligned commercial documentation should be encouraged wherever possible, particularly by the relevant trade associations.
6. All countries should sign the CMR Convention and, in addition, actively consider signing the COTIF Convention. This would formalise the widespread usage in the region of relevant documentation. Other major international transport conventions should be adopted.
7. All key international trade documentation should be in two languages, one of which should be English. The second language should be national or Russian.
8. National implementation plans should be developed which recognise the different stages of development in the various countries towards reaching a common goal.
9. A programme of additional technical assistance, particularly in relation to training, needs to be developed for 1997/98 and to be identified within the implementation phase.
10. The recommendations be discussed and agreed at the second Regional Conference and passed to the appropriate Government organisations.
11. The requirement for regional and national Customs Consultative Councils and Freight Forwarder Associations is confirmed and will be the subject of separate on-going studies within this project.
12. A TRACECA Customs Co-ordinating Committee should be established to co-ordinate and promote standardisation of Customs documentation and harmonisation of procedures as

identified in the report. This should include a senior Customs official from each administration.

13. An internal review should be undertaken by each Customs administration of their documentation requirements with the objective of simplification and a reduction in the number of documents required to effect a customs procedure for transit.
14. A similar internal review should also be undertaken with the objective of reducing the requirement to submit technical certificates and documents at the borders and in connection with a clearance.
15. Where a secure transit system is in use, border documentation requirements should be limited to production of the transit document.
16. The trend towards a regional clearance system should continue, thus reducing the role of the border post to a check point.
17. A review should be undertaken as to the role of the internal Customs control points along the roads and at city boundaries with the objective of reducing or eliminating this activity.
18. Customs should examine the potential to introduce a pre-entry clearance schemes to clear goods before they arrive, subject to examination.
19. Customs should introduce a "routing "system with clearance without examination on certain traffic based on the principles of risk assessment. This may require strengthening of penalties in some countries to support the system.
20. The incidence of convoys should be reduced to only essential traffics and treat CIS and non-CIS vehicles identically.
21. Customs should promote the establishment and enhancement of Customs brokering services and issue licenses to appropriate individuals/ organisations.
22. A review should be taken of the demand and format of Customs statistics and to which organisations they are supplied.
23. When a Community Transit System is agreed, further contacts should be established with the banks and insurance companies to determine their ability to provide appropriate transit and transfer guarantees.

**The following were the recommendations agreed at the 2nd Trade Facilitation Conference in Almaty in respect of Customs Border Control Points:**

1. Equal opportunities should exist at all borders for use by any international transporter.
2. Posts should be refurbished to create positive image.
3. "Form follows Function" design technology should be used in new border facilities.
4. Refurbishment needs to be undertaken on a prioritised investment basis.
5. Small posts should be up-graded or closed to freight traffic. Shared facilities should also be considered.
6. Rail posts should be refurbished internally, secured by longer term tenancy agreements.
7. Port Customs facilities need to be improved and relocated.
8. Approach roads at major border crossings need to be widened.
9. There should be controls on commercial activities in the areas close to the border posts.
10. Border Control Zones should have restricted access .
11. Road signs need to be improved, with possible installation of TRACECA route signs
12. Regulations should promote the use of Customs approved terminals and bonded warehouses to reduce border work.
13. Management Information Systems (MIS) should be introduced for planning.
14. Staff retention is as important as recruitment.
15. Shorter work shifts should be considered wherever possible.
16. Specialised training is still required.
17. Border Control Point offices should be adequately fitted out.
18. Computers should be introduced wherever possible and contain MIS and live-entry systems.
19. Key borders should have satellite telephone linkage.
20. Posts should have emergency generators.
21. More detection systems and relevant training is required.
22. Streamlined border procedures are essential.
23. Less documentation checks should assist in achieving a 5 minute processing time per vehicle.
24. All organisations present at border posts should co-operate to achieve faster service levels.
25. A prioritised investment programme should be initiated.
26. External funding should be sought where required and justified.

**The following were the recommendations agreed at the 2nd Trade Facilitation Conference in Almaty in respect of Customs Computerisation:**

1. The ERMIS report should be made available so that when developing computerised systems, particularly with regard to detailed technical options for hardware, software and communications.
2. That specialist studies be undertaken within the region to investigate the current situation with regard to power supplies and telecommunications which may otherwise inhibit the implementation of national computer systems for Customs and the trade. Their remit would be to make proposals for solutions to the infrastructure constraints that are both practical and economically viable.
3. That awareness seminars be conducted, either on a national or regional basis, to promote the awareness of computerisation in the Customs and in trade facilitation environment, including the potential usage of EDI. These seminars should be appropriate to both Customs and the trade and should, wherever possible, be conducted jointly. The presentations should be suitable for attendance by specialists and non-specialist personnel. The results of the national seminars should be carried forward for discussion at the regional Customs Committee.
4. That, wherever possible, input to existing computer systems should be made at the earliest appropriate stage in the cargo declaration process, such that full use can be made of the validation and calculation facilities available within the software package.
5. That the development of computerisation in the Customs environment should be based on the use of a computerised clearance system leading to a National trade Data Transfer System.
6. That each country that does not currently have a full declaration processing system in place, considers the possibility of using the UN/ASYCUDA system to fulfil its requirements in this area. Where another system has already been selected or is being considered by an individual country the proposals should be re-evaluated on the basis of :
  - the range of facilities offered by the different systems
  - the technical support services available with each system
  - the comparative costs of the different systems, including cost of changes to existing business practices
  - the comparative benefits of the alternative systems
  - compatibility with both international and TRACECA regional systems.
7. That all TRACECA countries co-operate with each other in developing a harmonised National Data Transfer System in order to both obtain the best financial deal and to maximise regional compatibility of systems.
8. That each country should establish an independent information Technology Department to service the full business requirements of the Customs and trade organisations.

9. That trade statistics be compiled as part of an integrated National Trade Data Transfer System rather than a separate activity. This will give greater accuracy and enable immediate production of relevant data. An internal review should be made of the demands, recipient organisations and appropriate formats for the production and distribution of data with a view to improving efficiency and avoiding the production of unusable or unnecessary data.
10. That the systems architecture for a National Trade data transfer System be based on the following development sequence in each country:
- pilot project in main clearance centre in the capital city, possibly in conjunction with one regional office
  - full implementation of system in main clearance centre and regional office , if applicable
  - progressive implementation at regional level with connection to central computer
  - progressive implementation to connect key borders to the system.

A system of prioritisation should also be established , based on cargo declarations processed or transfer documents issued, to ensure that the busiest regional offices or border post be brought on line first.

11. That each country commits itself to the use of international standards in the completion of Customs Declarations and the development of computer systems.
12. That an approach be made to the World Customs Organisation on behalf of the TRACECA countries inviting the WCO to make a full presentation of the Reform and Modernisation Programme to NTTF members and Customs management at the highest level. It is further recommended that, following the presentation, each country should consider asking the WCO for assistance in following the Programme, if appropriate. It is appreciated that not all countries are currently members of WCO but it is considered that WCO would be prepared to demonstrate the advantages of the Programme to both members and non-members.

**The following are the recommendations agreed at the 2nd Trade Facilitation Conference in Almaty in respect of Freight Forwarding:**

1. To work with FIATA to achieve international recognition
2. For each country, it is necessary to establish a forum for freight forwarders.
3. Use the eight TACIS/TRACECA teams to set up preliminary meetings of forwarders.
4. To obtain the active involvement of FIATA as forwarding associations are established.

*Appendix*

**3**

*Conference Attendance Questionnaire*



**Training Event Evaluation:**

Please respond below (left to right):

- 1. Agree Strongly
- 2. Agree
- 3. Uncertain
- 4. Disagree
- 5. Disagree Strongly



1



2



3



4



5

Your Name:	Date of Course:
Job Title:	
Course Name:	Name of Trainer:
Please respond to each item. Your written comments are helpful and welcome. Please try to be specific.	
What might we add to or delete from the course to increase its usefulness?	
How do you feel about:	
1. The course content is useful for my job: Comment:	<input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/>
2. The instructor shows strong technical knowledge of the subject: Comment:	<input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/>
3. The course topics were sequenced logically: Comment:	<input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/>
4. The course's objectives were explained clearly: Comment:	<input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/>
5. The trainer's presentation was well paced and clear: Comments:	<input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/>
6. The visual instruction aids helped me to learn: Comment:	<input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/>
7. The course handouts are useful reference material for me: Comment:	<input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/>

8. The problems presented for me to solve were useful learning experiences: Comment:	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
9. The time allocation of the course was adequate for me: Comment:	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
10. The trainer answered my questions thoroughly: Comment:	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
11. The trainer gave me adequate individual help with my problems: Comment:	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
12. The training facilities were adequate and comfortable: Comment:	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

