

CAREC INTEGRATED TRADE AGENDA 2030

AND ROLLING STRATEGIC ACTION PLAN 2018–2020

FEBRUARY 2019



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Note:

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The CAREC Integrated Trade Agenda 2030 and Rolling Strategic Action Plan 2018–2020 was endorsed at the 17th CAREC Ministerial Conference on 15 November 2018 in Ashgabat, Turkmenistan.

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Abbreviations

ADB	-	Asian Development Bank
CAREC	-	Central Asia Regional Economic Cooperation
CAST	-	Common Agenda for Modernization of SPS Measures for Trade
CCC	-	Customs Cooperation Committee
CITA	-	CAREC Integrated Trade Agenda
FTA	-	free trade agreement
PRC	-	People's Republic of China
RSAP	-	Rolling Strategic Action Plan
RTG	-	Regional Trade Group
SPS	-	sanitary and phytosanitary
TBT	-	technical barriers to trade
TFA	-	Trade Facilitation Agreement
WCO	-	World Customs Organization
WEF	-	World Economic Forum
WTO	-	World Trade Organization

Executive Summary

Rationale

The long-term strategy for the Central Asia Regional Economic Cooperation (CAREC) Program, CAREC 2030, aims to strengthen CAREC's role as a catalyst for trade expansion and economic diversification. The strategy considers the evolving global and regional landscape and changing country circumstances, such as the entry into force of the Trade Facilitation Agreement under the World Trade Organization (WTO) and recent economic reforms among CAREC countries, highlighting the pivotal role of trade.

Amid the revival of global trade growth, uncertainties continue to pose risks that could undermine the recent positive trends. CAREC members (including Xinjiang Uygur Autonomous Region and Inner Mongolia Autonomous Region of the People's Republic of China) are not well integrated into the global economy. Excluding the People's Republic of China, CAREC accounts for less than 1% of global trade. Therefore, there is room for CAREC to enhance trade by addressing the main challenges, including poor market access, limited economic diversification, and weak institutions for trade.

Trade has been defined as a means of achieving the United Nations Sustainable Development Goals. Following rounds of stakeholder consultations, CAREC's new trade strategy provides a more synergistic approach to issues of trade policy and trade facilitation and beyond. It leverages the successes of past CAREC trade work built on mutual trust and collective efforts, and will foster deepened regional cooperation and integration—a priority under the Asian Development Bank's Strategy 2030—and intensify trade's cross-sectoral linkages.

Strategic Framework

The CAREC Integrated Trade Agenda (CITA) 2030 aims to assist CAREC members to integrate further into the global economy. It seeks to enhance the growth potential of CAREC members and improve the living standards of its people. CITA 2030 comprises three pillars:

- (i) **Trade expansion from increased market access.** CITA will promote the adoption of more open trade policies and deepening of customs cooperation. This will include measures to liberalize tariffs, eliminate nontariff barriers to trade, make border and behind-the-border procedures more efficient, improve logistics services, enhance transit systems, and limit or avoid resorting to trade distorting measures and protectionist tendencies.
- (ii) **Greater diversification.** CITA will create an enabling environment for economic diversification through supporting reforms, providing financing, and linking CAREC countries with the global and regional value chains. This will include measures to improve access to trade finance, adopt consistent and open foreign direct investment

policies, develop domestic financial markets, strengthen support services, promote skills upgrading, and embrace innovation.

- (iii) **Stronger institutions for trade.** CITA will promote better coordination of sectoral policies and priorities, evidence-based policymaking, and enhanced capacity of government agencies. This will include measures for collaborative policy formulation and implementation, alignment of national and regional planning, and regulatory convergence in the region. It will improve data collection and cross-country analysis, enhance officials' policy analysis and negotiation skills, and increase participation of think tanks and the private sector.

Institutional Structure

CITA's institutional framework is guided by strong country and development partner ownership, effective engagement with the private sector, and coordination with other stakeholders.

Under the policy and strategic directions of the Ministerial Conference and oversight of the Senior Officials' Meeting, the Regional Trade Group (RTG) will be the lead coordinative and consultative body for overarching trade issues. The Customs Cooperation Committee (CCC) will continue to be responsible for all customs-related issues. Both the RTG and CCC shall closely coordinate and cooperate with each other, supported by expert groups in technical areas as may be established.

The RTG and CCC will cooperate and coordinate with the CAREC Institute, think tanks and research institutions in CAREC countries, international organizations (e.g., the WTO and the World Customs Organization), international standard-setting bodies, development partners engaged in trade sector activities in CAREC countries, and regional cooperation mechanisms to share knowledge, create synergies, and optimize the use of resources.

Recognizing their integral role, engagements with the private sector, especially with traders, business, and industry associations such as the CAREC Federation of Carrier and Forwarder Associations, will be strengthened. CAREC will also explore the possibility of establishing a CAREC chamber of commerce and industry to serve as a regional business-to-business platform.

Implementation and Results-Framework

CITA will be implemented using a phased and pragmatic approach taking into consideration the capacities and varying levels of progress among the countries. There will be flexibility in allowing two or more CAREC members to initiate and implement regional projects and initiatives agreed upon by them.

A 3-year rolling strategic action plan (RSAP) translates CITA into practical and implementable periodic phases, while being reviewed annually to maintain its relevance. RSAP serves as a platform to build a pipeline of projects, mobilize funds, and coordinate seamlessly with countries and development partners for CITA implementation. The first 3 years of RSAP will be RSAP 2018–2020, which prioritizes investment projects, policy dialogue and cooperation, and knowledge products and services.

A results-based approach will be used to monitor and evaluate CITA's progress and achievement in delivering results.

Introduction

1. In October 2017, the 16th Central Asia Regional Economic Cooperation (CAREC) Ministerial Conference endorsed a new long-term strategy: CAREC 2030.¹ Building on the foundations of CAREC 2020, the new strategy recognizes that various global² and regional developments may impact CAREC's relevance and effectiveness. As CAREC aims to reposition itself as a catalyst for trade expansion and economic diversification in the region, it is imperative to consider previous iterations of CAREC trade work and forward-looking trade priorities under CAREC 2030.

2. CAREC's trade work has been guided by several strategies or action plans: the Trade Policy Strategic Action Plan 2013–2017, Transport and Trade Facilitation Strategy 2020, and the Common Agenda for Modernization of Sanitary and Phytosanitary (SPS) Measures for Trade (CAST). The Trade Policy Strategic Action Plan 2013-2017³ was coordinated by the Trade Policy Coordinating Committee, while the Customs Cooperation Committee (CCC)⁴ provided oversight in the customs cooperation and trade facilitation activities of the Transport and Trade Facilitation Strategy 2020 and the CAST. Investment and regional technical assistance projects supported the implementation of these strategies and action plans. For example, the regional improvement of border services (RIBS) project coordinates infrastructure improvement and simplification of border crossing clearance procedures in select border crossing points in the Kyrgyz Republic, Mongolia, Pakistan, and Tajikistan. The regional upgrades of SPS measures for trade (RUST) project for Mongolia strengthens food safety and animal and plant health standards to realize the country's potential for agri-food exports to neighboring countries.

3. Thus far, CAREC has contributed to building mutual trust and advancing regional cooperation, and has recorded successes with both knowledge- and institution-building in the trade sector. Nonetheless, progress across CAREC members has been uneven, and remaining challenges include limited outcomes, inadequate investment planning in trade facilitation, lack of flagship projects for knowledge support and actionable policy recommendations in trade policy, lukewarm country ownership, and shortcomings in coordination and overlapping issues in trade. These require a comprehensive review of CAREC's institutional approach to trade.⁵

¹ Asian Development Bank (ADB). 2017. *CAREC 2030: Connecting the Region for Shared and Sustainable Development*. Manila.

² For instance, the 2030 Agenda for Sustainable Development defines trade as a means of implementation where the integration of developing countries in the global market is a central theme. In addition, the Trade Facilitation Agreement (TFA) under the World Trade Organization (WTO) entered into force in February 2017.

³ Covers measures to simplify and liberalize trade regimes, address impact of nontariff measures, and promote expansion of trade in services.

⁴ The CCC, which is comprised of heads of customs authorities of CAREC member countries, has worked in five priority areas: simplification and harmonization of customs procedures, risk management, regional transit development, information and communication technology for customs modernization, and joint customs control.

⁵ ADB. 2016. *CAREC 2020 Midterm Review*. Manila.

4. Under its scaled-up and broadened mandate, CAREC 2030 envisages focus on five operational clusters.⁶ The trade, tourism, and economic cluster includes support for World Trade Organization (WTO) accession and post-accession, implementation of Trade Facilitation Agreement (TFA), deepened customs cooperation, integrated trade facilitation, and identification of new opportunities in the context of the shifting landscape of global and regional trade paradigms, such as those for tourism and trade promotion. Cross-sectoral nature and linkages of trade work spread out across all of CAREC 2030's operational clusters.⁷

5. Against this background, there is a need to build consensus among stakeholders, discuss trade issues in a holistic manner, and synchronize priorities on a unified platform. The CAREC Integrated Trade Agenda (CITA) 2030 seeks to provide a coherent framework to set the direction for the CAREC trade sector work up to 2030. Taking into consideration the varying levels of capacities and progress among CAREC countries and the need to implement CITA using a phased and incremental approach, a 3-year rolling strategic action plan (RSAP) has been developed, which will be reviewed annually.

6. For purposes of developing CITA, a regional consultation workshop was held in Bangkok in December 2017. Thereafter, a consultation paper with guiding questions was circulated for official comments of CAREC countries in February 2018. Subsequently, a series of stakeholder consultations were attended by trade-related agencies from CAREC members, development partners, and international organizations in Almaty and Ulaanbaatar in March 2018, in Tbilisi and Beijing in April 2018, and in Islamabad in August 2018. A high-level consultation to seek private sector perspectives was organized at the Astana Economic Forum in May 2018.

7. CITA 2030 reflects the outcomes of stakeholder consultations and inputs received at the Inaugural Meeting of the Regional Trade Group (RTG) on 25–26 June 2018 in Bangkok. CITA 2030 with its accompanying RSAP 2018–2020 is a key deliverable at the 17th Ministerial Conference in November 2018 in Ashgabat, Turkmenistan.

⁶ The operational clusters are on (i) economic and financial stability; (ii) trade, tourism, and economic corridors; (iii) infrastructure and economic connectivity; (iv) agriculture and water; and (v) human development. The use of information and communication technology is a crosscutting priority across the spectrum of CAREC operations.

⁷ This includes trade-related priorities such as development of trade finance, modernization of regulatory frameworks, liberalization of freight logistics companies, promotion of cross-border mechanisms (such as universal customs guarantee and driver visa facilitation), innovative public-private partnership arrangements to support regional trade and economic cooperation centers, promotion of regional trade in agriculture via alignment of SPS measures with international standards and building product capacity, and development of regional labor market information system and job search/placement services.



Rationale

8. As the economic center of gravity shifts to Asia and the Pacific, the impacts of globalization, rapid technological advancements and infrastructure deficits, require enhanced connectivity and competitiveness of developing countries. In this context, one of the key operational priorities under Strategy 2030 of the Asian Development Bank (ADB)⁸ is to foster regional cooperation and integration by strengthening subregional initiatives such as the CAREC Program.

9. Amid the rapidly evolving global and regional trade landscapes and changing country circumstances, CAREC requires an updated and coherent institutional approach to strengthening regional trade through the development of a regional trade strategy, as envisaged in CAREC 2030.

10. In 2017, amid the revival of global trade growth, CAREC members also rebounded from tepid performance in 2016. Excluding data from the People's Republic of China (PRC), CAREC's merchandise trade and commercial trade in services expanded by 12.8% and 7.3%, respectively. This is a positive sign, taking into consideration the annual average growth of trade in goods at -7.1% and trade in services at 2.7% between 2011 and 2016. However, escalation of international trade conflicts in 2018 and trade policy uncertainties could undermine the recent positive trends. Further, the global trade share of CAREC members has plateaued at less than 1% (excluding the PRC which accounts for 11.5%) from 2009 to 2017.⁹ Exports from Central Asian countries show high divergence from the global pattern and high product concentration.¹⁰ Compared with other regions in Asia and the Pacific, CAREC members are the least integrated regionally in terms of trade, investment, and movement of people.¹¹

11. CAREC member countries (including the PRC's Xinjiang Uygur Autonomous Region and Inner Mongolia Autonomous Region)¹² are not well integrated with the global economy due to (i) poor market access, (ii) limited economic diversification, and (iii) weak institutions for trade. Appendix 1 provides the analytical framework of problems and objectives (results statements).

⁸ ADB. 2018. *Strategy 2030: Achieving a Prosperous, Inclusive, Resilient, and Sustainable Asia and the Pacific*. Manila.

⁹ WTO Statistics database (accessed 13 September 2018).

¹⁰ In 2017, average diversification and concentration indices are 0.8 and 0.4 for 10 CAREC member countries (compared with the PRC at 0.4 and 0.1), respectively. Both indices take values between 0 and 1. A value closer to 1 indicates greater divergence from the world pattern (diversification index) or a country's exports are highly concentrated on a few products (concentration index or Herfindahl-Hirschman index). UNCTADstat <http://unctadstat.unctad.org/EN/> (accessed 22 October 2018).

¹¹ ADB. 2017. *Asian Economic Integration Report 2017*. Manila.

¹² The PRC is a CAREC member country. However, CAREC programs and projects are based in the Inner Mongolia Autonomous Region and Xinjiang Uygur Autonomous Region and the issues identified in section II mainly refer to the two autonomous regions in the PRC.

A. Poor Market Access

12. CAREC recognizes the importance of simplifying and liberalizing national trade regimes including through WTO membership, in achieving trade expansion and improving investment climate. On average, CAREC countries impose a 6.3% trade-weighted tariff rate. The rate is close to average of 5.1% among the Association of Southeast Asian Nations (ASEAN) countries and lower than the South Asia Subregional Economic Cooperation average of 16.7%.¹³ However, CAREC countries apply high tariff rates on beverages and tobacco (11%–43%), dairy products (5%–20%), animal products (7%–15%), and sugars and confectionary (5%–29%).¹⁴ The stockpiling of nontariff measures, including SPS and technical regulations that are not compliant with international standards makes it costly to trade.¹⁵ Similarly, the escalation of trade conflict in 2018, coupled with uncertainties in future trade policies, could spread through cross-border production networks and dampen the recovery momentum in global trade. The increasing use of trade remedies and other trade-distorting measures shows some negative implication on exports in Asia's value chains (footnote 11).

13. The potential to increase trade within CAREC is limited by high trade costs and delays at and behind the borders. In 2016, the average cost of documentary compliance to export was as high as \$214 and to import as high as \$245 for CAREC countries, which is higher than other regional groupings.¹⁶ Border compliance takes an average of 53 hours to import and 58 hours to export. The average ranking of CAREC countries in terms of availability and quality of transport infrastructure and services also suggests inadequate support services.¹⁷ In 2018, eight CAREC countries are at the bottom half in terms of logistics performance index ranking.¹⁸ To date, seven CAREC countries have ratified the WTO TFA.¹⁹ Improved implementation of the TFA and other trade facilitation measures, such as transit arrangements especially for landlocked countries, could promote trade expansion in the CAREC region.²⁰

¹³ CAREC average excludes the PRC (which imposes 11.1%). Trade-weighted tariff data are for 2016 except for Azerbaijan and Tajikistan (data available for 2015 only). No data available for Afghanistan, Turkmenistan, and Uzbekistan. World Economic Forum (WEF). 2016. *The Global Enabling Trade Report 2016*. Geneva; and WTO. 2018. *World Tariff Profiles 2018*. Geneva.

¹⁴ Simple average of most favored nation applied duties in 2016 to 2017 from Georgia, Kazakhstan, the Kyrgyz Republic, Mongolia, Pakistan, and Tajikistan. WTO (2018), footnote 13.

¹⁵ World Bank and UNCTAD. 2017. *The Unseen Impact of Non-Tariff Measures: Insights from a new database*. Read further CITA Issues Paper No. 1: Addressing Technical Barriers to Trade.

¹⁶ In comparison, average documentary costs to export amount to \$102 and \$104 for SASEC and ASEAN and costs to import are at \$184 and \$92, respectively. WEF (2016), footnote 13.

¹⁷ Out of 136 countries, CAREC average ranks 86 and 98 for transport infrastructure and services, respectively. Excludes PRC, Afghanistan, Turkmenistan, and Uzbekistan. WEF (2016), footnote 13.

¹⁸ Of CAREC members, only the PRC and Kazakhstan ranked in the upper half of 160 countries (no data for Azerbaijan). World Bank 2018. *Logistics Performance Index 2018*. Washington, DC.

¹⁹ Afghanistan, the PRC, Georgia, Kazakhstan, the Kyrgyz Republic, Mongolia, and Pakistan. Tajikistan notified the WTO of its category A commitments.

²⁰ For instance, an empirical analysis of data collected in CAREC corridors suggests that a 10% reduction in time at the importers' border raises intra-CAREC trade by 2%–3%, or a \$1.4 billion increase in intraregional trade. ADB and United Nations Economic and Social Commission for Asia and the Pacific (ESCAP) 2017. *Trade Facilitation and Better Connectivity for an Inclusive Asia and Pacific*. Manila.

B. Limited Economic Diversification

14. Most CAREC countries continue to rely on primary and resource-intensive commodities in their products, which affects their participation in value chains. There are some resource-based exports with high-value added in regional production and, therefore, are at the upstream segment of regional or global value chains.²¹ However, there is a need for CAREC countries to substantially expand the range of products they produce and export to fully participate and benefit from the emerging global and regional supply chain.

15. Regulatory and institutional reforms are needed to attract investments, including to mobilize much-needed private capital for infrastructure needs.²² CAREC countries financial markets are underdeveloped.²³ Inconsistent and restrictive foreign direct investment policies make it even more difficult to realize the potential for cross-border investment facilitation. There is a need to create a more favorable business environment and improve export capacity and participation in the supply chain by small and medium-sized enterprises, small traders, and women entrepreneurs. However, financing gaps exist such as limited access to trade finance and credit guarantees in the CAREC region. Seven CAREC countries ranked between 59 and 122 out of 136 countries in terms of access to finance.²⁴ Government interventions to address market distortions and policies to reallocate resources to new activities are crucial for enhancing the role of the private sector.

16. International trade strategies have begun to put strong emphasis on modern services sectors, particularly in business, educational, and tourism services.²⁵ However, in most CAREC countries, air passenger transport, auditing, banking, insurance, communication, and professional services indicate a high restrictiveness index.²⁶ Increasing the efficiency of services sectors has become critical as services provide inputs to value chains and as global services exports outpace the growth of goods exports.²⁷ The growing mismatch between the new skills demanded by an increasingly information-driven global economy and the traditional skills set of many workers constrains the potential for cross-border mobility and services trade.²⁸ While the PRC ranked 17, other CAREC countries ranked between 53 and 109 out of 127 countries in terms of adoption of innovation measures.²⁹ Innovation measures are needed to take advantage of opportunities of technology diffusion and digital trade.³⁰

²¹ For example, in Kazakhstan and Mongolia. ADB 2018. *Key Indicators for Asia and the Pacific 2018*. Manila.

²² ADB estimates that \$79.7 billion investment is needed for regional infrastructure in CAREC for necessary reforms and increases in both public and private infrastructure finance. ADB. 2017. *Meeting Asia's Infrastructure Needs*. Manila.

²³ The financial market development index averaged 3.4 (on a scale of 1–7, 7 being best) for CAREC countries in 2016 (no data for Afghanistan, Turkmenistan, and Uzbekistan). WEF. 2018. *Global Competitiveness Report 2018*. Geneva.

²⁴ The PRC ranked 45. No available data for Afghanistan, Turkmenistan, and Uzbekistan. Ranking was based on the combination of indicators derived from the WEF's Executive Opinion Survey: financial services meeting business needs, affordability of financial services, availability of financial services, and ease of access to loans. WEF (2016), footnote 13.

²⁵ International Trade Centre. 2017. *How Strategic Are Trade Strategies? Trends for Effective Development*. Geneva. http://www.intracen.org/uploadedFiles/intracenorg/Content/Publications/How%20strategic%20are%20trade%20strategies_201117_Low-res.pdf.

²⁶ World Bank. 2018. Services Trade Restrictions Database. The database covers the PRC, Georgia, Kazakhstan, the Kyrgyz Republic, Mongolia, Pakistan, and Uzbekistan (accessed 16 September 2018). Read further CITA Issues Paper No 2: Expanding Trade in Services.

²⁷ ESCAP. 2017. Services and Global Value Chains: The Asia-Pacific Reality. *Studies in Trade, Investment and Innovation*. No. 89. ST/ESCAP/2816. Bangkok. https://www.unescap.org/sites/default/files/publications/GVCs_STII89.pdf.

²⁸ WTO. 2017. *World Trade Report 2017*. Geneva.

²⁹ No data for Afghanistan, Turkmenistan, and Uzbekistan. Cornell University, Institut Européen d'Administration des Affaires (INSEAD), and World Intellectual Property Organization (WIPO). 2018. *The Global Innovation Index 2018: Energizing the World with Innovation*. Ithaca, Fontainebleau, and Geneva.

³⁰ Implementing digital trade facilitation could cut trade costs in Asia and the Pacific by \$673 billion annually. ESCAP 2017. Digital Trade Facilitation in Asia and the Pacific. *Studies in Trade, Investment and Innovation 87. ST/ESCAP/2811*. Bangkok.

C. Weak Institutions for Trade

17. Trade is central to most national development strategies of CAREC countries. Underpinning the effective implementation of trade strategies and reforms is the quality of institutions and regulatory governance. Coordination of sectoral policies and priorities is also crucial. Ineffective institutional mechanisms for policy coordination, disconnected national and regional planning, and regulatory fragmentation are some issues facing the CAREC region. While national committees on trade facilitation (NCTFs) or other similar mechanisms for non-WTO members have been established in some CAREC countries, these need to be strengthened both at the country and regional levels.

18. In assessing and designing policies that may impact on trade, governments and officials need up-to-date and complete data, appropriate skills, and knowledge of emerging trade issues to arrive at informed decisions. Understanding the impact and benefits of international agreements and improved drafting and negotiating skills are required to amend or replace outdated trade-related legislations. Further, while the number of free trade agreements (FTAs) in the CAREC region continues to rise (currently, 73 FTAs),³¹ the scope of such agreements is still limited to tariff reduction. CAREC countries may consider deeper integration in their current trade agreements and improve their capacity to evaluate the trade-offs of multiple and overlapping FTAs before entering into new agreements.³²

³¹ This figure includes both WTO notified and non-notified agreements.

³² Read further CITA Issues Paper No. 3: Engaging in Regional Trade Agreements.



Impact, Outcome, and Outputs

19. CITA seeks to enhance the growth potential of CAREC countries and improve the living standards of its people. This conforms with CAREC 2030's driving principle to align with the objectives of the national strategies of CAREC countries and supports the sustainable development goals, particularly the 2030 Agenda for Sustainable Development.

20. CITA's outcome is to assist CAREC members in integrating further with the global economy through the following outputs: (i) trade expansion from increased market access, (ii) greater diversification, and (iii) stronger institutions for trade.

A. Trade Expansion from Increased Market Access

21. CITA will enhance market access³³ through the adoption of more open trade policies and deepening of customs cooperation and integrated trade facilitation.

22. **Freer trade.** CITA will include measures to liberalize tariffs, eliminate nontariff barriers to trade, and limit or avoid resorting to trade-distorting measures and protectionist tendencies. Interventions will include

- (i) continued support for CAREC countries to comply with their WTO commitments, including policy adjustments, transparency measures, and trade policy reviews;
- (ii) experience-sharing, capacity building, and advisory support on the accession processes for non-WTO members;
- (iii) mapping and reduction of nontariff barriers, including additional licensing requirements targeted at foreign activities;
- (iv) support for the implementation of the WTO TFA, Agreements on Technical Barriers to Trade (TBT) and on Application of SPS Measures;
- (v) regulatory alignment of national SPS systems and quality infrastructure with international standards and conventions governed by international standard-setting bodies;
- (vi) in-depth analysis of the impact of multiple FTAs and assessment of a potential region-wide FTA in the context of varying levels of openness and commitments of CAREC members to bilateral and multilateral trade agreements; and
- (vii) addressing uneven tax treatment (or double taxation) between domestically produced and imported products, and promotion of business-friendly tax regimes.

³³ For the purpose of CITA, market access refers to improved trade opportunities for CAREC countries with the outside world as well as into and within CAREC members that result from tariff, nontariff, and trade facilitation measures.

23. **Lower trade costs.** CITA will include measures to make border and behind-the-border procedures more efficient, improve logistics services, and enhance transit systems, particularly within the CAREC transport corridors.³⁴ Interventions will include

- (i) deepening existing CAREC initiatives such as on customs simplification and harmonization, including accession to the Revised Kyoto Convention and Framework of Standards to Secure and Facilitate Trade of the World Customs Organization (WCO);
- (ii) streamlining of multiple documentary requirements among border or regulatory agencies and with other countries through mutual customs assistance, mutual recognition, or exchange of information;
- (iii) promoting the use of technology for customs and trade-related transactions, including through information common exchange (ICE),³⁵ adoption of paperless Trade (such as through the United Nations Framework Agreement on Facilitation of Cross-border Paperless Trade in Asia and the Pacific) and establishment of national single windows in all countries that supports interconnectivity and interoperability across the region;
- (iv) supporting adoption of freedom of transit under Article V of WTO General Agreement on Tariff and Trade and Article 11 of WTO TFA, and knowledge sharing on international conventions (e.g., Transports Internationaux Routiers Convention and the Convention on a common transit procedure and use of new computerized transit system among European Union candidate or observer neighboring countries such as Azerbaijan and Georgia);
- (v) participation in and effective implementation of transit schemes such as CAREC advanced transit system³⁶ and Quadrilateral Traffic in Transit Agreement, including sharing of experience of these pilot initiatives;
- (vi) projects on regional improvements in border services (RIBS), integrated border management, and joint border or customs control;
- (vii) development of common or harmonized standards within the CAREC region for trade facilitation;
- (viii) mutual recognition or acceptance of laboratory results or certification on SPS and TBT;
- (ix) regional upgrade of SPS measures for trade (RUST) project as part of CAST implementation and improve quality infrastructure, including through laboratory capacity assessment and training for SPS personnel;
- (x) impact analysis of potential cross-border transport agreements; and
- (xi) enhanced CAREC corridor performance measurement and monitoring to address the bottlenecks at key border crossing points and behind the borders.

B. Greater Diversification

24. CITA will create an enabling environment for greater economic diversification by supporting reforms to enhance policy and regulatory environment, ensuring adequate financing, and linking CAREC countries with regional and global value chains. Rationalization of tariff

³⁴ Six CAREC corridors link the region's economic hubs to each other, and connect the landlocked CAREC countries to other Eurasian and global markets. https://www.carecprogram.org/?page_id=20.

³⁵ A real-time electronic exchange of information among and between CAREC customs authorities for secure and timely flow of goods and people along CAREC corridors.

³⁶ A project initiated under the CAREC Customs Cooperation, which is a comprehensive (involving multiple journey) and risk-based guarantee mechanism using a single electronic transit document to facilitate transit trade among CAREC countries.

profiles and development of economic corridors will also have an impact on product diversification and competitiveness.

25. **Enhanced policy and regulatory environment and adequate financing.** CITA will include policy reforms, including adoption of consistent and open foreign investment policies and measures to develop domestic financial markets and improve access to trade finance. Interventions will include

- (i) capacity building and knowledge sharing on policy and regulatory reforms for strengthening the business operating climate, and on inclusive and effective financing models, including public-private partnerships to attract private sector participation in infrastructure and innovation (e.g., seed money, start-ups, or incubation);
- (ii) assessment of current business procedures and regulations related to cross-border investments in CAREC countries;
- (iii) policy analysis to support cross-border investment facilitation and promotion, and financial transactions;
- (iv) improving small and medium-sized enterprises access to trade finance, including under ADB's Trade Finance Program, supply-chain finance, as well as trade insurance; and
- (v) establishment of a multilateral agency for trade finance.

26. **Linkages with global and regional supply chains.** CITA will include policy reforms and measures to match the demand and supply of skills to support cross-border mobility; encourage innovation, including development of new products and improving quality; and support business development and other support services. Interventions will include

- (i) regional collaboration on training and education services, mutual recognition of skills arrangements, and development of a regional labor market information system and skills upgrading;
- (ii) development of tourism and travel-related services including facilitated visa regimes for business people (e.g., Asia-Pacific Economic Cooperation business cards and special arrangements for traders, driver mobility, and temporary movement of workers);
- (iii) digital trade promotion through knowledge sharing on best practices and framework on e-commerce (e.g., WCO's new Framework of Standards for Cross-border E-commerce), and support to WTO's Enabling E-commerce Initiative;
- (iv) knowledge sharing on innovation measures to support industrial development;
- (v) analysis of CAREC countries' services restrictiveness vis-à-vis their commitments under the General Agreement on Trade in Services and other trade agreements;
- (vi) policy work to develop telecommunication, financial, transport, logistics, education, and other business services;
- (vii) scoping studies and/or market analyses for the development of special economic zones³⁷ and industrial parks, which dovetail with economic corridor development; and
- (viii) support for business promotion activities (e.g., trade missions, business and investment forums).

³⁷ Read further CITA Issues Paper No. 4: Establishing Special Economic Zones.

C. Stronger Institutions for Trade

27. CITA will promote better coordination of sectoral policies and priorities, evidence-based policymaking, and enhanced capacity of government agencies.

28. **Coordinated sectoral policies and priorities.** CITA will include measures to support collaborative policy formulation and implementation, align national and regional planning, and promote regulatory convergence in the region. Interventions will include

- (i) support for development of national trade strategies, road maps, including through advice on legal matters (training, mentoring, or advisory services for national lawyers);
- (ii) establishment and strengthening of intergovernmental and cross-sectoral mechanisms such as WTO NCTFs or similar mechanisms;
- (iii) high-level dialogues on emerging cross-border trade-related issues that are better addressed through collective action and cooperation;
- (iv) sharing of good practices in promoting regulatory convergence and coherence;
- (v) support for the development of bilateral and regional economic corridors and trade cooperation centers; and
- (vi) creation of permanent contact points, experts group (such as on SPS), and e-platforms to discuss issues and develop common approaches to respond to trade challenges in the region (e.g., establishment of CAREC food safety network).

29. **Evidence-based policymaking and negotiations.** CITA will include measures to improve data collection and cross-country analysis, enhance officials' policy analysis and negotiation skills, and increase participation of think tanks and the private sector. Interventions will include

- (i) development or increased awareness of data sources to support trade policy analysis;
- (ii) development of e-platforms and an online trade portal for improved exchange of information and updates on CAREC trade policy regimes, best practices, statistics, and trade-related programs supported by development partners;
- (iii) strengthening capacities of custom and trade-related agencies, including to streamline and improve trade-related regulations and procedures;
- (iv) analytical work on areas with long-term implications in enhancing trade, such as the effect of existing and potential trade agreements which include one or more CAREC countries and feasibility of a CAREC-wide FTA;
- (v) capacity building and knowledge sharing on FTAs, including through inter-subregional sharing of experience on FTAs (e.g., with the ASEAN), and seminars to increase awareness and understanding of FTA issues beyond trade in goods such as trade in services, investment, competition policy, intellectual property, economic and technical cooperation, and development of a reference guide or model for comprehensive FTAs;
- (vi) bridging trade policy discussions with knowledge work through increased linkages and cross-learning opportunities with national think tanks and research platforms, such as the ADB Institute, the CAREC Institute, and the ADB-PRC Regional Knowledge Sharing Initiative; and
- (vii) strengthened public-private sector dialogue to provide an enabling environment for private sector participation in global and regional trade (e.g., authorized economic operators schemes).

Institutional Structure

30. The RTG will have the lead and full operational authority as coordinating and consultative body for the trade sector in the CAREC Program, specifically CITA 2030 and its accompanying RSAPs. The CCC will continue to be the responsible body for all customs-related issues and priority areas of customs development, technology, and services. The RTG and CCC will closely coordinate and cooperate with each other, report progress, and make recommendations to the CAREC Ministerial Conference through the Senior Officials' Meeting and National Focal Points' Meeting. Ad hoc working groups and expert groups in technical areas such as in SPS, TBT standards, and other new areas (e.g., investment) may be organized to improve coordination and data exchange. The institutional structure and terms of reference of the RTG and CCC are in Appendix 2.

31. The RTG will cooperate and coordinate with CAREC Institute, think tanks, and research institutions in CAREC countries, international organizations (e.g., WTO and WCO), international standard-setting bodies, development partners engaged in trade sector activities in CAREC countries, and regional cooperation mechanisms (e.g., Belt and Road Initiative, Shanghai Cooperation Organization, Economic Cooperation Organization, and Eurasian Economic Union) to share knowledge, create synergies, and optimize the use of resources. Recognizing their integral role in trade promotion and trade facilitation, private sector associations, especially among traders, businesses, and industries such as the CAREC Federation of Carrier and Forwarder Associations will be strengthened. CAREC will also explore the possibility of establishing a CAREC chamber of commerce and industry to serve as a regional business-to-business platform to discuss cross-border trade issues, support business matching, and improve trade compliance.



Implementation Approach and Results-Framework

32. Taking into consideration the capacities and varying levels of progress among the countries, CITA will adopt a phased and pragmatic approach in its implementation. A 3-year RSAP will prioritize projects, while allowing flexibility for two or more CAREC countries to initiate and implement regional projects and initiatives as long as other member countries do not object. The first 3 years of CITA is spelled out in RSAP 2018–2020, which includes investment projects, policy dialogue and cooperation, and knowledge products and services (Appendix 3). RSAP serves as a platform to build a pipeline of projects, mobilize funds, and coordinate seamlessly with countries and development partners for CITA implementation.

33. A results-based approach will be used to monitor and evaluate CITA implementation (Appendix 4). The CITA results framework emphasizes strategic alignment of high-level goals to project activities, with a focus on results. Continuous monitoring and analytical review based on the identified indicator sets will inform the CAREC countries of areas where progress needs acceleration, thus enabling the timely development of appropriate responses and adjustments. Each RSAP will be informed by individual project design and monitoring frameworks and will feed into the CITA results framework, which projects overall achievements expected by 2030.

34. The progress of CITA and RSAP implementation will be regularly reported to the CAREC Ministerial Conference through the Senior Officials' Meeting and National Focal Points' Meeting. A communications plan will be developed to disseminate information on CITA and RSAP to all public and private stakeholders.

35. RSAP 2018–2020 was initially developed through a series of consultations with relevant stakeholders (Appendix 5). Updating of the 3-year RSAP will be the responsibility of the RTG. The RSAP's implementation will be coordinated with other CAREC sectoral bodies, including the CCC, the Transport Sector Coordinating Committee, the Energy Sector Coordinating Committee, and other sectoral groups as may be established.³⁸

³⁸ It is important to align the trade sector work with real sectors, such as customs with transport, logistics standards, logistics centers, and border crossing points improvements; SPS with agriculture and technical standards with industrial development.

Appendix 1

Problem Tree and Objective Tree Analysis

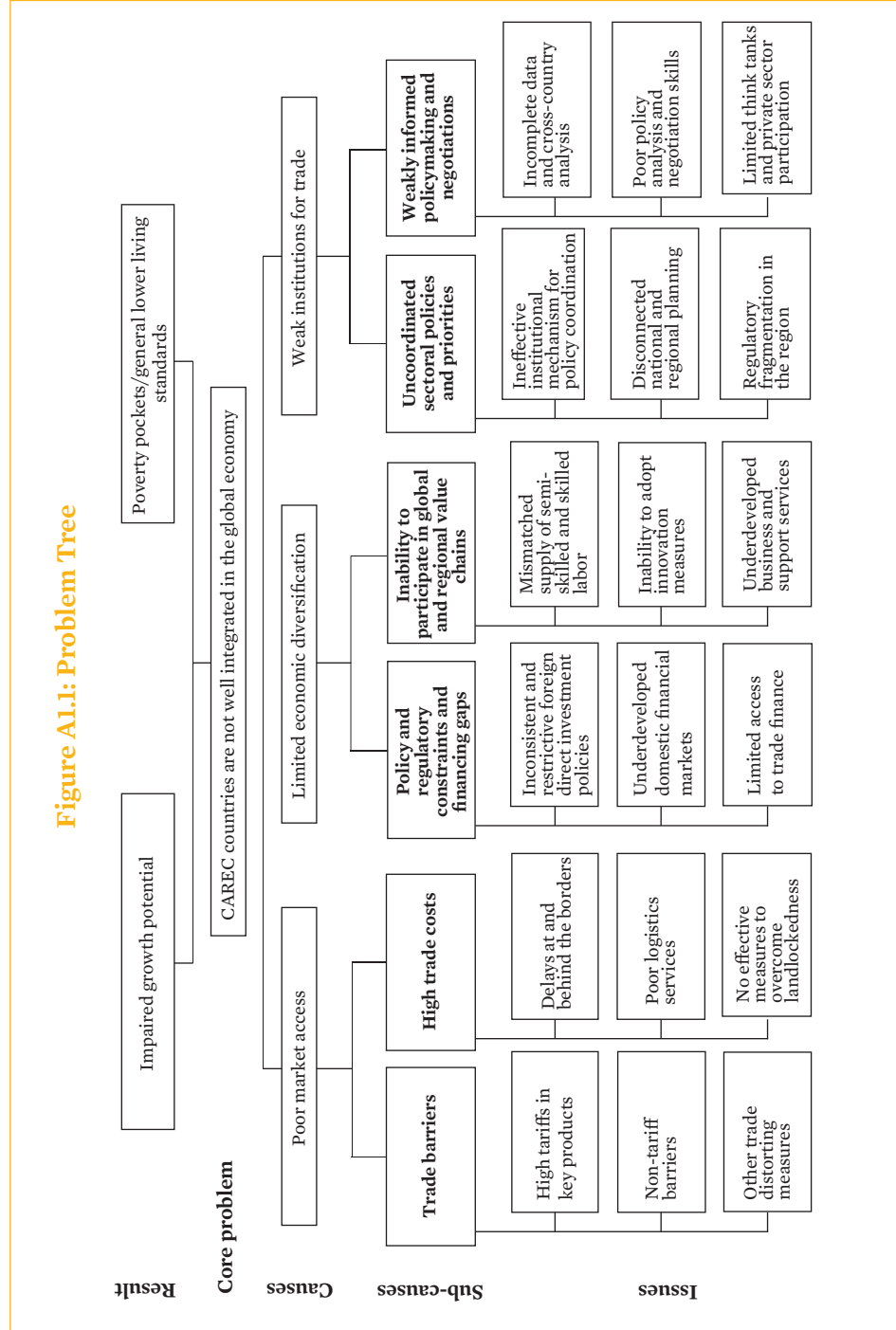
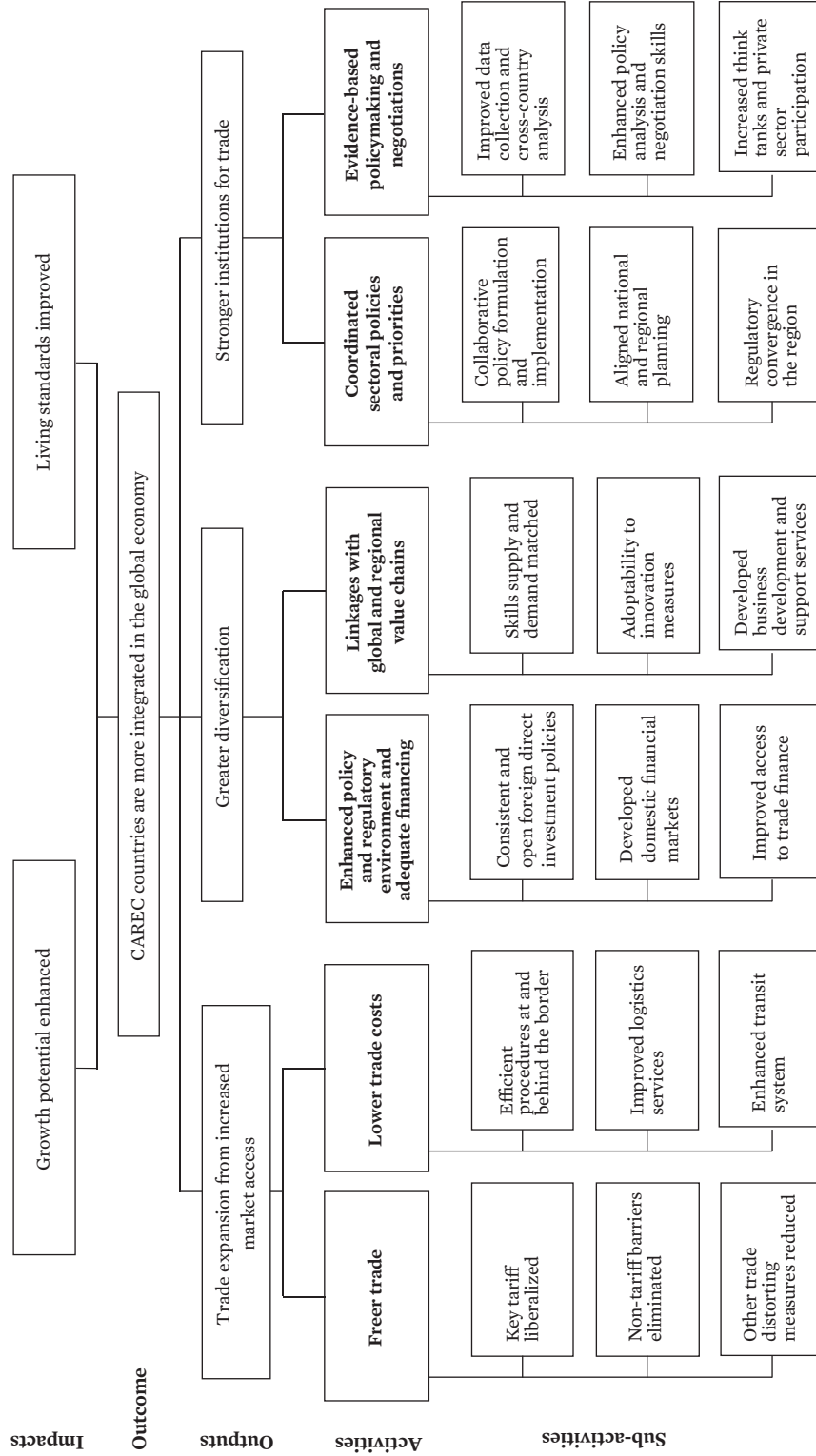


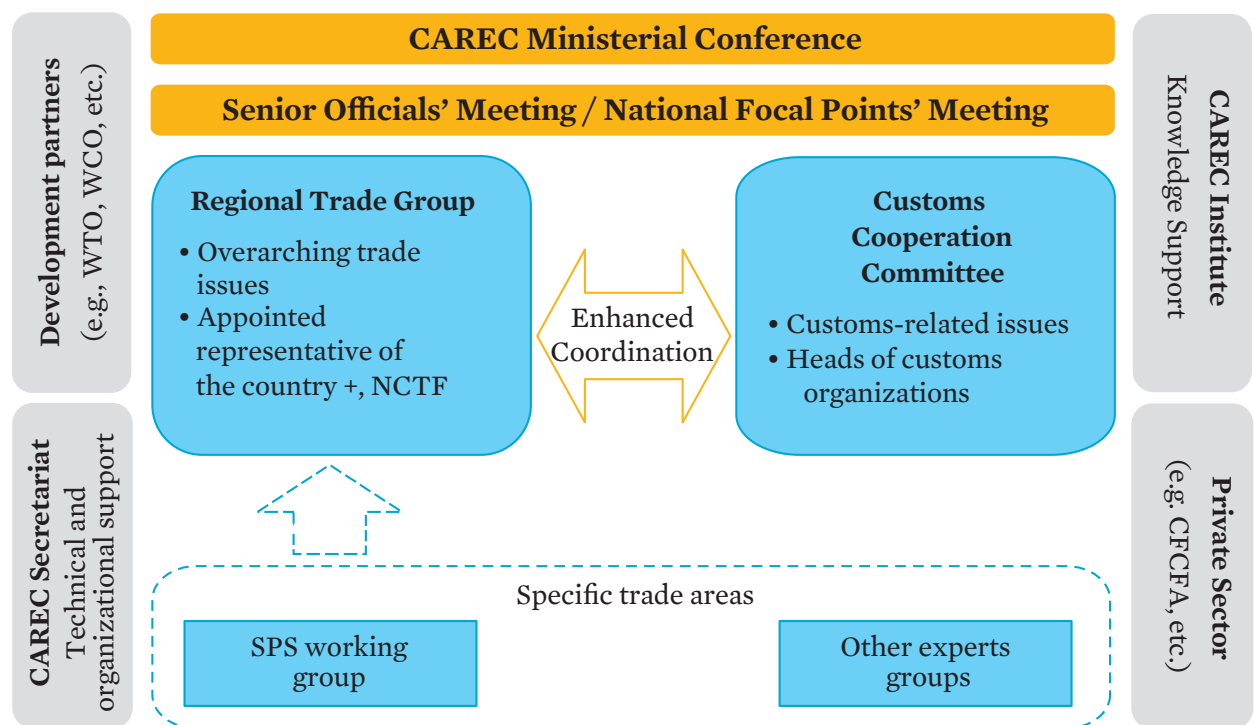
Figure A1.2: Objective Tree



Appendix 2a

Institutional Structure

Figure A2a: Institutional Structure



CAREC = Central Asia Regional Economic Cooperation, CFCFA = CAREC Federation of Carrier and Forwarder Associations, NCTF = national committee on trade facilitation, SPS = sanitary and phytosanitary, WCO = World Customs Organization, WTO = World Trade Organization.

Source: CAREC Secretariat.

Appendix 2b

Terms of Reference of the Regional Trade Group (RTG)

A. Introduction

1. The new strategy for the Central Asia Regional Economic Cooperation (CAREC) Program (CAREC 2030) provides the new long-term strategic framework to create an open and inclusive regional cooperation platform that connects people, policies, and projects for shared and sustainable development. CAREC 2030 envisages a focus on five operational clusters, including the cluster of trade, tourism, and economic corridors.¹

2. Amid the rapidly changing global and regional trade landscapes, CAREC is repositioning itself as a catalyst for trade expansion and economic diversification in the region. However, CAREC members are not well integrated into the global economy. The CAREC region (data excluding the People's Republic of China) accounts for less than 1% of the global trade. There is room for CAREC to enhance trade by addressing the main challenges, including poor market access, limited economic diversification, and weak institutions for trade.

3. Toward this end, a CAREC Integrated Trade Agenda (CITA) 2030 is envisioned to assist member countries integrate further into the global economy through three pillars: (i) trade expansion through increased market access, (ii) greater diversification, and (iii) stronger institutions for trade. Market access will be enhanced through the adoption of freer trade policies, strengthened customs cooperation, and integrated trade facilitation to lower trade costs. Diversification will be promoted by creating an enabling environment that would mobilize adequate financing and establish linkages with global and regional value chains. Stronger trade institutions will be achieved through coordinated sectoral policies and priorities and evidence-based policymaking and negotiations. CITA 2030 will be implemented through a phased and incremental approach through a 3-year Rolling Strategic Action Plan (RSAP). The first 3 years of RSAP will be RSAP 2018–2020, which will prioritize investment projects, policy dialogue and cooperation, and knowledge products and services interventions and actions. The three-year RSAP will be reviewed annually to maintain relevance. An institutional framework that is guided by strong country and development partner ownership and strengthened engagement with the private sector and civil society will be essential.

4. In the past, CAREC's trade work has been guided by separate strategies or action plans; namely, Transport and Trade Facilitation Strategy 2020, Trade Policy Strategic Action Plan (2013–2017)² and Common Agenda for Modernization of Sanitary and Phytosanitary (SPS) Measures for Trade. As envisioned under CAREC 2030, the Regional Trade Group (RTG) will be established to discuss and deliberate on increasingly intertwined issues of trade policy and trade facilitation in a

¹ The other operational clusters are on economic and financial stability; infrastructure and economic connectivity; agriculture and water; and human development, with the use of information and communication technology as a crosscutting priority across the spectrum of CAREC operations.

² The Trade Policy Coordinating Committee was responsible for trade policy matters.

synergistic manner, including trade-related linkages with CAREC 2030's operational clusters and priorities.

5. The inaugural meeting of the RTG was held back-to-back with the Senior Officials' Meeting (SOM) in June 2018 in Bangkok. CITA 2030 and its accompanying RSAP 2018–2020 is a key deliverable of the RTG at the 17th CAREC Ministerial Conference in November 2018.

B. General Purpose and Reporting Structure

6. The RTG will have the lead and full operational authority as the coordinating and consultative body for the trade sector in the CAREC Program. It will champion CAREC trade sector priorities, report progress, and make recommendations to the CAREC Ministerial Conference through the SOM and the National Focal Points' (NFPs) Meeting. The RTG will focus on overarching trade issues, whereas the Customs Cooperation Committee (CCC) will continue to be the responsible body for all customs-related issues under CAREC. Both RTG and CCC shall closely coordinate and cooperate with each other. Ad hoc working groups and expert groups in technical areas such as in SPS measures, standards and technical barriers to trade, and other new areas (e.g., investment) may be organized as needed.

C. Scope of Work

7. The RTG shall plan, discuss, deliberate, coordinate, and monitor the implementation of the trade work under the CAREC Program, specifically, CITA 2030 and its accompanying RSAPs, including to undertake the following key functions and tasks:

(i) Policy dialogue and strategy formulation

- (a) Be an inclusive and constructive forum for policy discussions, consensus-building, cross-learning, and cooperation in the trade sector with the objective of supporting CAREC countries' trade-related development strategies and furthering their integration into the global economy.
- (b) Develop, refine, and update CITA 2030 and its accompanying RSAPs. CITA 2030 will be updated after a midterm review in 2024 and the RSAP will be updated on an annual basis, to maintain its relevance and responsiveness to the changing global and regional trading paradigm, and emerging challenges and opportunities in the CAREC region.
- (c) Develop and monitor performance in achieving the CITA objectives based on the results framework that will measure and assess progress, making use of selected indicators to assist in formulating, updating, and prioritizing actions and recommendations.
- (d) Provide updates and make recommendations to the Ministerial Conference through the SOM and NFPs' meeting on trade-related issues and priorities for the CAREC region.

(ii) Project pipeline development, implementation, and monitoring

- (a) Support the implementation of RSAPs and endeavor to prioritize investment projects, policy dialogue and cooperation, and knowledge products and services that are specific, measurable, achievable, realistic, and timely.
- (b) Identify mutually agreeable solutions and flexible operational arrangements (such as allowing two or more CAREC countries to initiate and implement regional projects and initiatives agreed on by all members) guided by international best practices and demonstrated results to implement and promote CAREC trade work.
- (c) Provide advice and support, as required, on the formulation and implementation of national plans with respect to CITA and RSAPs, working closely with the national committees on trade facilitation (NCTFs) or similar interagency mechanisms in CAREC countries, to ensure country-level buy-in and effective implementation.
- (d) Support the CAREC Secretariat in developing sector-specific monitoring framework to provide inputs to CAREC 2030 Program results framework.
- (e) Report periodically to the Ministerial Conference through SOM and NFPs' meeting on the progress of implementation of CITA and 3-year RSAPs.

(iii) Institutional strengthening and stakeholders coordination

- (a) Support the establishment and/or strengthening of intergovernmental and cross-sectoral mechanisms (e.g., NCTFs) with the objective of better coordination of sectoral policies and priorities in the region.
- (b) Promote evidence-based policymaking and negotiations, including through improved data collection and cross-country analytical work and capacity building for government officials in emerging trade issues and negotiations.
- (c) Strengthen trade linkages and create synergies with other CAREC 2030 operational clusters and priorities, through coordination with other sectoral bodies such as the CCC, the Transport Sector Coordinating Committee, the Energy Sector Coordinating Committee, and/or subsectoral groups, including ad hoc working groups and expert groups as may be established.
- (d) Strengthen dialogue mechanisms with the private sector, such as the associations of exporters and importers, chambers of commerce, businesses, and industries, including the CAREC Federation of Carrier and Freight Forwarder Associations, to identify and address issues and challenges faced by the private sector in expanding trade.
- (e) Cooperate and coordinate with think tanks and research institutions (e.g., CAREC Institute), international organizations (e.g., the World Trade Organization and the World Customs Organization), other development partners engaged in trade sector activities in CAREC countries, and regional cooperation mechanisms (e.g., the Belt and Road Initiative, the Shanghai Cooperation Organization, the Economic Cooperation Organization, the Eurasian Economic Union) to share knowledge, create synergy, and optimize the use of resources.

D. Membership, Chairing, Secretariat, and Technical Support

8. Membership of the RTG will be per country, represented by respective appointed representative of the country for the RTG. Each country will provide a list of relevant agencies and focal point contacts for future topical issues discussion.

9. The RTG meetings will be agenda-driven and issues-based to ensure in-depth discussions among relevant government agencies, and help improve the effectiveness and efficiency of the RTG meetings. Each CAREC country may determine the size and composition of the country's delegation to the RTG meetings. The delegates to the RTG meetings shall comprise senior-level representatives from trade-related agencies of CAREC countries and experts from development partners. The RTG may also invite international experts, resource persons, and observers to the RTG meetings as may be required.

10. The RTG shall meet at regular intervals, including possibly an annual meeting prior to SOM, attended by the appointed representative of the country from each country, and delegates as may be nominated based on the selected RTG topics. A chairperson shall be appointed by the host-country, which is designated following the same rotation among countries for CAREC hosting. To strengthen ownership and promote cross-learning, country co-chairperson may be appointed during the RTG meetings based on the agenda and specific country expertise.

11. The Asian Development Bank will provide secretariat and technical support in close coordination with other key stakeholders.

E. Review

12. The terms of reference will be reviewed and updated, if deemed necessary by member countries and by the Asian Development Bank in 2024 and 2030.

Terms of Reference of the Customs Cooperation Committee (CCC)

A. Background

1. The Central Asia Regional Economic Cooperation (CAREC) Customs Cooperation Committee (CCC), established in January 2002, held its first meeting in Urumqi, the People's Republic of China on 21–22 August 2002 and identified five priority areas of work:

- (i) simplification and harmonization of customs procedures,
- (ii) information and communications technology for customs modernization and data exchange,
- (iii) risk management and post-entry audit,
- (iv) joint customs control and one-stop services, and
- (v) regional transit development.

2. In October 2017, the CAREC Ministerial Conference endorsed its new long-term strategy CAREC 2030: Connecting the Region for Shared and Sustainable Development (CAREC 2030)¹ that highlighted, the need to build consensus among stakeholders, integrate discussions on trade issues, and synchronize priorities under a unified platform. Under the CAREC 2030 framework, the CAREC Integrated Trade Agenda (CITA) 2030 seeks to provide such coherent amalgamation to set the direction for the CAREC trade sector up to 2030. Taking into consideration the varying levels of capacities and progress among CAREC countries and the need to implement CITA 2030 in a phased and incremental approach, a 3-year Rolling Strategic Action Plan (RSAP) will be developed and reviewed annually.

3. At the Regional Trade Group (RTG) Meeting and the Senior Officials' Meeting held in June 2018, it was agreed that customs cooperation functions related to trade facilitation will continue to be carried out by the CCC, which will work in close coordination with the RTG. At the 17th CCC meeting held in September 2018, the CCC agreed to update its priority areas of work and terms of reference reflecting the evolving mandates and cooperative relationships.

B. Composition

4. The CCC is composed of the heads and deputy heads of customs organizations of the CAREC member countries: Afghanistan, Azerbaijan, the People's Republic of China, Georgia, Kazakhstan, the Kyrgyz Republic, Mongolia, Pakistan, Tajikistan, Turkmenistan, and Uzbekistan.

¹ ADB. 2017. *CAREC 2030: Connecting the Region for Shared and Sustainable Development*. Manila.

C. Objectives

5. The main objectives of the CCC, while recognizing the evolving role of customs authorities, are
- (i) **strategizing** by identifying tangible and concrete solutions to customs-related issues and priorities under CITA 2030;
 - (ii) **implementing** the World Trade Organization (WTO) Trade Facilitation Agreement (TFA) which came into effect in February 2018, with customs playing a predominant role at the national and regional levels, and promoting national and regional trade facilitation initiatives through concerted customs reforms and modernization;
 - (iii) **innovating** by responding to the rise of cross-border e-commerce and digital trade, use of block-chain technology, big data analysis, and the internet of things, and rapidly changing supply chain management;
 - (iv) **monitoring** and supervising the implementation of customs-related work under CITA 2030 and RSAPs to ensure effective and efficient implementation, regularly reviewing progress of work, and formulating policy recommendations for consideration by respective CAREC governments;
 - (v) **partnering** with the private sector by creating favorable conditions for business and customs interaction, supporting inclusive and sustainable trade facilitation while maintaining and developing open, transparent and predictable regulatory systems; and
 - (vi) **serving as a regional forum** to address customs-related issues of common interest and to promote cooperation among customs organizations, including with the World Customs Organization (WCO) and with other trade-related agencies of CAREC countries to support implementation of CITA 2030 and its 3-year RSAPs.

D. Priority Areas of Work

6. The CCC agreed to update its priority areas of work as follows:
- (i) **Customs development:** (a) WTO TFA implementation, (b) customs–business partnership, and (c) institutional and human resource capacity development.
 - (ii) **Customs technology:** (a) information exchange (customs-to-customs, customs-to-business platforms, and customs-to other relevant authorities); (b) risk management and authorized economic operator programs; and (c) regional transit and cooperation.
 - (iii) **Customs services:** (a) coordinated border management and cross-border cooperation, (b) single window, and (c) simplification and harmonization of customs procedures in accordance with developments in global trade.

E. Terms of Reference

7. Customs Priority Areas

- (i) **Customs development:** (a) lead effective implementation of the WTO TFA by using the WCO, adopting best practices, and working toward harmonization and simplification of customs formalities; (b) provide oversight on the conduct of research studies, including the corridor performance measurement and monitoring mechanism, that support effective and efficient implementation of the 3-year RSAPs, including surveys to establish benchmarks, identify inefficiencies, and provide the basis for policy and implementation decisions; (c) promote customs-to-business partnership at regional and national levels to develop a relationship of mutual trust and respect through constructive, sustained, and open dialogue; (d) conduct regular customs-business dialogue to discuss areas of cooperation and undertake joint skills development and/or research activities with the private sector, whenever possible; and (e) develop the institutional and human resource capacity of customs authorities and agencies to effectively respond to dynamic changes in trade environment.
- (ii) **Customs technology:** (a) support digital transformation through enhancing e-customs systems, paperless trade, other transformational technology, and new developments in information and communication technology to facilitate trade; (b) strengthen and expand the coverage of trade-related risk management systems and approaches, and develop national-level authorized economic operator programs, and explore cooperation mechanisms for mutual recognition of authorized economic operators across border; and (c) promote efficient regional transit regime and cooperation including through bilateral and regional information exchange to facilitate both intra- and extraregional trade.
- (iii) **Customs services:** (a) supervise the design and conduct of border management strategies and capacity-building programs to strengthen implementation capabilities of customs organizations and other relevant border agencies in the CAREC region; (b) introduce innovations in customs procedures such as single window or one-stop shops, risk management, and coordinated border management to manage ever-increasing volumes in trade with less reliance on physical intervention and with greater efficiency and speed; and (c) promote enhanced implementation of the provisions of the Revised Kyoto Convention to continue simplification and harmonization of customs procedures in accordance with developments in global trade, thereby supporting transparent and predictable trade and reducing the time and cost of cross-border trade transactions.

8. Working with Other Key Stakeholders

- (i) Provide leadership in promoting trade facilitation initiatives—expanding the scope of the work program from customs cooperation to a deepened interagency collaboration and enhanced partnerships between the public and private sectors.
- (ii) Strengthen coordination with key stakeholders, particularly, the RTG and the Transport Sector Coordination Committee, and with other regional cooperation mechanisms, including research institutions such as the CAREC Institute and private sector entities such as the CAREC Federation of Carriers and Forwarders Association, and others as may be established.
- (iii) Encourage the participation and active involvement of development partners and multilateral agencies in the implementation of CITA 2030 and foster inter-committee collaboration and coordination within CAREC.

Appendix 3

CAREC Integrated Trade Agenda Rolling Strategic Action Plan 2018–2020

Table A3: CAREC Integrated Trade Agenda Rolling Strategic Action Plan 2018–2020

Project/Activity	Description/Objectives	Type of Input	Status	Participating Countries	Implementation Period	
Pillar 1: Trade Expansion from Increased Market Access						
1	Regional Improvement of Border Services	Project includes upgrade of facilities at key BCPs, customs automation system to reduce processing time and costs, and strengthen customs and project management capacity management capacity	Investment project	Ongoing	KGZ-TAJ, MON, PAK	KGZ-TAJ: 2013–2019 MON: 2016–2022 PAK: 2015–2022
			Investment project	Planned	UZB	2019–2022
2	National Single Window (NSW)	Project design for establishing NSW, which is part of WTO TFA commitments	Investment project (scoping)	Planned	PAK	2018–2020
3	Developing a new border crossing point (BCP) (AZE-GEO)	The proposed Abreshumis Gza–Ipek Yolu friendship BCP in AZE-GEO will include joint customs control component	Investment project (scoping)	Proposed	AZE, GEO	2019–2020
4	Regional Upgrades of Sanitary and Phytosanitary (SPS) Measures for Trade Project	Project covers measures and facilities to strengthen food safety, animal and plant health standards to help realize the country’s potential for agri-food exports	Investment project	Ongoing	MON	2015–2021
			Investment project (scoping)	Proposed	KGZ	2018–2020
			Investment project (scoping)	Proposed	AFG, PAK	2019–2020
			Investment project (scoping)	Proposed	AZE-GEO	2019–2020
			Investment project (scoping)	Proposed	TAJ, UZB	2019–2020
	Needs assessment study at the borders including laboratory capacity and cold-chain facilities	Investment project (scoping)	Proposed	AFG, PAK	2019–2020	
	Pilot project for SPS infrastructure development in railway Gardabani BCP to foster the growth of countries transit and logistics capacity	Investment project (scoping)	Proposed	AZE-GEO	2019–2020	
	Capacity assessment of laboratory and border facility and development of country plans for plant and animal health	Investment project (scoping)	Proposed	TAJ, UZB	2019–2020	

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Table A3 *continued*

	Project/Activity	Description/Objectives	Type of Input	Status	Participating Countries	Implementation Period
5	CAREC Common Agenda for Modernization of Sanitary and Phytosanitary (SPS) Measures for Trade implementation	Develop or amend regulations, procedures, and requirements to be consistent with WTO SPS agreement and aligned with international standards	Knowledge-sharing products and services	Ongoing	REG	2018–2020
		Strengthen international food safety standards in agricultural value chains, including through CAREC food safety network	Knowledge-sharing products and services	Ongoing	REG	2016–2019
		Develop regional and/or subregional animal diseases and pest surveillance program	Knowledge-sharing products and services	Planned	REG	2019–2020
		Explore potential mutual recognition or accreditation of SPS certificates to facilitate trade, initially focusing on perishable goods	Policy dialogue and cooperation	Planned	REG	2019–2021
6	Technical Barriers to Trade (TBT) mapping	Workshop or seminar to enhance transparency and data exchange of technical barriers to trade technical regulations and accreditation or conformity assessment, and organize working or expert group meetings	Policy dialogue and cooperation	Planned	REG	2019–2020
7	CAREC Advanced Transit System (CATS) pilot project	A new transit mechanism that offers risk-based and comprehensive guarantees to reduce time and cost of transit trade	Investment project (scoping)	Ongoing	AZE, GEO, KAZ	2017–2020
8	Information Common Exchange (ICE)	Pilot customs data exchange among participating CAREC countries, which could be linked to CAREC Advanced Transit System pilot	Investment project (scoping)	Planned	AZE-GEO-KAZ	2019–2020

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Table A3 *continued*

	Project/Activity	Description/Objectives	Type of Input	Status	Participating Countries	Implementation Period
9	Membership and implementation of transit schemes	Participation and effective implementation of regional transit schemes and arrangements such as CATS and Quadrilateral Traffic in Transit Agreement	Policy dialogue and cooperation	Planned	REG	2019–2021
		Accession to Convention on Common Transit Procedure and use of new computerized transit system to facilitate trade within CAREC and with the European market	Knowledge-sharing products and services	Proposed	AZE, GEO	2020–2021
10	Strengthened dialogue and cooperation between public (customs and other trade-related agencies) and private sector (including exporters, importers, business and industry associations)	Continuing dialogue between CAREC Federation of Carriers and Forwarder Associations (CFCFA) and Regional Trade Group/Customs Cooperation Committee with the objective of providing enabling environment for the private sector and support their participation at the global trade. Specific areas of cooperation include: (i) credit evaluation of logistics enterprises for authorized economic operators schemes; (ii) CFCFA trade and logistics standards publication and continuing development, including through establishment of standards working group under the Regional Trade Group; (iii) pilot projects on new transport corridor route; (iv) regional industry–education development alliance.	Policy dialogue and cooperation	Ongoing	REG	2018–2020
		Information sharing with chambers of commerce on CAREC work, feasibility of establishing a CAREC chamber of commerce, and discussions on proposals or issues raised by the private sector (e.g., establishment of export houses at the borders, capacity-building for certifying authorities, and visa issues)	Policy dialogue and cooperation	Proposed	REG	2019–2020

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Table A3 *continued*

	Project/Activity	Description/Objectives	Type of Input	Status	Participating Countries	Implementation Period
11	Joint customs control pilot project	Phase 1 of implementation is document harmonization through the unified cargo manifest aimed at electronic exchange. Phase 2 will involve mutual recognition of inspection results.	Investment project (scoping)/ Policy dialogue and cooperation	Ongoing	PRC-MON	2016–2020
12	Paperless trading or e-certification of trade documents	Capacity building to promote best practices on paperless trade which is linked to NSW, with potential interconnectivity and interoperability via electronic data interchange or regional single window	Knowledge-sharing products and services	Planned	REG	2018–2020
13	World Trade Organization (WTO) accession and post-accession commitments	Advisory support and capacity-building for WTO accession, including as WTO observer	Knowledge-sharing products and services	Ongoing	AZE, TKM, UZB	2018–2022
		Country and/or sector-specific impact assessment of trade policy reforms or policy adjustments, enhanced transparency measures, and trade policy reviews	Knowledge-sharing products and services	Planned	KGZ, TAJ, UZB	2018–2022
14	Best practices on free trade agreements (FTAs)	In-depth analysis of the impact of multiple FTAs or a potential region-wide FTA in the context of varying levels of openness and commitments of CAREC members in bilateral and multilateral trade agreements	Knowledge-sharing products and services	Planned	REG	2020–2022
		Development of a model/template FTA for CAREC countries, considering the experience of other regions (Association of Southeast Asian Nations/European Union)	Knowledge-sharing products and services	Planned	REG	2020–2022
		Seminar on priority FTA topics such as rules of origin and role of customs agencies	Knowledge-sharing products and services	Planned	REG	2020–2022

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Table A3 continued

	Project/Activity	Description/Objectives	Type of Input	Status	Participating Countries	Implementation Period
15	Facilitated visa arrangements	Dialogues may be organized on potential visa regimes to develop tourism and travel-related services and special arrangements for temporary movement of people (e.g., Asia-Pacific Economic Cooperation business cards; frequent traveler for business/trade; workers; special permits for driver mobility)	Policy dialogue and cooperation	Planned	REG	2020–2022
16	CAREC Corridors Performance Measurement and Monitoring	Continue to measure the competitiveness of CAREC corridors to enhance performance and address the bottlenecks at key BCPs including issues behind the border	Knowledge-sharing products and services	Ongoing	REG	2018–2020
Pillar 2: Greater Diversification						
17	Free trade zone, special economic zones (SEZs), or cross-border economic zones (CBEZ)	Feasibility study on free trade or special economic zones to strengthen competitiveness and promote economic diversification, including as part of economic corridor development (such as PRC-Pakistan Economic Corridor)	Investment project	Planned	PAK, UZB	2019–2022
		Technical support for the development of Anaklia seaport and SEZ on customs and trade facilitation and SEZ-related policy and regulatory framework	Investment project	Planned	GEO	2019–2020
		Feasibility study on CBEZ between CAREC countries	Investment project	Planned	MON-PRC (IMAR)	2019–2020
		Feasibility study on integrated free trade zone, which includes construction of essential trade-related facilities and services, including a regional technical assistance to support cooperation with neighboring country on potential CBEZ	Investment project and knowledge-sharing products and services	Planned	PRC (XUAR); KAZ-PRC (XUAR)	2018–2020

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Table A3 *continued*

	Project/Activity	Description/Objectives	Type of Input	Status	Participating Countries	Implementation Period
18	Economic corridor development or cross-border cooperation centers	Scoping studies and market analyses for potential sectoral and industrial clusters or industrial parks, which dovetails into economic corridor development	Knowledge-sharing products and services	Planned	REG	2018–2020
		Scoping studies and market analyses for potential sectoral and industrial clusters or industrial parks which dovetails into economic corridor development	Investment project (scoping)/ Policy dialogue and cooperation	Proposed	REG	2019–2020
19	Value-chain development	Case study or situation-gap analysis to support the participation of market players in CAREC in global and regional value chains (e.g., agricultural value chain in the Fergana valley)	Knowledge-sharing products and services	Planned	REG	2018–2020
20	Logistics centers and/or facilities	Establish logistics centers, including analyzing the transport sector and linkages, and assess adequacy of multimodal transport infrastructure	Investment project	Ongoing	KAZ, MON	2018–2019
			Investment project (scoping)	Proposed	UZB, KAZ	2019–2020
21	Developing trade in services	Study to promote expansion and integration of trade in services in priority sectors (finance, health, pharmaceutical, education, transport, and tourism)	Knowledge-sharing products and services	Proposed	REG	2019–2022
22	Awareness and access to trade finance, supply chain finance, and guarantees	Bridge financing gaps and improve access to trade finance and credit guarantees for small traders including through the Asian Development Bank's Trade Finance Program and Supply Chain Finance Program	Investment project	Ongoing	REG	2018–2020
		Disseminate information to CAREC members on the proposed multilateral/ regional trade credit and investment guarantee agency	Investment project (scoping)	Planned	REG	2018–2021
23	Investment Forum	Facilitate exchange of ideas and identify new opportunities for stakeholders with priority in agriculture, tourism and technology sectors	Policy dialogue and cooperation	Proposed	REG	2020–2021

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Table A3 *continued*

	Project/Activity	Description/Objectives	Type of Input	Status	Participating Countries	Implementation Period
24	Promotion of e-commerce and innovation (Industry 4.0)	Scoping study to look into adoption of e-commerce or other innovation such as use of blockchain technology, internet of things, and big data in government services related to trade	Investment project (scoping)	Proposed	REG	2019–2020
		Pilot initiative on new World Customs Organization framework of standards in cross-border e-commerce and potential partnership with existing programs initiated by the private sector or international entities	Knowledge-sharing products and services	Proposed	REG	2019–2022
		Seminar on best practices or field visits to promote digital trade	Knowledge-sharing products and services	Ongoing	REG	2018–2020
Pillar 3: Stronger Institutions for Trade						
25	Road map for the CAREC Integrated Trade Agenda 2030 implementation	Information-sharing on strategic planning for the effective implementation of the CAREC Integrated Trade Agenda 2030	Policy dialogue and cooperation	Proposed	REG	2019–2020
26	Online trade portal	Develop one-stop shop repository for trade policies and/or regulations, best practices and data of CAREC countries (subsite in CAREC website), which could be linked with existing business-to-business platforms or mechanisms	Investment project	Planned	REG	2019–2022
27	Trainings on data gathering, policy analysis and negotiations	Capacity building to improve capacity of CAREC trade-related agencies and officials	Knowledge-sharing products and services	Planned	REG	2019–2022
28	Experience-sharing of WTO members	Dialogue on benefits from accession, lessons from accession processes, and implementation (experience from KAZ and PRC)	Policy dialogue and cooperation	Planned	REG	2018–2020

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Table A3 *continued*

	Project/Activity	Description/Objectives	Type of Input	Status	Participating Countries	Implementation Period
29	WTO TFA enhanced implementation among CAREC members	Seminars and inter-subregional forum on WTO TFA especially mandatory provisions and of high significance to CAREC (e.g., freedom of transit, authorized economic operators, customs valuation, and border agency and customs cooperation)	Policy dialogue and cooperation	Ongoing	REG	2018–2022
		National-level consultations or country-specific needs assessment for national committee on trade facilitation (NCTF)	Knowledge-sharing products and services	Ongoing	REG	2018–2020
		Establish World Customs Organization-accredited training institute	Investment project (scoping)	Proposed	PAK	2019–2020
		Establish and/or strengthen other intergovernmental and cross-sectoral mechanisms on trade	Knowledge-sharing products and services	Proposed	REG	2019–2020
30	CAREC Common Agenda for Modernization of SPS Measures for Trade (capacity-building component)	Establish a national SPS working group to deliberate on national-level SPS strategy and develop priority action plan. The national SPS working group will provide inputs to the regional SPS working group in terms of priorities and policy actions best done at the regional level	Policy dialogue and cooperation	Ongoing	REG	2018–2020
		Capacity-building and/or training of trainers on SPS regulations and international standards on plant/animal health and food safety	Knowledge-sharing products and services	Planned	REG	2019–2020
		Develop a border SPS management strategy and enhance capacity of border agencies to implement at selected borders	Knowledge-sharing products and services	Ongoing	REG	2018–2020
31	Improved research capacity and coordination among CAREC countries	Strengthen the role of CAREC Institute and linkages with national research institutes to provide opportunities for cross-learning including engagement with trade-related agencies and their participation at relevant initiatives	Knowledge-sharing products and services	Ongoing	REG	2018–2022

Countries/members: AZE = Azerbaijan; AFG = Afghanistan, PRC = People's Republic of China; IMAR = Inner Mongolia Autonomous Region, XUAR = Xinjiang Uygur Autonomous Region, GEO = Georgia, KAZ = Kazakhstan, KGZ = Kyrgyz Republic, MON = Mongolia, PAK = Pakistan, TAJ = Tajikistan, TKM = Turkmenistan, UZB = Uzbekistan, REG = regional.

Notes: Implementation period is indicative.

Status: Ongoing = projects have been approved and/or under implementation, including those that may require additional financing; Planned = projects already in the pipeline or could be funded under existing projects or technical assistance; Proposed = as requested by countries in concept development stage and/or funding options to be identified.

Source: Asian Development Bank staff.

Appendix 4

Results Framework for the CAREC Integrated Trade Agenda 2030

1. The CAREC Integrated Trade Agenda (CITA) 2030 sets the direction for the trade sector under CAREC 2030.¹ It aims to enhance the growth potential of the Central Asia Regional Economic Cooperation (CAREC) countries by enabling them to integrate more into the global economy. CITA is designed around three pillars: (i) trade expansion through increased market access, (ii) greater diversification, and (iii) stronger institutions for trade. It will be implemented in a phased and incremental manner through a series of rolling strategic action plans (RSAPs).

2. To monitor and evaluate the progress of CITA and RSAP, a results-based approach will be applied to their management cycles,² harnessing continuous learning and evidence-based decision-making to improve performance.³ Specifically, a comprehensive results framework comprising focused sets of indicators will monitor progress made by all projects and activities designed and implemented under CITA 2030 and its accompanying RSAPs.

3. The CITA results framework lays out the rationale for applying a results-based approach and the methodology used, and introduces proposed indicator sets that correspond directly to the three pillars of CITA. It also discusses some of the potential challenges faced in monitoring the progress of many stakeholders in aggregated format across a wide range of trade activities, and proposes mitigating courses of action.

A. Rationale

4. Results-based management is essential for complex programs such as CITA 2030 and the RSAPs, which involve multiple actors and operate in an evolving environment. A results framework emphasizes strategic alignment from high-level goals to project activities, focuses on results rather than activities, and clearly lays out the required work priorities to deliver results. Further, measuring achievements promotes transparency, provides evidence of performance to aid decision-making, and builds an information base for learning. Continuous monitoring and analytical review, based on the identified indicator sets, will inform the CAREC countries of areas

¹ CAREC 2030 builds on the foundation of progress made under CAREC 2020, the strategy that has guided CAREC's activities since 2011, and envisages focus on five operational clusters: (i) economic and financial stability; (ii) trade, tourism, and economic corridors; (iii) infrastructure and economic connectivity; (iv) agriculture and water; and (v) human development. Integrating the use of information and communication technology across the spectrum of CAREC operations will be a crosscutting priority.

² Results management is the set of tools for strategic planning, monitoring and evaluating performance, reporting, and organizational improvement and learning. Asian Development Bank (ADB). 2006. *An Introduction to Results Management: Principles, Implications, and Applications*. Manila; and ADB. 2017. *The Asian Development Bank's Transitional Results Framework, 2017–2020*. Manila.

³ ADB. 2016. *Guidelines for Preparing a Design and Monitoring Framework*. Manila. The methodology is based on this publication.

where progress is either slow or not present, thus enabling timely development of appropriate response and adjustment.

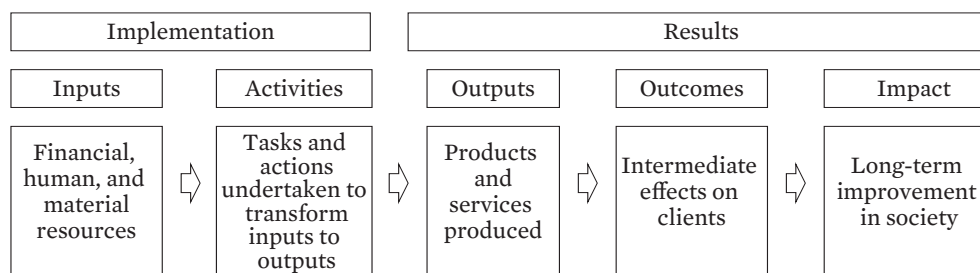
B. Methodology

5. Applying a results-based approach to CITA requires specifying causal relationships between various elements (e.g., under the first pillar, addressing border delays will reduce trade costs, which in turn improves access to markets abroad) that will lead over time to more globally integrated economies, which is the ultimate objective of CITA 2030. This can be visualized as a results chain that flows from inputs (financial, human, and material resources) that are converted by activities or interventions (actions) into outputs (products and services), which lead to outcomes (intermediate effects on clients) that have an impact (long-term effect).

6. The standard approach of results management is to plan linkages from impact back to inputs, while actual performance is tracked in the opposite direction, from input level forward to impact. Information is continually fed back to the input and activity level to more effectively make necessary adjustments in the results chain. These adjustments ensure that the results statements at each level are feasible for delivery. This approach is guided by the following principles:

- (i) efficiency and effectiveness in delivering results;
- (ii) a realistic appreciation of factors that affect results, including those beyond the direct control of the program;
- (iii) stakeholder participation as central to ensure relevance and responsiveness,⁴ define results and identify activities, monitor performance, and assess lessons, while building commitment to the program;
- (iv) outcome orientation and the importance of knowledge feeding back into decisions, creating a dynamic process as well as ensuring relevance; and
- (v) partnerships with other actors in development work.

Figure A4.1: The Results-Chain



Source: Asian Development Bank. 2006. *An Introduction to Results Management: Principles, Implications, and Applications*. Manila

⁴ Stakeholders include government agencies, the private sector, civil society, and development partners.

7. CITA and RSAP have been formulated in accordance with the above principles (particularly [iii] and [v]) and align closely with CAREC national priorities while taking into account relevant programs of development partners.

8. RSAPs will be designed to translate CITA into practical and implementable three-year periodic phases which is the operational programming cycle. Phasing enables the (i) division of activities into more manageable steps, geographic areas, or packages; (ii) adjustment for change in circumstances; (iii) verification of cause-effect links, including through pilot projects; (iv) time to recognize and analyze emerging issues; and (v) consideration of additional or different actions required to achieve high-level results. As more information becomes available, other causal connections may also appear or change.

9. Each 3-year RSAP will be informed by individual project design and monitoring frameworks.⁵ RSAP results will feed into the CITA results framework, which anticipates overall achievements expected by 2030. Each RSAP will be reviewed annually to reconfirm its relevance and responsiveness to the changing environment and emerging challenges of the CAREC region. By the end of 2030, the cumulative activities of all RSAPs for output 1 should have achieved CITA output 1, and so on.

10. Data for the CITA results framework will be gathered from public domain secondary sources for pillar 1 (trade expansion through increased market access) and pillar 2 (greater diversification), and from the Regional Trade Group (RTG) and national committees on trade facilitation (NCTFs) or similar mechanisms from CAREC countries for pillar 3 (stronger institutions for trade). Data for the RSAP results will be sought from CAREC governments through their NCTFs and other trade-related agencies, as well as from CAREC project reporting mechanisms. All data will be analyzed by the RTG and contribute to its report to the annual Senior Officials' Meeting, as part of its function of providing information and recommendations on policy issues and priorities to the CAREC Ministerial Conference.

11. Coordination with other CAREC 2030 clusters in common areas of work will be important to ensure the efficient use of resources and enhance the effectiveness of interventions, e.g., investment and capital flow under the Economic and Financial Stability cluster, sanitary and phytosanitary measures and agricultural value chain under the Agriculture and Water cluster, and labor mobility and trade in health services under the Human Development cluster. The RTG will be responsible for coordination with other CAREC sectoral bodies, as provided in its terms of reference.

C. Proposed Indicators

12. Anticipated results such as outcomes and outputs, are translated into a set of indicators that monitor activities and establish whether progress is being achieved, relative to identified baselines and targets.⁶ Indicators should apply “smart” criteria, i.e., they should be specific, measurable, achievable, relevant, and time-bound, and be based on valid and reliable data. Table A4.1 provides a list of proposed indicators to monitor progress made at outcome and output levels toward achieving CITA goals.

⁵ This is the project-level results framework, the core link between project design, implementation, and evaluation; and provides the basis for the project performance management system used by ADB.

⁶ The baseline may be the current performance level, zero, binary, or not applicable.

Table A4.1: Indicators Proposed for CAREC Integrated Trade Agenda Results Framework

Level	Indicator	Rationale
Outcome	<ul style="list-style-type: none"> Trade in fuels with CAREC and rest of the world as a share of GDP Trade in nonfuels with CAREC and rest of the world as a share of GDP Trade in services as a share of GDP Investments inflow and outflow as a share of GDP 	<p>Trade in goods is broken down into nonfuels and fuels, the latter being dominant in the region.</p> <p>Trade in services includes transport, travel, maintenance and repair, communication, construction, insurance, financial, royalties and license fees, information, business, personal, and government services.</p> <p>Trade with non-CAREC countries would indicate the extent of exchange transactions with the rest of the world (ROW): imports for domestic final consumption as well as production, exports of goods and services for foreign consumption or participation in global value chains.</p> <p>Foreign direct investment refers to direct investment equity flows (the sum of equity capital, reinvestment of earnings, and other capital) of a foreign entity into an economy. It forms part of international capital flows. By providing lasting interest in a domestic enterprise to the foreign investor, it allows participation by foreigners in domestic business activity. Increased foreign direct investment inflows and outflows would imply greater interrelationships between countries.</p>
Output 1	<ul style="list-style-type: none"> Exports of goods and services as a share of GDP 	<p>Exports are the value of goods and services provided abroad and include merchandise, freight, insurance, transport, travel, royalties, license fees, communication, construction, financial, information, business, personal, and government services.</p> <p>Export performance shows both the capability of a country to access (i.e., enter and survive in) foreign markets and reflects its underlying hard and soft trade infrastructure and domestic market.</p>
Output 2	<ul style="list-style-type: none"> Share of top five merchandise exports in total exports 	<p>Concentration in a few products, markets, or sectors is the converse of economic diversification. It is used to emphasize the vulnerability to external shocks that highly concentrated developing countries are subject to, particularly when only a few products dominate the economy. A decrease in the estimate would signify greater diversification.</p> <p>Other indicators will be examined to complement the concentration measure, such as the number of product lines exported, and the intensive and extensive margins.^a</p>
Output 3	<ul style="list-style-type: none"> Regional Trade Group is operational National committees on trade facilitation (NCTFs) are established and operational 	<p>Criteria for “operational” will be based on how their mandate and functions are discharged; representation, and reporting mechanism.</p> <p>The sustained operation of the Regional Trade Group and NCTFs would imply that they are capable of carrying out their mandates effectively.</p>

^a The extensive margin refers to the range of products or services produced and markets reached, in contrast to how much per kind is produced or traded, which is the intensive margin. An increase in these margins would signify more diversification. Export growth may be decomposed into these margins, i.e., new products and/or new markets established, existing products in established and/or new markets, or product diversified in established markets.

D. Potential Challenges and Mitigating Factors

13. The CITA results framework (Table A4.2) has been developed based on the following assumptions:

- (i) Economic integration with the global economy is beneficial.
- (ii) The necessary activities or interventions can be undertaken within the allotted time frame.
- (iii) Government commitment is strong and takes the necessary action.
- (iv) Beneficiaries will respond positively to policy change and reform.

14. CITA 2030 brings together a wide range of stakeholders, including but not limited to government agencies of CAREC member countries, development partners, representatives of the private sector, the CAREC Institute and national research organizations, and civil society representatives and organizations. To the extent that CITA projects and activities will involve the participation of numerous stakeholders across 11 countries, the likelihood of one standardized approach and implementation for all activities is not high. For this reason, strong and informed leadership by government will be critical in setting and maintaining the overall direction of CITA activities, and in guiding each activity to achieve the desired results. During national consultations for the development of CITA and RSAPs, political commitment and support for achievement of CITA objectives was voiced.

15. Results are achieved mainly at the country level and will be measured as such. Given that the CAREC members are at different levels of development, and the state of preparedness and capacity to implement CAREC activities varies significantly, there may be uneven implementation of activities in certain areas, such as contributing toward economic diversification. Even within one country, the composition or heterogeneity of actors may also affect the implementation, particularly if the activity seeks to change systems or procedures. To mitigate this risk, CITA output 3 to strengthen institutions is expected to address capacity needs and help countries prepare and implement such activities. Alternatively, activities could be defined to cover specific locations within a country to make them more manageable.

16. The process of establishing results by identifying appropriate indicators and realistic targets is intensive and relies on quality and comparable information, which can be challenging for CAREC countries. Nonquantitative information is particularly difficult (such as trade-distortive measures, laws on investments and domestic regulations affecting services), which form a significant part of CITA. The unavailability of information affects implementation as (i) courses of action will depend on a factual assessment of the existing landscape, and (ii) reliable data is essential in setting baselines and targets and measuring progress. Therefore, the explicit cooperation of CAREC governments is a necessary condition in providing the desired data and information.

Table A4.2: CITA 2030 Results Framework

Results Level	Results Statement	Indicator	Baseline Indicator ^a	Baseline Year	Target ^b	Source
Outcome	CAREC countries are more integrated into the global economy	Trade in fuels with CAREC and rest of the world as a share of GDP	Within CAREC With ROW	2016	By 2030, increase by x%	COMTRADE
			1.03% [0.08%] 4.56% [1.74%]	2016	By 2030, increase by x%	COMTRADE
		Trade in nonfuels with CAREC and rest of the world as a share of GDP	Within CAREC With ROW	2016	By 2030, increase by x%	COMTRADE
		2.26% [0.42%] 25.49% [30.70%]	2016	By 2030, increase by x%	COMTRADE	
	Trade in services as a share of GDP	19.47% [5.81%]	2016	By 2030, increase by x%	WDI	
	Investments inflow and outflow as a share of GDP	Net Outflow	0.59% [1.93%]	2016	By 2030, increase by x%	WDI
		Net Inflow	6.27% [1.56%]	2016	By 2030, increase by x%	WDI
Output 1: Trade expansion from increased market access	Trade in goods and services is facilitated	Exports of goods and services as a share of GDP	31.84% [19.66%]	2016	By 2030, increase by x%	WDI
Output 2: Greater diversification	CAREC countries' capacity to produce and trade in diversified products, sectors, and markets is enhanced	Share of the top five merchandise exports to total exports	66.88% [14.40%]	2016	By 2030, decrease by x%	CAREC estimates based on TradeMap
Output 3: Stronger institutions for trade	Institutional capacity for policy formulation and implementation is strengthened	RTG is operational	0	2017		CAREC reports
	NCTFs are operational	6 (WTO members) + 1 (non-WTO)		2017		CAREC reports

CAREC = Central Asia Regional Economic Cooperation, GDP = gross domestic product, NCTF = national committee on trade facilitation, ROW = Rest of the World; RTG = Regional Trade Group, WTO = World Trade Organization.

^a Baseline indicators are median estimates (except for Output 3). Median is computed for the CAREC region where data is available (except PRC where values are enclosed in brackets []). Data availability limitations: (a) trade in services is not available for Turkmenistan and Uzbekistan; (b) foreign direct investment outflows are not available for Tajikistan, Turkmenistan and Uzbekistan; (d) exports of goods and services are not available for Turkmenistan.

^b Targets will be defined by the Regional Trade Group in 2019.

Sources: COMTRADE: <https://comtrade.un.org/>; Trademap: <https://www.trademap.org/Index.aspx>; WDI: World Development Indicators, <https://data.worldbank.org/>; and CAREC: <https://www.carecprogram.org/>.

Appendix 5

Consultation Process, Timeline, and Support

1. To promote strong ownership among Central Asia Regional Economic Cooperation (CAREC) countries, a more proactive role among development partners, and strengthened private sector engagement (e.g., CAREC Federation of Carrier and Forwarder Associations), think tanks and research institutes, and other relevant stakeholders were involved from the beginning to kick off discussions and create synergies in relevant interventions under CAREC Integrated Trade Agenda (CITA) 2030.

Table A5: Timeline for the Preparation of the CAREC Integrated Trade Agenda

Date	Activity	Venue	Document Version
12–13 Dec 2017	Regional consultation workshop	Bangkok	Concept paper
Feb 2018	Circulation of draft consultation paper (15 February 2018 version) for official comments of CAREC countries		Consultation paper
12–13 Mar 2018	Subregional consultation workshop (Kazakhstan, the Kyrgyz Republic, Tajikistan, Turkmenistan, and Uzbekistan)	Almaty	Consultation paper
23 Mar 2018	National consultation workshop for Mongolia	Ulaanbaatar	Consultation paper
18–19 Apr 2018	Subregional consultation workshop (Azerbaijan, Georgia, and Pakistan) ^a	Tbilisi	Consultation paper
25 Apr 2018	National consultation workshop for the PRC	Beijing	Consultation paper
17 May 2018	High-level private sector consultation (Astana Economic Forum 2018)	Astana	Consultation paper
29–30 May 2018	Presentation at the sanitary and phytosanitary measures regional workshop	Bishkek	Consultation paper
25–26 Jun 2018	Presentation at the Inaugural Meeting of the Regional Trade Group	Bangkok	Working paper
27–28 Jun 2018	Presentation at Senior Officials Meeting	Bangkok	Working paper
28 August 2018	National consultation workshop (Pakistan)	Islamabad	Working paper
4–6 Sep 2018	Presentation at Customs Cooperation Committee and CAREC Federation of Carrier and Forwarder Associations	Ashgabat	Working paper
9–10 Oct 2018	Presentation at the National Focal Points' Meeting	Ashgabat	Review paper
15 Nov 2018	Endorsement at the 17th CAREC Ministerial Conference	Ashgabat	Review paper
Dec 2018 onwards	Stakeholders dissemination		Publication

CAREC = Central Asia Regional Economic Cooperation.

^a Originally planned to include Afghanistan, but no delegate was able to attend at the last minute

2. The series of consultations generally affirmed that CITA 2030 is relevant, responsive, comprehensive, and aligned with national strategies and economic plans of CAREC countries. For instance, under Azerbaijan 2020, state regulations aim to ensure that healthy competition in market economy conditions and measures are targeted to improve the structure of the economy. Kazakhstan 2050 prioritizes pragmatic economic policy that leads to competitiveness and pursues institutional reform for industrialization. Georgia has a four-pillar reform agenda that includes economic reforms, open governance, infrastructure investment, and education reforms. Pakistan's Vision 2025 aims to ensure good governance and strengthen institutions, attract investments, and develop a competitive knowledge economy through value addition. Priorities set out in Tajikistan's National Development Strategy includes creating jobs through economic diversification and building+ competitiveness. Uzbekistan included currency liberalization as part of its large-scale economic reforms to attract foreign investments.

3. Representatives from trade-related agencies also identified specific projects and activities (from investment projects including scoping studies, policy dialogue and cooperation, and knowledge products and services) for the Rolling Strategic Action Plan 2018–2020 to support their respective countries in achieving the objectives and implementing the CITA 2030.

CAREC Integrated Trade Agenda 2030 and Rolling Strategic Action Plan 2018–2020

Under the CAREC 2030 framework, a regional trade strategy will provide a more coherent approach to strengthen trade and enhance growth potential of CAREC countries. The CAREC Integrated Trade Agenda (CITA) 2030 aims to support CAREC countries in integrating further with the global economy through trade expansion from increased market access, greater diversification, and stronger institutions for trade. Taking into consideration the countries' capacities and varying levels of progress, CITA 2030 will be implemented in a phased and pragmatic approach including through a three-year rolling strategic action plan.

About the Central Asia Regional Economic Cooperation Program

The Central Asia Regional Economic Cooperation (CAREC) Program is a partnership of 11 member countries and development partners working together to promote development through cooperation, leading to accelerated economic growth and poverty reduction. It is guided by the overarching vision of “Good Neighbors, Good Partners, and Good Prospects”. CAREC countries include: Afghanistan, Azerbaijan, the People's Republic of China, Georgia, Kazakhstan, the Kyrgyz Republic, Mongolia, Pakistan, Tajikistan, Turkmenistan, and Uzbekistan.

About the Asian Development Bank

ADB is committed to achieving a prosperous, inclusive, resilient, and sustainable Asia and the Pacific, while sustaining its efforts to eradicate extreme poverty. Established in 1966, it is owned by 67 members—48 from the region. Its main instruments for helping its developing member countries are policy dialogue, loans, equity investments, guarantees, grants, and technical assistance.



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