

Project Concept Note

Project Title	Customs Data Exchange between Afghanistan and Uzbekistan, Tajikistan and Turkmenistan	
Outcome	<ul style="list-style-type: none"> • Improved exchange of Customs data (transit, import/export, enforcement) between Afghanistan and Uzbekistan, Tajikistan and Turkmenistan; • Facilitation of legitimate trade on effectively operational Customs transit corridors; • Increased operational capacities of Customs administrations to fight against illegal trade and traffic in the SPECA region. 	
Indicative Funding Requirements	Total estimated budget:	\$757,030.—
Potential Sources of Funding	[Donor(s)]: [Development Bank(s)]: Other Resources:	\$757,030.— \$ \$
Expected start date	30 days after approval of the project	
Expected Duration	6 months to 1 year	
Implementing Organisation(s)	UNCTAD, UNECE, national Customs Administrations	
Country/Countries	Afghanistan, Tajikistan, Turkmenistan, Uzbekistan	
Submitted by	UNCTAD and UNECE	
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1 Background

Customs data exchange and data harmonization plays an important role in the facilitation of regional transit while increasing the control and monitoring of transit operations, and the efficiency of combating drugs trafficking and smuggling. The overall objective of the proposed project, assisted by UNCTAD and UNECE, is the institutionalization of an automated, efficient and harmonized exchange of Customs data between Afghanistan and the neighboring SPECA countries, and the creation of secure transit corridors facilitating the trade in the region.

The expected outputs: implementation of modern IT tools for exchange of Customs data across the border; harmonization of Customs data in line with international standards; implementation of risk-management techniques for data cross-checking; training of the national Customs administrations' operational staff; significant reduction of time for exchange of Customs data; and significant increase of successful anti-smuggling/anti-trafficking operations.

Rationale for donor assistance: in recent years, Afghanistan has been an important source of concerns for the international community, notably for the industrialized countries. It has generated important security threats related to terrorist and Islamist extremist activities, and the country has been a major exporter of drugs (e.g. in 2007, 92% of the opiates on the world market originated in Afghanistan). Assisting the economic and social development of Afghanistan necessitates trade facilitation and improved business climate, as well as better information gathering and control of the traffic routes for drugs, which are on the top priority list of the international community's cooperation with Afghanistan.

Rationale for the two implementing agencies: UNCTAD is implementing the ASYCUDA data processing system in Afghanistan, and has been for many years a reliable partner of the World Bank and other donor agencies in Afghanistan. UNCTAD's expertise in the Customs area is broadly recognized. UNECE has been developing international standards and tools for trade data exchange and automation for decades. Joint efforts of UNCTAD and UNECE in the areas of data harmonization will multiply the effect of the proposed project.

Afghanistan is making continuous efforts aimed at development and simplification of trade and Customs procedures. UNCTAD has been providing assistance to Afghanistan in the area of trade facilitation and Customs modernization since 2005, with the support of the World Bank.

UNCTAD ASYCUDA Customs management system is fully operational in the Afghan Customs Department. ASYCUDA Transit System is operational on 6 main transit axes, including with SPECA countries:

- Hairatan (border with Uzbekistan) - Mazar e Sharif – Kabul;
- Towroghondi (border with Turkmenistan) - Herat – Kabul;
- Sher Khan Bandar (border with Tajikistan) - Kunduz – Kabul.

A new project on the migration of the Customs IT system to the latest ASYCUDA version is being in final stage of signature with the Afghan Customs Department (ACD), UNOPS and the World Bank. The new project includes the implementation of ASYCUDA system in new border Customs offices (transit corridors) with the SPECA countries, compliant with ASYCUDA system of the ACD:

- Aqina and Adkhai (Turkmenistan)
- Aikhanum, Takhar and Ishkashim (Tajikistan)

The Customs Administrations of the neighboring countries expressed their initial interest in organizing Customs data exchange with Afghanistan.

UNCTAD has a recognized long-standing expertise in trade and transport facilitation, Customs risk-management and automation. For many years UNCTAD has been a reliable partner of the World Bank, the European Union and other development partners in Afghanistan and around the world.

UNECE, in collaboration with the Czech Republic, UNESCAP, EurAsEC, TRACECA, UNDP, UNCTAD, GIZ, USAID, the World Bank and other partners, has developed a series of capacity-building projects and activities and a strong network of policy makers and experts in trade facilitation, the Single Window and data harmonization in Central Asia. As a result work has begun on trade facilitation and the Single Window in Tajikistan and Uzbekistan. An interagency working group was established in Tajikistan, which drafted a feasibility study on the Single Window with assistance from UNECE, GIZ, ADB and other partners. This group involves representatives of national trade control agencies, the business community, and international development partners. UNECE has worked with the Government of Uzbekistan on trade facilitation, the Single Window, and data harmonization for over 10 years, and has assisted the development of the Single Window project. The work on the Single Window builds on recommendations and standards offered at the capacity-building events that have been organized. What is needed is further capacity building on the use of UNECE, UNCEFACT and World Customs Organization (WCO) standards for trade information exchange, in order for the various implementing agencies not to make mistakes, and to use international standards for trade information exchange.

2 Justification

The exchange of Customs data (operational, enforcement) between the neighboring Customs Administrations (C2C, Customs to Customs) plays an important role in facilitating regional transit/legitimate trade, combating smuggling and drugs trafficking, and solving other topical problems. UNECE and UNCTAD have already assisted countries in preparing and signing similar data exchange agreements, based on an agreed simplified data set. Notably, such bilateral agreements were agreed and signed between Albania and the former Yugoslav Republic of Macedonia in September 2010 and between Albania and Montenegro.

The outputs of the current Customs Modernization Project in Afghanistan, assisted by UNCTAD, could be multiplied through establishing efficient Customs data exchange between Afghanistan and Uzbekistan and Tajikistan, where serious work has been done on developing a Single Window solution for trade facilitation and streamlining trade procedures. Tajikistan has been working on the implementation of UNECE Recommendations 33 (the Single Window); 34 (data harmonization); and 35 (developing an enabling legal environment for the Single Window and data harmonization). Using the declared intention of the two countries to work on these issues, the project will foster effective implementation of secure transit corridors, facilitation of legitimate trade, higher quality advance information exchange and better risk management in a volatile region.

3 Expected Output(s)

- Improved Customs data exchange between Afghanistan and Uzbekistan, Tajikistan and Turkmenistan; advance submission of trade transit information;
- Significantly enhanced implementation of risk-management on both sides of the border, in daily Customs operations using improved and faster data exchanged;

- More secure transit corridors in current operation;
- Significantly increased control and monitoring of transit operations in the region;
- Reduction of the time required for Customs transit operations;
- Customs staff of the beneficiary organizations trained on both control & monitoring of transit operations and risk-management, using modern Customs IT tools;
- Number of successful anti-smuggling, anti-trafficking operations significantly increased.

4 Proposed Approach & Strategy, including Capacity Development Response

1. The project **builds on the expertise and experiences of UNCTAD and UNECE** in Afghanistan and Central Asia, their established expertise in Customs and transit data processing, the Single Window and data harmonization, as well as the established record of work as reliable partner with development partners (as for example UNCTAD's projects in Afghanistan).

2. The project has a simple and tangible **focus**: improve the exchange of Customs data for transit on bilateral basis. UNCTAD and UNECE will provide technical assistance to couples of neighbouring countries, in order to carry out negotiations aimed at signing bilateral agreement (a model MoU will be demonstrated as a best practice example) and agreeing on a set of data estimated as sufficient for the exchange of Customs data. Such agreements and streamlined data sets will allow for advance exchange of information, better risk analysis and management, and facilitation of legitimate trade flows. UNCTAD and UNECE provided similar assistance to other countries with economies in transition, such as Albania and the FYR Macedonia

3. The project outputs will contribute to the **achievement of stability** in the region through facilitating Customs and transit procedures in the interests of economic development, strengthening Customs cooperation, tightening the controls over illegal trade and trafficking.

4. The project envisages **capacity-building** for the national Customs services and relevant regulatory agencies, in order to enable them to: negotiate and conclude a bilateral agreement on Customs data exchange; agree on a simplified minimum set of data required for transit operations between the two countries in advance of the arrival of goods; and carry out the harmonization of required data, as well as its alignment with international standards and tools.

5. The project is designed to **capitalize on the Customs IT achievements** in Afghanistan, Tajikistan, Turkmenistan and Uzbekistan, attained through the joint efforts of national Customs and other regulatory agencies, often in collaboration with international development partners. It will increase the benefits of modernization and regional integration for the Customs administrations and business communities in the beneficiary countries.

6. Similar to all UNCTAD ASYCUDA projects, the project will be **implemented using the approach** that proved to be very successful in the last 30 years: **full transfer of ownership and knowledge**, and creation of **self-sufficiency** within the beneficiary organizations (independence from external technical assistance, including from UNCTAD). The countries will manage the bilateral negotiation process, bilateral agreements and agreed data sets independently from the international organizations. The project will produce tangible and sustainable results very rapidly, through the provision of UNCTAD and UNECE technical assistance in developing bilateral cooperation in transit Customs data exchange, implementation of reliable Customs IT and enforcement tools, and comprehensive training of national staff.