

## **Project Proposal**

### **1. Title of the project: Integrating Kyrgyzstan into regional and global value chains**

Location(s): Kyrgyz Republic

Duration: 1 year and 4 months contingency

Estimated cost Total (Including 13% of Programme Support Costs): USD 121,656

### **2. List of organizations benefiting from the project proposal**

#### ***2.1 Public sector institutions***

2.1.1. The Ministry of Economy of the Kyrgyz Republic

2.1.2. The Ministry of Agriculture and Melioration of the Kyrgyz Republic

2.1.3. Centre on standardization and metrology under the Ministry of Economy

2.1.4. Kyrgyz Accreditation Centre under the Ministry of Economy

2.1.5. State Customs Service

#### ***2.2 Enterprise support institutions***

2.2.1. "JerAzygy" Association of entrepreneurs of agricultural and agro-processing sectors

2.2.2. "SouzTextile" Association of entrepreneurs of light industry

2.2.3. Association of suppliers

2.2.4. "Legprom" Association of entrepreneurs of light industry

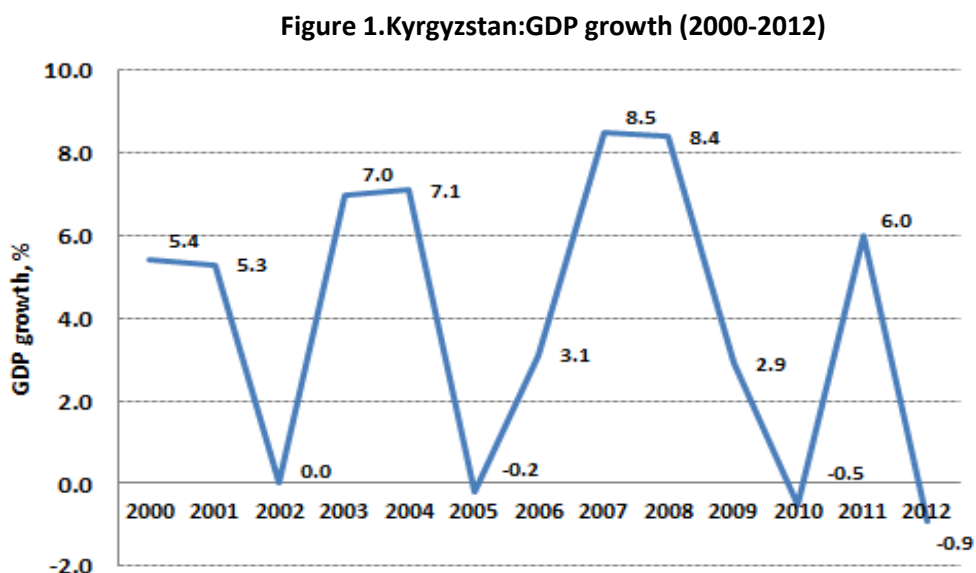
2.2.5. Chamber of Commerce and Industry

### **3. Executive Summary of the project**

This project contributes to the successful implementation of the Kyrgyzstan's National Strategy for Sustainable Development by supporting the removal of regulatory and procedural barriers to trade and supporting regional integration. Outputs include: i) A survey based assessment study of regulatory and procedural barriers to trade in Kyrgyzstan; ii) A strategy for removing regulatory and procedural barriers to trade in manufactured goods, including time-bound action-oriented measures; iii) An assessment of potential benefit for Kyrgyzstan under the EU Generalized System of Preferences and its implications for Kyrgyzstan's export competitiveness; iv) a cost-benefit assessment of Kyrgyzstan's membership in the Eurasian Customs Union.

## I. Context

A small open economy, Kyrgyzstan is yet to reap the full benefits of its far-reaching economic reform efforts, which started in earnest in 1992 following its independence. As shown in figure 1, positive economic growth has been punctuated by periods of recession, with gross domestic product (GDP) taking a deep plunge to reverse accumulated gains. This has undermined Kyrgyzstan's ability to leverage economic liberalization into increased economic welfare, with around 34 per cent of the population still lives below the poverty line<sup>1</sup>.



*Source: National Statistical Committee of the Kyrgyz Republic*

### ***Unbalanced economic development***

This marked degree of income volatility is mainly attributed to the economy's unbalanced development. As shown in figure 2, the past decade has seen the economy registered marked shift away from agriculture and industry towards increased specialization in services. This shift was mainly driven by commercial services (wholesale and retail trade), and since mid-2000s, tourism, communications, and, to a certain extent, the financial sector, which gained new life as a result of the comprehensive economic liberalization measures that were set in place to establish a market-based economy.

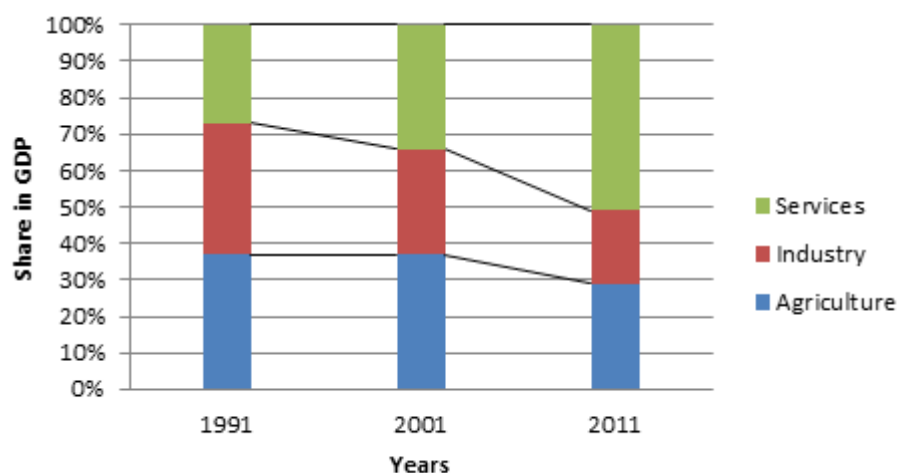
The first country in Central Asia to join the WTO<sup>2</sup>, Kyrgyzstan has distinguished itself by adopting liberal economic policies and by attracting foreign investment. Foreign firms are allowed full use of their profits and enjoy considerable tax advantages, including exemption from import duties and tax relief for up to five years. It is also worth mentioning that Kyrgyzstan was among the first of the former Soviet republics to create free economic zones, where taxes would be abated and duties waived.

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<sup>1</sup>United Nations Development Programme (UNDP, Human Development Report 2013-The Rise of the South: Human Progress in a Diverse World, available at [http://hdr.undp.org/sites/default/files/reports/14/hdr2013\\_en\\_complete](http://hdr.undp.org/sites/default/files/reports/14/hdr2013_en_complete)

<sup>2</sup>Kyrgyzstan joined the WTO on 20 December 1998.

**Figure 2. The Kyrgyz economy's structural transformation**



*Source: World Bank, World development Indicators*

Economic liberalisation efforts were complemented by reform measures to improve the business environment. The country is ranked 70th out of 185 economies in the World Bank's Doing Business 2013,<sup>3</sup> and of the 24 countries in the Eastern Europe and Central Asia, Kyrgyzstan is ranked 12<sup>th</sup>. As shown in Table 1, Kyrgyzstan is globally competitive, ranking among the top 10 per cent of countries, in the areas of protecting investors, starting a business, and registering property. Kyrgyzstan is also among the top 10 per cent of countries for protecting investors, starting a business and registering property.

**Table 1. Kyrgyzstan ranking in the World bank 2013 Doing Business Report**

Topic Area	Overall Rank (out of 185)	Eastern Europe & Central Asia (out of 24)
Starting a Business	15	5
Registering Property	11	6
Getting Credit	12	4
Protecting Investors	13	2

*Source: World Bank Doing Business report 2013*

However, the economy's structural transformation was not underpinned by productivity gains in agriculture and manufacturing. The agricultural sector, the second major contributor to GDP growth, remains dominated by small, typically one-family, farms, which lack access to markets, modern equipment, necessary material inputs, and cheap credit, so that the sector continues to have a semi-subsistence orientation. The manufacturing sector is mainly driven by gold production and, to a certain extent, the garments industry. The latter emerged as a network of small (often less than ten employees) informal enterprises producing garments for lower-end market segment, and evolved to become

<sup>3</sup> World Bank Doing Business Report 2013.

competitive (even relative to similar Chinese production) due to the combination of cheap prices and a reasonable quality.

This unbalanced growth has meant that the economy is dependent on gold mining and agriculture for income generation, which together with the remittances of workers abroad (especially in Russian Federation and Kazakhstan) and official development assistance, make up for the bulk of gross national income. With this narrow range of income, sources came a high degree of economic vulnerability to fluctuations in global prices for commodities and weather conditions.

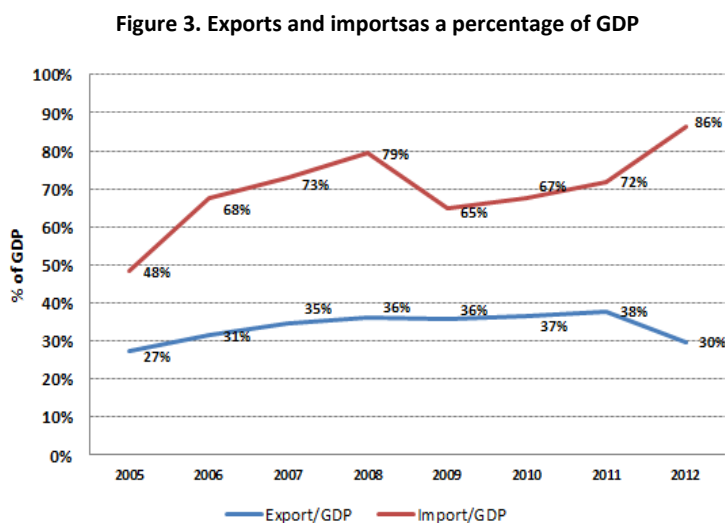
**The trade sector: geographic and product concentration**

The economy’s unbalanced growth has set the limits to the trade sector’s contribution to income generation. Exports consist mainly of raw materials, in addition to a narrow range of manufactured goods of low value added. Agriculture, which is one of the priority sectors, is not a major contributor to export revenues, even though the country’s endowments of rare natural resources gives this sector high export potential.

Indeed, the main exports of Kyrgyzstan are nine commodity groups (fruits and vegetables, tobacco, cotton, textiles, inorganic chemicals, electrical energy, cement, slate, incandescent light bulbs), which amounted to 52 percent of all country’s exports in 2011, and if gold is taken into account, the share increases to 96 percent of total exports<sup>4</sup>.

An important component of the trade sector is re-exporting activity. Due to the liberalization of custom regulations and the taxation regime, Kyrgyzstan became a re-export center. Commodities are brought by Kyrgyz traders from China, Turkey and some other countries and these are then redistributed to different parts of Russia, Kazakhstan, Uzbekistan and other countries in Central Asia.

The limited range of exports highlights the Kyrgyz firms’ weak technological capability and paucity



Source: National Statistical Committee of KR

<sup>4</sup>National Council for Sustainable Development of the Kyrgyz Republic, National Strategy for Sustainable Development (NSSD) for 2013-2017

of resources to respond to the requirements of value chain players. As shown in figure 3, exports in 2012 constituted only 30 percent of GDP compared to 27 percent in 2005, and the nominal value of export declined by 15.5% in relation to 2011. The exports' stunted growth reflects the country's weak competitive position in regional and global markets.

The economy is also unable to produce enough goods to satisfy domestic demand, rendering a situation of heavy dependence on imports. As shown in figure 3, import growth has, and continues, to outstrip export growth, thereby constituting another channel of vulnerability to external factors. The recent global increase in food and fuel prices substantially affected both relative prices and general inflation in Kyrgyzstan, which relies on imports of gasoline, kerosene, natural gas and other fuel.

Thus, as Kyrgyzstan's trade-to-GDP ratio increased from 74% in 2005 to over 109% in 2012, international trade has become an increasingly important part of the economy, but trade deficit expanded more than doubled (see Table 2).

**Table 2. Trade flows and trade deficit, million soms**

Trade	2010	2011	2012
Export	1488,4	1978,9	1683,2
Import	3223,1	4261,2	5373,9
Trade deficit	1734,7	2282,3	3690,7

*Source: National Statistical Committee of the Kyrgyz Republic*

The bulk of the exports are destined to CIS countries, especially the Russian Federation and Kazakhstan, which form the main markets for raw materials, including cotton and tobacco, along with some categories of food products – fruits and vegetables, milk products. Manufactured exports to CIS countries include garments, non-ore minerals, metal products, lamps, vehicles and spare parts for automobiles. Export to non-CIS countries is less diversified and is limited to gold, cotton, wool, leather and skin, scrap metal and non-organic chemicals.

The geographic concentration of exports further aggravates income instability, making the economy vulnerable to external shocks stemming from main export markets. During the past few years, both the Russian Federation and Kazakhstan registered impressive growth, as the oil prices boomed, thereby fuelling demand for Kyrgyz products and increasing the levels of FDI inflows and remittances from labor migrants.

However, the evolving Eurasian Custom Union, which currently includes Belarus, Kazakhstan and the Russian Federation, seems to be generating downward pressure on Kyrgyzstan's exports. Research by the National Statistic Committee attributes the decline in exports to the CU custom control procedures, which restrict Kyrgyz exports and especially re-exports of Chinese goods to the countries of the Union. Significant decline has occurred in export of light industry, as one of the primary destinations for light industry's production is Russia. Since Kyrgyzstan is a third party and not a member of CU, exporters are facing non-tariff barriers to trade with CU countries.

### ***Procedural and regulatory barriers***

Trade liberalization efforts have been paralleled by reform measures and initiatives to reduce non-tariff barriers to trade, and improve the overall capacity of relevant State agencies. Most notable among these is the introduction of the Single Window facility for reducing administrative barriers, enhancing the efficiency of customs procedures and for improving the transparency and predictability of administrative procedures. Achievements to date have included the establishment of the State Enterprise on Pre-Customs Single Window in 2009; the approval, on 11 June 2012, of Government Resolution No. 390 to (a) harmonize eight different documents required by various government bodies prior to customs clearance, and (b) align the pre-customs clearing procedures with UN/CEFACT recommendation for a single window.

Furthermore, an electronic system was introduced in May 2012, which automates the exchange of documents and information between all government bodies involved in pre-customs clearance and the submission of documentation to customs. The system was pilot tested with 12 firms in 2012. Once implemented, the system will reduce the pre-customs clearance time substantially.

Efforts to remove non-tariff barriers have also involved the development of standards, technical regulations and quality control system. In April 2004, the Parliament passed a Law “On basics of technical regulation in the Kyrgyz Republic”. The Law launched transition of the country from cumbersome regulatory system based on mandatory standards to rather flexible system based on use of international standards. The latter differentiates (i) mandatory standards (technical conditions) set exclusively for the purpose of protecting consumers’ rights, and (ii) optional (recommended) standards that are mainly designed to encourage trade exchange and ensuring product compatibility. The Law has been passed in order to facilitate overcoming cumbersome state regulation, enhance competitiveness through lowering operational costs (costs related to ensuring compliance with the regulatory norms, informal payments) and will encourage increase of export volumes by removing technical barriers in trade.

In a parallel process, the Centre on standardization and metrology under the Ministry of Economy was authorized as the national body on standardization; Kyrgyz Accreditation Centre (KAC) was authorized as the national body on accreditation. Moreover, recently Kyrgyz Accreditation Centre became a member of International Laboratory Accreditation Cooperation (ILAC) that means that KAC is now transformed into accreditation body that can be recognized at the international level and that can assess the conformity assessment bodies in accordance with international standards.

The above-mentioned efforts come in addition to a number of technical assistance projects, which are provided in Annex 1. However, there remains room for improvement, as suggested by the findings of the World Bank Doing Business Report, where Kyrgyzstan ranked 174 out of 185 economies against the World Bank’s Doing Business Trading Across Borders indicator, and 21<sup>st</sup> out of the 24 countries in the Eastern Europe and Central Asia.<sup>5</sup>

The overall time for receiving the complete package of certificates and approvals, including customs clearance, may take from 14 to 30 days for an import operation and up to 15 days for an export

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<sup>5</sup>World Bank Doing Business Report 2013.

operation.<sup>6</sup> This translates into higher costs for traders in such aspects as debt servicing, longer settlement period and logistics (idle cargo vehicles and storage of goods and so on). Ultimately, these costs are accrued by the end-consumers in the form of high prices.

The findings of research to date, shows that Kyrgyzstan has complex and uncoordinated system of administering foreign trade procedures. The number of required documents, approvals and time for these procedures is higher than in trade partner countries and in countries with more liberal trade regime. According to survey conducted by IFC, 47 per cent of small and medium businesses estimated that it is rather difficult and very difficult for passing export procedures and 42 percent for passing import procedures. Respondents identified as main challenges to exports the number of documents necessary for export operations (42 per cent), informal payments, bureaucracy and weaknesses in the rule of law in customs bodies (49 per cent). Main challenges to imports include informal payments, red tape and weak rule of law in customs bodies (34 per cent, high customs fees (27 per cent).<sup>7</sup>

The results of face-to-face interviews with representatives of business community, conducted in 2013 as part of preparing this project document, highlight a number of barriers (see annex 2). Traders reported different periods for obtaining trade documents and singled out certain procedures for being time-consuming. One respondent said that it takes up to 4 weeks to prepare one of the documents in question, and proposed to reconsider and simplify the procedures for implementing mandatory certification, while the other said that he obtains the documents in 5 working days. According to the survey, Kyrgyz traders are subjected to documentary requirements over and above those associated with customs clearance. Respondents reported submitting between 2 to 13 documents for the purpose of customs clearance, the number of which varies depending on the nature of goods.

Moreover, over two-third of the companies pointed unavailability of electronic documents in the practice of authorities, intermediaries and/or trade partners as the most important reason and 3 companies as important reason for not using electronic documents. One company even stated that the authorities, including customs bodies are creating obstacles to smooth implementation of single window project. All the respondents supported the use of electronic documents.

Only one trader informed on participation in public-private consultations on trade procedures indicating that these meetings are not regular and that there have to be established such a mechanism to ensure frequent consultations among representatives of government bodies and business community.

The results of the face-to-face interviews also show that there remains room for improvement, when it comes to the harmonization of legislation of countries-trade partners remain unsolved. The free trade principles are not always followed. The mechanism of a Single window is not fully implemented. There is a variety of issues in technical regulation still to be resolved: the laboratories and certification bodies should have an international accreditation, quality management systems still need to be fully integrated, measurements methods and regulations for metrology are still underdeveloped. Moreover a main of aspect of trade facilitation is the use of innovative technologies when implementing trade activity, which is not always applicable to Kyrgyzstan.

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<sup>6</sup>Kyrgyzstan: Aid for Trade Needs Assessment. UNDP, Bishkek, 2010.

<sup>7</sup>Investment Climate in the Kyrgyz Republic as Seen by Small and Medium Enterprises.IFC, 2010.

To address the concerns raised by traders, it is necessary to identify the factors responsible for generating the non-tariff barriers (NTBs) identified by traders. Given the importance of agriculture for income generation, a special focus should be given addressing NTBs to trade in agriculture and agri-industrial products. It is also necessary to familiarise State agencies with best practices of neighbouring and EU countries in trade facilitation. Equally important is to gain a thorough understating of the requirements for harmonizing national legislation and aligning technical regulations with those of the CU of Belarus, Kazakhstan and the Russian federation. This is especially since Kyrgyzstan has already applied to join this union.

## II. Relevance

Research to date, including the most recent studies mentioned in the previous section; only provide a generic view of non-tariff barriers to trade in Kyrgyzstan. Readers are left with an understanding that traders are faced with a range of regulatory and procedural barriers, including: cumbersome measures by control agencies at the border involving physical inspection; unnecessary licenses and permits; inconsistent enforcement and interpretation of laws and regulations; informal payments; and lack of institutional capacity of the government agencies.

How these factors combine, in a cause-effect relation, to impede export and import activities is not properly addressed. There is a tendency to associate problems with weaknesses in the rule of law, and arrive at conclusions without proper analysis of the underlying processes, which involve several state agencies, transport operators, market support institutions, banks and cover a range of areas including customs; logistics; technical regulations; standardization policy and conformity assessment.

Unless informed by a clear understanding of the above-mentioned actors and areas, reform measures may complicate, rather than, remove NTBs. Successful experiences point to the importance of grounding reform measures in a holistic, time-bound strategy, which treats the different aspects of the reform effort within the context of a systems approach and spreads implementation across several years. This project seeks to enable the Government of Kyrgyzstan arrive at such an understanding, and in so doing, contribute to the achievement of national development objectives. In particular, those established under the National Strategy for Sustainable Development (NSSD) for 2013-2017, which provides the reference framework for guiding development efforts during the specified period.

The NSSD stresses reversing the unfavorable trends in Kyrgyzstan's exports in recent years, which manifest itself in the overall reduction in exports to traditional markets in the CIS countries, the increased share of raw materials in exports, and increased reliance on a few export markets. The strategy also highlights joining the CU of Belarus, Kazakhstan and the Russian Federation as a priority, noting the high degree of integration in the mutual foreign trade between the Kyrgyz Republic and the countries of the Customs Union. The countries of the Customs Union account for 45 per cent of Kyrgyzstan's foreign trade. Russian Federation alone accounts for 27 per cent of Kyrgyzstan's foreign trade.

The strategy also notes that export growth will be supported by the development of transport infrastructure, marketing and information support for domestic export-oriented enterprises and implementation of the "one-stop-shop" principle for obtaining necessary clearance documents.



### III. Target group

#### Direct beneficiaries

- Line ministries and State agencies
  - Line ministries: Ministry of Economy, Ministry of Energy and Industry, Ministry of Agriculture and Melioration, Ministry of Transport and Communications and Ministry of Foreign Affairs;
  - Specialized agencies: State Customs Service, National Statistical Office, SE Single Window;
  - Standard setting agencies: the Centre on standardization and metrology under the Ministry of Economy, Kyrgyz Accreditation Centre (KAC);
  - Business Development and Investment Council under the Prime Minister.
- Enterprise support institutions
  - Sectoral business associations: “Legprom”, “Souztextile”, “JerAzygy”, Association of Suppliers (An overview of their services is provided in Annex 2)
  - Chamber of Commerce and Industry of the Kyrgyz Republic (An overview of the Chamber’s services is provided in Annex 2)

#### Indirect beneficiaries

- Businesses and consumers in the targeted countries and in their export markets; exporters and importers in partner countries; relevant line Ministries and State agencies from trade partner countries; transport operators and logistics service providers operating in neighbouring countries and beyond. All these parties will reap substantive benefits from the improved trading environment, in the form of reduced transaction costs, reduced transaction times and improved product quality
- Nongovernmental organizations (NGOs), including environmental NGOs, associations of NGOs, women and sub-population groups’ associations, independent think tanks, national and local media. All these parties will be in a better place advice their clients and members on the different aspects of the legal framework governing trade and on up-to-date information on regulatory and procedural measures.

### IV. Development objectives

#### Long-term development objective

To contribute to integrating Kyrgyzstan into regional and global value chains

#### Immediate development objectives

1. To support the removal of regulatory and procedural barriers to trade in Kyrgyzstan
2. To inform Kyrgyzstan’s economic policy decisions on regional integration

### V. Outcomes

- 1.1. Improved understanding among policy makers, trade support institutions, enterprises and traders of regulatory and procedural barriers to trade in manufactured goods stemming from the national and regional levels, and of possible options for addressing them
- 1.2. Improved understanding among policy makers, trade support institutions, enterprises and traders of regulatory and procedural barriers to trade undermining agricultural export competitiveness and of possible options for addressing them
- 2.1. Improved understanding among policy makers, trade support institutions, enterprises and traders of the Generalized System of Preferences and its implications for Kyrgyzstan's export competitiveness
- 2.2 Improved understanding among policy makers, trade support institutions, enterprises and traders of the implications of Kyrgyzstan's membership in the Customs Union (CU) of Belarus, Kazakhstan and the Russian Federation, including challenges and opportunities, and of possible options for capitalizing on opportunities and addressing challenges

## **VI. Outputs and activities**

### **Output 1.1.1**

A survey based assessment study of regulatory and procedural barriers to trade in Kyrgyzstan

#### **Activities**

- 1.1.1.1 Establish a national advisory committee (NAC) that brings together representatives from State agencies, line ministries and market support institutions to guide the assessment (including the study of regulatory and procedural barriers to trade and the sector focused study) and participate in formulating the recommendations
- 1.1.1.2 Convene the national Advisory Committee in a mobilization seminar to tailor the UNECE evaluation methodology to the Kyrgyz context, identify the key sectors that will form the focus of the economy wide and sector-focused assessment studies.
- 1.1.1.3 Conduct a survey based assessment of regulatory and procedural barriers to trade, using the UNECE evaluation methodology and focusing on key sectors identified by NAC.
- 1.1.1.4 Convene the National Advisory Committee in a one-day workshop to present the results of the needs assessment and the recommendations
- 1.1.1.5 Revise the study based on the results of the workshop under the previous activity, and prepare for publication

### **Output 1.1.2**

A strategy for removing regulatory and procedural barriers to trade in manufactured goods, including time-bound action-oriented measures

#### **Activities**

- 1.1.2.1 Based on the recommendations emerging from the economy wide study, prepare a strategy for removing regulatory and procedural barriers to trade in manufactured goods, including time-bound action-oriented measures. The strategy will be prepared by UNECE in close consultations with NAC.
- 1.1.2.2 Present the strategy to the national advisory committee for comments, and revise accordingly

### **Output 1.2.1**

A sector focused assessment of regulatory and procedural barriers to trade in agricultural products

**Activities**

1.2.1.1 Undertake a sector-focused assessment of regulatory and procedural barriers to trade, using the UNECE Business Process Analysis (BPA) and focusing on selected products identified by NAC (products to be identified under activity 1.1.1.2)

1.2.1.2 Convene the National Advisory Committee in a one-day workshop to present the results of the BPA and the recommendations

1.2.1.3 Revise the study based on the results of the workshop under the previous activity, and prepare for publication

**Output 1.2.2**

A strategy for removing regulatory and procedural barriers to trade in agricultural products, including time-bound action-oriented measures.

**Activities**

1.2.2.1 Based on the recommendations emerging from the BPA, prepare a strategy for removing regulatory and procedural barriers to trade in agricultural products. The strategy will be prepared by UNECE in close consultations with NAC.

1.2.2.2 Present the strategy to the national advisory committee for comments, and revise accordingly

**Output 2.1.1**

Assessment of regulatory and procedural barriers to increasing the utilization of the EU Generalized System of Preferences (GSP), and policy options for addressing these barriers.

**Activities**

2.1.1.1 Convene the National Advisory Committee in a mobilization seminar to agree on the terms of reference for determining the scope of the assessment. The assessment will be based on the UNECE evaluation methodology, build on the results of the economy wide and sector-focused assessments of regulatory and procedural barriers to trade, include action oriented policy options, and a cost-benefit analysis of implementing the policy options.

2.1.1.2 Undertake the assessment following terms of reference that was established under the previous activity

2.1.1.3 Convene the National Advisory Committee in a one-day workshop to present the results of the assessment and the proposed recommendations

2.1.1.4 Revise the recommendations based on the results of the workshop under the previous activity and prepare for publication

**Output 2.2.1**

A cost-benefit assessment of Kyrgyzstan's membership in the Eurasian Customs Union (CU) in terms of implications for Kyrgyzstan's export competitiveness

**Activities**

2.2.2.1 Convene the National Advisory Committee in a mobilization seminar to agree on the term of reference of the cost-benefit assessment of Kyrgyzstan's membership in the CU. The analysis will use the UNECE evaluation methodology, and take the results of the economy wide and sector-focused assessments of regulatory and procedural barriers to trade.

2.2.2.2 Undertake the cost-benefit analysis following terms of reference that was established under the previous activity

2.2.2.3 Convene the National Advisory Committee in a one-day workshop to present the results of the analysis and the recommendations

2.2.2.4 Revise the study based on the results of the workshop under the previous activity, and prepare for publication.

## VII. Budget

Total extra-budgetary resource requirements for this project are tentatively estimated at USD 100,000 (including 13% Programme Support Costs for the implementing agency). An estimated budget by output is provided in annex 4. Below is a description of these items.

- **Travel costs:** this covers travel to Bishkek (tickets and daily allowance) of UNECE Geneva-based staff and international experts recruited under the project. It also covers the travel of up to 3 Kyrgyz participants to the ECE inter-governmental meeting (to be held in Geneva), during which the results of the research work will be presented to ECE member States.
- **Consultants and translators:** this includes the fees for consultants who will be contributing to the research work, and for the translation of documents from English into Russian.
- **Workshop costs:** this refers to the costs associated with renting venues and equipment. This item also covers catering expenses.
- **External printing:** for printing the studies.

## VIII. Institutional framework

The below institutional set-up will be established to ensure the successful implementation of the project.

### A. The implementing agencies

- The project will be contracted to an executed by an international development organization. The organization will be responsible for ensuring the successful delivery of the outputs identified in section VI, working closely with the national implementation agencies. It will also be responsible for liaising with other international development agencies to generate synergies and avoid the duplication of work.
- The public agency “Investment Round Table” (IRT) will be responsible for conducting the face-to-face organizational component of the survey conduction, including provision of support, contact with entrepreneurs, monitoring of survey process. IRT will also analyze the obtained data. M-Vector, which has an established working experience in the country and the region, will be responsible for development and distribution of questionnaires and conducting interviews.

### B. National Advisory Committee

The project will be implemented following a participatory approach that involves relevant national stakeholders. To ensure this, a National Advisory Committee (NAC) will be established from the start, which brings together representatives from the below listed public and private sector institutions.

1. Customs authorities
2. Border control agencies
3. Customs brokers
4. Association of customs brokers
5. Freight forwarders
6. Railway operators
7. State agency overseeing railway system
8. Truck operators
9. Airlines providing air freight services
10. National Standards Bodies and Standards Development Organizations
11. State agencies responsible for Technical Regulations
12. State agencies responsible for Conformity Assessment
13. Ministry of trade and Industry
14. Chambers of Commerce and Industry

The NAC will be chaired by a senior official (Minister or Deputy Minister) from the Ministry of Economics, which is responsible for the implementation of national development policies in the areas of trade and economic development.

### **C. Project Review Committee (PRC)**

A PRC will be established at the beginning of project implementation, constituted by representatives from the implementing agencies, a representative of the NAC and the donor. The Committee will meet semi-annually over the project cycle to review project progress reports and to provide overall guidance and recommendations. The PRC will examine and advise on:

- Project progress reports.
- Project implementation.
- Creating synergies between project activities and national development plans and donor-funded technical assistance programmes in the area of trade facilitation.

The PRC will be dissolved at the end of this project.

The implementing agency will organize the meetings, and will be responsible for servicing these meetings, including minute taking and ensuring proper follow-up by concerned parties.

## **IX. Implementation strategy**

### **A. Time-frame**

The project will be implemented over a one year period, following the time frame that will be established once the funds are secured.

### **B. Prior obligations and pre-requisites**

- A prerequisite for the start of the project is the successful mobilisation of funds and negotiation of cooperation arrangements between the implementing agency and the local counterpart institution.

- The Government confirms its commitment: to trade reforms and increased participatory policy making processes; commitment to implement measures envisaged in the NSSD and the draft action plan to join the Customs Union
- To deal with any contingency that might interrupt or delay project implementation owing to field security conditions, an additional 4 months should be added to the implementation period and a special contingency fund should be added to the budget

### C. Monitoring and evaluation

The international implementing agency will monitor project implementation through an Annual Work-Plan (to be attached to this document as Appendix after securing the funds and before commencement of project activities), and progress will be measured against the indicators provided in Annex 5.

### D. Potential risks

Risk	Description	Magnitude	Countermeasures
Operational	The availability of funds	medium	Since 2012 the Kyrgyz Government has been announcing tenders for different research activities aimed at facilitating economic development of the country. Given the time-tested UNECE methodology and practical importance of the Project it is likely that the next activities within this topic will be financed through Kyrgyz budget. Furthermore, a number of activities will remain attractive for the international organizations and donors, e.g. workshops and trainings
Political	Lack of commitment among the different agencies involved in supporting trade activities	Medium	The involvement of the different actors in the design phase and in overseeing the implementation (through NAC) is expected to generate the required commitment
	Deteriorating security conditions in the field	Medium	Additional 4 months to the implementation period, and including additional resources , contingency fund, in the budget

## **X. Sustainability**

### ***Policy level sustainability***

Given the practical importance of the Project, especially in such an important aspect of Kyrgyzstan's economic welfare as export facilitation, the recommendations developed within the survey-based study, BPA analysis and the subsequent strategies will be integrated into Government reform measures.

### ***Institutional sustainability***

The Project aimed at closely involving business community during the survey process, discussions and development of recommendations, as business associations are primary beneficiaries of the export facilitation programs. Therefore, certain efforts will be undertaken to include representatives of business-community into the National Advisory Committee, which will create incentives for sustainable existence of the NAC. In addition, through involving national organizations in the implementation, the project will contribute to the development of national capacities, which is important for carrying out follow-up research.

**ANNEXES****Annex 1. List of implemented project**

<b>№</b>	<b>Donor</b>	<b>Project Name</b>	<b>Status</b>
<b>1</b>	USAID	Regional Economic Cooperation Project	Active
<b>2</b>	World Bank	Reducing Technical Barriers for Entrepreneurship and Trade	Closed
<b>3</b>	ADB	Capacity Building and Institutional Strengthening for Customs Modernization and Infrastructure Development	Closed
<b>4</b>	ADB	Regional Trade Facilitation and Customs Cooperation Program	Approved
<b>5</b>	ADB	Customs Infrastructure and Modernization	Closed
<b>6</b>	ADB	Regional Customs Modernization and Infrastructure Development Project	Approved
<b>7</b>	GIZ	Supporting regional economic cooperation	Active
<b>8</b>	USAID	Regional Trade Liberalization and Customs Project	Closed
<b>9</b>	SECO	Trade Promotion Programme in the Kyrgyz Republic	Active
<b>10</b>	GIZ	National Export Strategy of Kyrgyzstan and Myanmar	Active
<b>11</b>	Government of Finland	Wider Europe: Aid for Trade for Central Asia, South Caucasus and Western CIS	Closed



## **Annex 2. Major business support institutions in the Kyrgyz Republic**

The below organizations are major contributors to enterprise development, with their services geared to address growth bottlenecks at the enterprise, institutional and macro levels.

- 1) The Association of Suppliers (Producers and Distributors) was registered in June 2013; however informal union of producers and distributors has been established since 2009. Association is designed to protect interests of producers and consumers in Kyrgyzstan by establishing favorable relations with trade network participants and maintaining the balance of three parties: suppliers, retailers and consumers. Among objectives of Association are the following: suppliers' markets development, coordination of entrepreneurial activity, representation and protection of property rights related to production and distribution of goods within and outside the country, establishment and maintenance of high standard entrepreneurship, facilitation of SME self-regulation, elaboration and implementation of SME development and support programs.
- 2) "SouzTextile" Association represents interests of 30 companies and individual entrepreneurs in textile industry, which involve about 1500-2000 employees. "SouzTextile" is a non-profit organization, which incorporates enterprises of textile industry in order to create favorable conditions for development of the industry in Kyrgyzstan and for accessing the international markets. Association was initiated by GIZ in 2000. The main objectives of "SouzTextile" are the following: 1) to effectively contribute to business development and stable growth of association's members; 2) to support textile industry in lobbying its interests and cooperation with Kyrgyzstan's government.
- 3) "Legprom" textile industry association. "Legprom" was established in 2005 and now incorporates about 570 enterprises of light industry. Association is aimed at development of light industry by lobbying development-friendly laws, organizing international workshops and exhibitions, establishing connections with local and international consumers.
- 4) Chamber of Commerce and Industry of Kyrgyz Republic (Chamber of Commerce) was established in 1959 and now operates in accordance with the law on "Chamber of Commerce and industry of Kyrgyz Republic", adopted by parliament in 1994. It is non-state and non-profit organization aimed at assisting the economic development of the country, creating modern infrastructure for business development, establishing favorable conditions for export facilitation and expansion of trade and technical relations with other countries. Mission of the Chamber is to assist to the development of entrepreneurship in Kyrgyzstan by creating adequate legal environment and other appropriate conditions. Chamber of Commerce aims at giving every entrepreneur equal opportunities for development and for accessing international markets.
- 5) "JerAzygy" Association, which incorporates entrepreneurs of agricultural and agro-processing sectors and was established in 2002. Mission of the association is to assist the development of legal business in agriculture. Association's main goals are to establish connections between producers, suppliers and sellers of agricultural goods, as well as to protect interests of the association's members. Association provides high-yielding seeds, fertilizers, plant protection products, as well as information and modern technology services to farmers. "Jerazygy" creates favorable conditions for obtaining high level of agricultural output and increasing standard of living in rural areas.

### **Annex 3. Results of the Survey**

11 Kyrgyz companies involved in export and import operations took part in the survey. The limited number of traders who participated in the assessment means that this survey does not provide a comprehensive analysis of non-tariff measures and technical regulations in Kyrgyzstan. The findings should be interpreted as indicative of the main regulatory and procedural barriers to trade on good.

8 companies are involved in import operations and 3 companies – in export operations. One of them is producing and exporting company.

The number of employees in most of surveyed companies range from 5 to 15 employees. Only one of them has around 100 employees and another one about 30-35 employees. Most of businesses have experiences of 3 to 6 years of implementing export-import operations.

The results of survey indicate that despite continuous efforts aimed at simplification of trade procedures there remains room for further improvement.

The results of the survey suggest that Kyrgyz traders are subjected to documentary requirements over and above those associated with customs clearance. Respondents reported submitting between 2 to 13 documents for the purpose of customs clearance, the number of which varies depending on the nature of goods.

Moreover, traders reported different periods for obtaining trade documents and singled out certain procedures for being time-consuming. One respondent said that it takes up to 4 weeks to prepare one of the documents in question, and proposed to reconsider and simplify the procedures for implementing mandatory certification, while the other said that he obtains the documents in 5 working days.

Out of 9 companies 6 companies pointed unavailability of electronic documents in the practice of authorities, intermediaries and/or trade partners as the most important reason and 3 companies as important reason for not using electronic documents. One company even stated that the authorities, including customs bodies are creating obstacles to smooth implementation of single window project. All the respondents supported the use of electronic documents.

Only one company is using in its import shipments containerized goods. And only one trading company is using electronic interchange to exchange information with its suppliers and logistics service.

Among the sources of information reported by the survey respondents are chamber of commerce, trade associations as well as customs bodies. Some respondents said that they obtain information from buyers and suppliers along with freight forwarders, noting that these sources provide up-to-date information regarding procedures and regulations.

Some traders informed on the use of freight forwarders, reporting that they evaluate their services as moderate. Only two respondents reported using customs agents.

Only one trader informed on participation in public-private consultations on trade procedures indicating that these meetings are not regular and that there have to be established such a mechanism to ensure frequent consultations among representatives of government bodies and business community.

#### Annex 4. Estimated Budget

Budget Lines	Description	Unit	# of Units	Unit Rate USD	Total Costs	Remarks
<b>OUTPUT COSTS</b>						
<b>A study of regulatory and procedural barriers to trade in Kyrgyzstan</b>						
<b>A sector-focused analysis of regulatory and procedural barriers to trade</b>						
Travel						
1151	Duty travel/international expert					
	Tickets	Trip	2	1,500	3,000	for 2 international consultants in case of lack of national consultants
	Per diem	Day	14	200	2,800	7 working days each
	Subtotal travel				5,800	
Fees						
1151	Expert (Standardization and technical regulations)	Day	20	239	4,780	
	Expert (Customs and market support institutions )	Day	20	239	4,780	

Budget Lines	Description	Unit	# of Units	Unit Rate USD	Total Costs	Remarks
	International expert BPA	Day	20	239	4,780	
	Translation of studies from English to Russian	lump sum			8,500	assuming that the three documents will have 250 pages (\$34 per page, and this is the least cost)
	Subtotal fees				22,840	
Subcontracting						
2101	A polling agency for undertaking the traders' survey	procurement	1	10,000	10,000	To be verified
	Subtotal sub-contracting				10,000	
Workshops						
3201	1 workshop for presenting the results of the study and the sector focused analysis as well as the strategy)	per workshop	1	1,500	1,500	Covers: reservation of a meeting room, equipment for simultaneous interpretation and coffee break
<b>An assessment of potential benefit for Kyrgyzstan under the EU Generalized System of Preferences and its implications for Kyrgyzstan's export competitiveness</b>						

Budget Lines	Description	Unit	# of Units	Unit Rate USD	Total Costs	Remarks
Fees						
1151	Translation	procurement			2,800	Assuming 80 pages (\$34 per page)
1151	Expert (Standardization and technical regulations)	Day	30	239	7,170	
	Subtotal fees				9,970	
Workshops						
3201	1 workshop	per workshop	1	1,500	1,500	
<b>An assessment of the impact on Kyrgyzstan's trade related regulatory and procedural measures from membership the Eurasian Customs Union (CU)</b>						
Fees						
1151	Translation	Procurement			2,800	Assuming 80 pages (\$34 per page)
1151	Expert (Standardization and technical regulations)	Day	30	239	7,170	
	Subtotal fees				9,970	
Workshops						

Budget Lines	Description	Unit	# of Units	Unit Rate USD	Total Costs	Remarks
	1 workshop	per workshop	1	1,500	1,500	
<b>Core team of experts in relevant agencies</b>						
Travel						
1151	Tickets	Trip	10	1,500	15,000	Assuming Geneva, since it is most expensive
	Per diem	Day	40	380	15,200	4 days for 10 persons
	Sub-total				30,200	
<b>TOTAL Outputs</b>					<b>93,280</b>	
<b>TRAVEL OF EXPERTS</b>						
1601	Travel of national experts to Geneva to participate at the UNECE 2 days annual session	Trip	3	1,500	4,500	
	Per diem	Day	6	380	2,280	
	Total travel costs				6,780	
<b>SECRETARIAT COSTS</b>						

Budget Lines	Description	Unit	# of Units	Unit Rate USD	Total Costs	Remarks
1. UNECE Staff: Travel						
16.01	Mission costs					
	Tickets	Flight	4	1,500	6,000	2 staff
	Daily subsistence	Day	8	200	1,600	4-day mission
	Subtotal travel				7,600	
<b>TOTAL SECRETARIAT COSTS</b>					<b>7,600</b>	
<b>GRAND TOTAL</b>						
Excluding 13 % programme support					<b>107,660</b>	
Including 13 % programme support					<b>121,656</b>	

## Annex 5. The Logical Framework

Narrative Summary	Performance indicators	Means of verification	Assumptions
<b><i>Development objective</i></b>			
To contribute to integrating Kyrgyzstan into regional and global value chains	<ul style="list-style-type: none"> <li>• Increased exports to regional and global markets.</li> <li>• A more diversified list of trade partners</li> <li>• Transaction costs (financial and time wise) associated with trade in goods reduced to a minimum</li> </ul>	<ul style="list-style-type: none"> <li>• Statistics on trade performance by the National Statistical Committee of the Kyrgyz Republic</li> <li>• Assessment reports by international organizations (e.g., World Bank Doing Business Report, World Bank Logistics Performance Index and the World Economic Forum Global Competitiveness report)</li> <li>• New trade and economic cooperation agreements/mechanisms</li> </ul>	<ul style="list-style-type: none"> <li>• Successful implementation of ECE reform measures that draw on ECE recommendations developed under this project</li> <li>• Successful implementation of National Strategy for Sustainable Development (NSSD) for 2013-2017</li> </ul>
<b><i>Immediate objectives</i></b>			
1. To support the removal of regulatory and procedural barriers to trade in Kyrgyzstan	<ul style="list-style-type: none"> <li>• New reform measures for removing regulatory and procedural barriers to trade adopted by the Government drawing on the ECE recommendations developed under this project</li> </ul>	<ul style="list-style-type: none"> <li>• National policy documents and legislation</li> <li>• Notifications to the World Trade Organization</li> </ul>	<ul style="list-style-type: none"> <li>• Relevant public and private sector stakeholders have a common understanding of the key challenges to removing regulatory and procedural barriers to trade and optimal approaches to addressing them</li> <li>• The Ministry of Economics of the Republic of Kyrgyzstan maintains active consultation and coordination with the Cabinet of Ministers, line Ministers and civil society organizations through a National Advisory Committee (NAC) as envisaged in the project</li> </ul>



Narrative Summary	Performance indicators	Means of verification	Assumptions
			document.
2 To inform Kyrgyzstan's economic policy decisions on regional integration	<ul style="list-style-type: none"> <li>• New reform measures for fostering regional integration drawing on the ECE recommendations developed under this project</li> </ul>	<ul style="list-style-type: none"> <li>• National policy documents and legislation.</li> <li>• Published reports on new regional trade agreements and cooperation mechanisms</li> <li>• Notifications to the World Trade organization</li> </ul>	<ul style="list-style-type: none"> <li>• Kyrgyzstan's trade partners respond favourably to national reform efforts and to Government proposals for fostering economic cooperation</li> </ul>
3. To familiarize public and market support institutions with international best practices for promoting trade in agricultural products	<ul style="list-style-type: none"> <li>• Core staff in Core staff within Ministries, State agencies and market support institutions reporting improved understanding of international best practices for removing regulatory and procedural barriers to trade in agricultural products</li> </ul>	<ul style="list-style-type: none"> <li>• Media statements, and speeches delivered by core staff on issues related to promoting trade in agricultural products.</li> </ul>	<ul style="list-style-type: none"> <li>• Ministry of Economic maintains active consultation and coordination with the Cabinet of Ministers, line Ministers and civil society organizations to ensure involvement of relevant staff</li> </ul>
<b>Outputs</b>			

Narrative Summary	Performance indicators	Means of verification	Assumptions
<p><b>1.1. 1A</b> survey based assessment study of regulatory and procedural barriers to trade in Kyrgyzstan</p>	<ul style="list-style-type: none"> <li>• Favorable feedback from stakeholders on the relevance and usefulness of the analysis and recommendations</li> <li>• Government approval of the recommendations</li> </ul>	<ul style="list-style-type: none"> <li>• End of workshop evaluation</li> <li>• Written comments from the NAC.</li> <li>• Official correspondence acknowledging the Government's approval of the recommendations</li> <li>• Regular consultations between UNECE and NAC members</li> </ul>	<ul style="list-style-type: none"> <li>• Ministry of Economics D maintains active consultation and coordination with the Cabinet of Ministers, line Ministers, and civil society organizations</li> <li>• Availability of qualified experts to contribute to the research work according to the scheduled plan.</li> </ul>
<p><b>1.1.2A</b> strategy for removing regulatory and procedural barriers to trade in manufactured goods, including time-bound action-oriented measures</p>	<ul style="list-style-type: none"> <li>• Favorable feedback from stakeholders on the relevance and usefulness of the strategy</li> <li>• A well-articulated strategy endorsed by NAC</li> </ul>	<ul style="list-style-type: none"> <li>• End of workshop evaluation form</li> <li>• Written comments from the NAC.</li> <li>• Official correspondence acknowledging the Government's approval of the strategy</li> <li>• Regular consultations between UNECE and NAC members</li> </ul>	<ul style="list-style-type: none"> <li>• The Ministry of Economic maintains active consultation and coordination with the Cabinet of Ministers and UNECE.</li> </ul>
<p><b>1.2.1A</b> sector focused assessment of regulatory and procedural barriers to trade in agricultural products</p>	<ul style="list-style-type: none"> <li>• Favorable feedback from stakeholders on the relevance and usefulness of the analysis and recommendations</li> <li>• Government approval of the recommendations</li> </ul>	<ul style="list-style-type: none"> <li>• End of workshop evaluation</li> <li>• Written comments from the NAC.</li> <li>• Official correspondence acknowledging the Government's approval of the recommendations</li> <li>• Regular consultations between UNECE and NAC members</li> </ul>	<ul style="list-style-type: none"> <li>• Ministry of Economics D maintains active consultation and coordination with the Cabinet of Ministers, line Ministers, and civil society organizations</li> <li>• Availability of qualified local experts to contribute to the research work according to the scheduled plan</li> </ul>
<p><b>1.2.2A</b> strategy for removing regulatory and procedural barriers to trade in agricultural products, including time-bound action-oriented measures</p>	<ul style="list-style-type: none"> <li>• Favorable feedback from stakeholders on the relevance and usefulness of the strategy</li> <li>• A well-articulated strategy endorsed by NAC</li> </ul>	<ul style="list-style-type: none"> <li>• End of workshop evaluation form</li> <li>• Written comments from the NAC.</li> <li>• Official correspondence acknowledging the Government's approval of the strategy</li> <li>• Regular consultations between UNECE and NAC members</li> </ul>	<ul style="list-style-type: none"> <li>• The Ministry of Economic maintains active consultation and coordination with the Cabinet of Ministers and UNECE.</li> </ul>

Narrative Summary	Performance indicators	Means of verification	Assumptions
<p><b>2.1.1</b> Assessment of regulatory and procedural barriers to increasing the utilization of the EU Generalized System of Preferences (GSP), and policy options for addressing these barriers.</p>	<ul style="list-style-type: none"> <li>• Favorable feedback from stakeholders on the relevance and usefulness of the analysis and recommendations</li> </ul>	<ul style="list-style-type: none"> <li>• End of workshop evaluation form</li> <li>• Written comments from the NAC.</li> <li>• Official correspondence acknowledging the Government’s approval of the recommendations</li> <li>• Regular consultations between UNECE and NAC members</li> </ul>	<ul style="list-style-type: none"> <li>• Ministry of Economics D maintains active consultation and coordination with the Cabinet of Ministers, line Ministers, and civil society organizations</li> <li>• Availability of qualified local experts to contribute to the research work according to the scheduled plan.</li> </ul>
<p><b>2.2.1</b> A cost-benefit assessment of Kyrgyzstan’s membership in the Eurasian Customs Union (CU) in terms of implications for Kyrgyzstan’s export competitiveness</p>	<ul style="list-style-type: none"> <li>• Favorable feedback from stakeholders on the relevance and usefulness of the analysis and the recommendations</li> </ul>	<ul style="list-style-type: none"> <li>• End of workshop evaluation form</li> <li>• Written comments from the NAC.</li> <li>• Official correspondence acknowledging the Government’s approval of the recommendations</li> <li>• Regular consultations between UNECE and NAC members</li> </ul>	<ul style="list-style-type: none"> <li>• The Ministry of Economic maintains active consultation and coordination with the Cabinet of Ministers and UNECE.</li> <li>• Availability of qualified local experts to contribute to the research work according to the scheduled plan</li> </ul>
<p>3.1.1 Core staff within relevant line Ministries, State agencies and market support institutions provided with advanced training on legal, procedural and institutional requirements for removing regulatory and procedural barriers to trade in agricultural products</p>	<ul style="list-style-type: none"> <li>• Favourable feedback from participants in training activities on the relevance and usefulness of the training provided.</li> </ul>	<ul style="list-style-type: none"> <li>• End of training workshops evaluation</li> <li>• Formal policy documents by the Government</li> <li>• Regular consultations between UNECE and NAC members</li> </ul>	<ul style="list-style-type: none"> <li>• Availability of qualified local experts to contribute to the research work according to the scheduled plan.</li> </ul>
<p><b>Activities</b></p>			
<p>1.1.1.1 Establish a national advisory committee (NAC) that brings together representatives from State agencies, line</p>	<ul style="list-style-type: none"> <li>• All activities conducted according to planned schedule and within the allocated financial resources as defined in the</li> </ul>	<ul style="list-style-type: none"> <li>• Project progress reports</li> <li>• Close and regular consultations between UNECE and the Ministry of Economics</li> </ul>	<ul style="list-style-type: none"> <li>• See assumptions for output 1.1.1</li> </ul>

Narrative Summary	Performance indicators	Means of verification	Assumptions
<p>ministries and market support institutions to guide the assessment (including the study of regulatory and procedural barriers to trade and the sector focused study) and participate in formulating the recommendations</p> <p>1.1.1.2 Convene the national Advisory Committee in a mobilization seminar to tailor the UNECE evaluation methodology to the Kyrgyz context, identify the key sectors that will form the focus of the economy wide and sector-focused assessment studies.</p> <p>1.1.1.3 Conduct a survey based assessment of regulatory and procedural barriers to trade, using the UNECE evaluation methodology and focusing on key sectors identified by NAC.</p> <p>1.1.1.4 Convene the National Advisory Committee in a one-day workshop to present the results of the needs assessment and the recommendations</p> <p>1.1.1.5 Revise the study based on the results of the workshop under the previous activity, and prepare for publication</p>	<p>project's budget, and meet the above mentioned performance indicators at the output level.</p>	<ul style="list-style-type: none"> <li>• Close monitoring of the research work</li> </ul>	
<p>1.1.2.1 Based on the recommendations</p>	<ul style="list-style-type: none"> <li>• All activities conducted according to</li> </ul>	<ul style="list-style-type: none"> <li>• Project progress reports</li> </ul>	<ul style="list-style-type: none"> <li>• See assumptions for output 1.1.2</li> </ul>

Narrative Summary	Performance indicators	Means of verification	Assumptions
<p>emerging from the economy wide study, prepare a strategy for removing regulatory and procedural barriers to trade in manufactured goods, including time-bound action-oriented measures</p> <p>1.1.2.2 Present the strategy to the national advisory committee for comments, and revise accordingly</p>	<p>planned schedule and within the allocated financial resources as defined in the project's budget, and meet the above mentioned performance indicators at the output level.</p>	<ul style="list-style-type: none"> <li>• Close and regular consultations between UNECE and the Ministry of Economics.</li> </ul>	
<p>1.2.1.1 Undertake a sector-focused assessment of regulatory and procedural barriers to trade, using the UNECE Business Process Analysis (BPA) and focusing on selected products identified by NAC (products to be identified under activity 1.1.1.2)</p> <p>1.2.1.2 Convene the National Advisory Committee in a one-day workshop to present the results of the BPA and the recommendations</p> <p>1.2.1.3 Revise the study based on the results of the workshop under the previous activity, and prepare for publication</p>	<ul style="list-style-type: none"> <li>• All activities conducted according to planned schedule and within the allocated financial resources as defined in the project's budget, and meet the above mentioned performance indicators at the output level.</li> </ul>	<ul style="list-style-type: none"> <li>• Project progress reports</li> <li>• Close and regular consultations between UNECE and the Ministry of Economics</li> <li>• Close monitoring of the research work</li> </ul>	<ul style="list-style-type: none"> <li>• See assumptions for output 1.2.1</li> </ul>
<p>1.2.2.1 Based on the recommendations emerging from the BPA, prepare a strategy for removing regulatory and</p>	<ul style="list-style-type: none"> <li>• All activities conducted according to planned schedule and within the allocated financial resources as defined in the project's budget, and meet the above</li> </ul>	<ul style="list-style-type: none"> <li>• Project progress reports</li> <li>• Close and regular consultations between UNECE and the Ministry of Economics</li> </ul>	<ul style="list-style-type: none"> <li>• See assumptions for output 1.2.2</li> </ul>

Narrative Summary	Performance indicators	Means of verification	Assumptions
<p>procedural barriers to trade in agricultural products</p> <p>1.2.2.2 Present the strategy to the national advisory committee for comments, and revise accordingly</p>	<p>mentioned performance indicators at the output level.</p>		
<p>2.1.1.1 Convene the National Advisory Committee in a mobilization seminar to agree on the terms of reference for determining the scope of the assessment. The assessment will be based on the UNECE evaluation methodology, build on the results of the economy wide and sector-focused assessments of regulatory and procedural barriers to trade, include action oriented policy options, and a cost-benefit analysis of implementing the policy options.</p> <p>2.1.1.2 Undertake the assessment following terms of reference that was established under the previous activity</p> <p>2.1.1.3 Convene the National Advisory Committee in a one-day workshop to present the results of the assessment and the proposed recommendations</p> <p>2.1.1.4 Revise the recommendations based on the results of the workshop under the previous activity and prepare</p>	<ul style="list-style-type: none"> <li>• All activities conducted according to planned schedule and within the allocated financial resources as defined in the project's budget, and meet the above mentioned performance indicators at the output level.</li> </ul>	<ul style="list-style-type: none"> <li>• Project progress reports</li> <li>• Close and regular consultations between UNECE and the Ministry of Economics</li> <li>• Close monitoring of the research work</li> </ul>	<ul style="list-style-type: none"> <li>• See assumptions for output 2.1.1</li> </ul>

Narrative Summary	Performance indicators	Means of verification	Assumptions
for publication			
<p>2.2.2.1 Convene the National Advisory Committee in a mobilization seminar to agree on the term of reference of the cost-benefit assessment of Kyrgyzstan's membership in the CU. The analysis will use the UNECE evaluation methodology, and take the results of the economy wide and sector-focused assessments of regulatory and procedural barriers to trade.</p> <p>2.2.2.2 Undertake the cost-benefit analysis following terms of reference that was established under the previous activity</p> <p>2.2.2.3 Convene the National Advisory Committee in a one-day workshop to present the results of the analysis and the recommendations</p> <p>2.2.2.4 Revise the study based on the results of the workshop under the previous activity, and prepare for publication.</p>	<ul style="list-style-type: none"> <li>• All activities conducted according to planned schedule and within the allocated financial resources as defined in the project's budget, and meet the above mentioned performance indicators at the output level.</li> </ul>	<ul style="list-style-type: none"> <li>• Project progress reports</li> <li>• Close and regular consultations between UNECE and the Ministry of Economics</li> <li>• Close monitoring of the research work</li> </ul>	<ul style="list-style-type: none"> <li>• See assumptions for output 2.2.2</li> </ul>
<p>3.1.1.1 Organize training workshops for key staff in relevant public and market support institutions on specific issues (to</p>	<ul style="list-style-type: none"> <li>• All activities conducted according to planned schedule and within the allocated financial resources as defined in the project's budget, and meet the above</li> </ul>	<ul style="list-style-type: none"> <li>• Project progress reports</li> <li>• Close and regular consultations between UNECE and the Ministry of Economics and members of NAC</li> </ul>	<ul style="list-style-type: none"> <li>• See assumptions for output 3.1.1</li> </ul>

Narrative Summary	Performance indicators	Means of verification	Assumptions
<p>be decided in consultation with NAC)  3.1.1.2 Organize study tours for key staff in relevant public and market support institutions to countries with experience in removing regulatory and procedural barriers to trade</p>	<p>mentioned performance indicators at the output level.</p>	<ul style="list-style-type: none"> <li>• Close monitoring of the training activities</li> </ul>	