

**United Nations Development Programme
Country: Global
Project Document**

Project Title: AID FOR TRADE FOR CENTRAL ASIA, SOUTH CAUCASUS AND WESTERN CIS:
Promoting Trade Development and Poverty Reduction in Partnership with Finland's Wider Europe Initiative

RPD Outcome(s): OUTCOME 3: By 2013, the capacity of public, private and civil society actors is increased to address human development challenges through evidence-based, inclusive and sustainable policies and through private sector-based pro-poor development

Expected Output(s): Inclusive economic growth achieved in the region through trade and increased competitiveness.

Executing Entity: United Nations Development Programme (UNDP)

Brief Description

The overall goal of the project is to support inclusive growth in the region through the promotion of trade and the enhancement of each country's competitiveness to support these countries' efforts to reduce poverty and improve peoples' lives. This overall objective will be achieved through the implementation of four project components focusing on slightly different but complementary issues, all related to the support of the development of trade related capacities on local (Component I) and national (Component II) levels. Projects components will be implemented in parallel in neighbouring countries (Armenia and Georgia in South Caucasus and Tajikistan, Kyrgyzstan, Kazakhstan and Uzbekistan in Central Asia). Similar activities implemented in the same period will allow exchange of knowledge and experience. Implementation of Component I will also benefit from the experience gained during implementation of Phase I of the project. The purpose of Component III (*Understanding informalities and overcoming informal trade barriers faced by small enterprises and micro businesses, especially women entrepreneurs*) is to increase knowledge and understanding of national and sub-regional AFT issues important for small entrepreneurs and micro businesses operating in local areas, including shadow economic activities, informal cross border trade, impact of trade on gender inequality and environment. It is expected that analytical studies developed within this component will provide background for regional debate, which will contribute to the capacity development of policy makers and project staff, in all the countries of project. Component IV will provide opportunities to small entrepreneurs to develop and learn best practices in production skills and support farmers in Uzbekistan to achieve fair trade certification.

Programme Period:	2011 -2013	Total resources required	4 600 000 Euro
Key Result Area (Strategic Plan)	PR & MDG achiev.	Total allocated resources:	4 600 000 Euro
Atlas Award ID:	_____	• Regular	_____
Start date:	Feb. 2011	• Other:	_____
End Date	Jan. 2014	Gov Finland	4 600 000 Euro
PAC Meeting Date	07/12/2010	Unfunded budget:	_____
Management Arrangements	DEX	In-kind Contributions	_____

Agreed by (Government)

Agreed by (UNDP):

 2010 Dec 1/2010



MINISTRY FOR FOREIGN
AFFAIRS OF FINLAND



AID FOR TRADE FOR CENTRAL ASIA, SOUTH CAUCASUS AND WESTERN CIS:*

*Promoting Trade Development and Poverty Reduction
in Partnership with Finland's Wider Europe Initiative*

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* Phase II of the regional project *Wider Europe: Aid for Trade for Central Asia, South Caucasus and Western CIS*.

1. SUMMARY

This project proposal is an outcome of discussions between the United Nations Development Programme (UNDP) Regional Bureau for Europe and the CIS (UNDP RBEC) and Finland's Ministry for Foreign Affairs to forge a partnership aiming at strengthening the capacity of former Soviet republics to participate in and benefit from international trade. The proposed initiative builds on UNDP's long-term experience in development assistance to the countries of Central Asia, South Caucasus and Western CIS focusing on poverty reduction, human development, trade and private sector development, good governance, and social and environmental policies. It, furthermore, is intrinsically linked to the experiences gained during the implementation of Phase I of the *Wider Europe: Aid for Trade (AFT) for Central Asia, South Caucasus and Western CIS* project¹ and to the recommendations that emerged from the *AfT Needs Assessments* developed in 2010 for countries of Central Asia, South Caucasus and Western CIS.

The *Wider Europe: Aid for Trade for Central Asia, South Caucasus and Western CIS* project currently supports countries in the region to benefit from increasing resources available from AFT and to harvest the benefits of trade for human development. The project works both regionally and individually with eleven countries – Belarus, Moldova and Ukraine in the Western CIS region, Armenia, Azerbaijan and Georgia in South Caucasus, as well as Kazakhstan, Kyrgyzstan, Tajikistan, Turkmenistan and Uzbekistan in Central Asia. The project operates at both the macro and the micro level. On the macro level, it supports the above-mentioned countries with national AFT Needs Assessments. Considering that the RBEC countries have so far been marginalized in the Aid for Trade process, this is a substantial step in the right direction. The Needs Assessments have been especially designed to address issues specific to transition economies.² This is of considerable importance as most of the work on AFT focuses on least developed countries and Africa. Transition economies face a particular set of problems, specific to their situation and historical development. This implies that also specific solutions need to be developed, which the national AFT Needs Assessments intend to provide. On the micro level, the project currently supports three countries: Kazakhstan, Kyrgyzstan and Tajikistan. This component of the project is working with small and medium-sized enterprises (SMEs), farmers and farmers' associations along selected trade corridors in Central Asia. The primary aim is to identify ways of improving market access for local producers and businesses.

The '*Wider Europe: AFT for Central Asia, South Caucasus and Western CIS*' project is unique in the region as it combines a strategic and comprehensive approach to trade issues, while at the same time implementing concrete measures in selected countries. The need to support countries in assessing their trade needs is obvious, and had not been met before. The national AFT Needs Assessments, in combination with the regional AFT activities in Central Asia constitute an operationally useful tool not only for the concerned countries, but also the donor and the international community and holds the promise of allowing the region to position itself well on the AFT Agenda.

The Aid for Trade (AFT) agenda is a key global initiative aimed at strengthening the capacity of developing countries to participate in and benefit from international trade. A large part of AFT is focused on strengthening domestic production, including the creation of an enabling business environment for enterprises and building economic infrastructure. Areas covered by AFT can be classified into five

¹ For details see *Wider Europe: Aid for Trade (AFT) for Central Asia, South Caucasus and Western CIS* project document (signed in July 2009).

² A specific guide adapted to the region has been developed: UNDP (2008) *Trade and Human Development. How to Conduct Needs Assessments in Transition Economies* (available at <http://europeandcis.undp.org/poverty/trade/show/8BD35D19-F203-1EE9-B08767E3833D66C6>).

categories: 1) trade policy and regulations, 2) trade development, 3) economic infrastructure, 4) productive capacity, and 5) adjustment costs.

The Government of Finland has been a longstanding supporter of the Aid for Trade initiative and the *EU Strategy on Aid for Trade*³, launched in October 2007, was initiated by the Government of Finland. *Finland's Aid for Trade Action Plan (2008–2011)*⁴ outlines the Finnish contribution toward the implementation of the common EU AfT strategy. More recently, the Government of Finland has elaborated an extensive framework programme called the Wider Europe Initiative. The *'Wider Europe Initiative. Framework Programme for Finland's Development Policy Implementation Plan for 2009 – 2013'* includes five themes: (1) security; (2) trade and development; (3) information society development; (4) energy and the environment, and (4) social sustainability.⁵

The Wider Europe Initiative aims to promote stability and well-being in the countries of the former Soviet Union. The framework programme emphasizes crisis prevention, support for peace processes and cooperation in environmental issues. The initiative comprises three sub-regions: Western CIS⁶ (Belarus, Moldova and Ukraine), South Caucasus (Armenia, Azerbaijan and Georgia) and Central Asia (Kazakhstan, Kyrgyzstan, Tajikistan, Turkmenistan and Uzbekistan).

Taking into account the similar sectoral and geographical priorities of Finland's development cooperation and of the UNDP Regional Bureau for Europe and the CIS (UNDP RBEC), the present project (planned for 2011-2013) intends to build on Phase I and deepen the existing partnership in trade related development assistance to the countries of the Western CIS, South Caucasus and Central Asia.

The overall goal of the project is to support inclusive growth⁷ in the region through the promotion of trade and the enhancement of each country's competitiveness to support these countries' efforts to reduce poverty and improve peoples' lives. The gains from trade are numerous, and extend beyond purely economic benefits. Trade and investment can contribute to human development by helping to raise productivity, employment and economic growth. In this context, the human development concept central to RBEC's work aims to highlight inclusiveness as a key implication of sound trade policies. Therefore, a particular purpose of this project is to improve the implementation of pro-poor trade-related policy reforms and trade capacity development measures on the national and local levels, the transfer of best practices and knowledge exchange with special reference to the challenges of small enterprises and micro businesses, and the execution of technical assistance interventions in selected regions located outside the main cities (thus, beneficiaries and stakeholders include a wide range of private and public entities in the countries of Central Asia, South Caucasus and Western CIS, especially men and women living in underdeveloped areas outside the main cities in the countries covered by the project). More specifically, the project aims to:

³ See <http://register.consilium.europa.eu/pdf/en/07/st14/st14470.en07.pdf>

⁴ See <http://formin.finland.fi/public/download.aspx?ID=32859&GUID={6B942BAC-20CD-433A-BCC8-0C290889061C}>

⁵ More detailed information can be found in 'Wider Europe Initiative. Framework Programme for Finland's Development Policy Implementation Plan for 2009 – 2013' (available at <http://www.formin.fi/public/download.aspx?ID=44782&GUID={5F9179AD-3D39-4CB7-82F4-C79179EC9020}>)

⁶ CIS – Commonwealth of Independent States (<http://www.cisstat.com/eng>).

⁷ "Inclusive growth is both an outcome and a process. On the one hand, it ensures that everyone can participate in the growth process, both in terms of decision-making for organizing the growth progression as well as in participating in the growth itself. On the other hand, it makes sure that everyone shares equitably the benefits of growth. Inclusive growth implies participation and benefit-sharing. Participation without benefit sharing will make growth unjust and sharing benefits without participation will make it a welfare outcome." UNDP IPC-IG 2010.

1. Support the development of trade related capacities and help small and micro entrepreneurs in remote urban and rural areas, as well as farmers and farmers' associations to gain from the opportunities that expanded trade possibilities may bring to the regions and local communities.
2. Facilitate international trade on the national and local level by supporting the development of strategic documents to develop trade, optimizing the institutional framework, and providing technical assistance to exporters.
3. Articulate national and sub-regional AfT issues with special reference to the challenges faced by small entrepreneurs and micro businesses operating in local areas, shadow economic activities, informal cross border trade, impact of trade liberalization on gender inequality, and environment; and facilitate knowledge sharing, discussion of national and regional policies and diffusion of good practices in several thematic areas with special reference to the impact of trade (including informal trade) on local development and internal trade barriers.
4. Facilitate transfer of best practices in developing trade and production capacities of small enterprises and micro-businesses with special reference to tools for an improved market access and increase of knowledge and new technologies through international trade.

The project focuses on three sub-regions: Western CIS (Belarus, Moldova, and Ukraine), South Caucasus (Armenia, Azerbaijan, and Georgia), and Central Asia (Kazakhstan, Kyrgyzstan, Tajikistan, Turkmenistan, and Uzbekistan) and consists of the following four components:

- I. Support to economic development along trade corridors linking countries of Central Asia, South Caucasus and Western CIS with key markets for their products.*
- II. Trade development: Technical assistance for better use of trade opportunities.*
- III. Understanding informalities and overcoming informal trade barriers faced by small enterprises and micro businesses, especially women entrepreneurs.*
- IV. Creating opportunities for small enterprises and micro-businesses to benefit from trade.*

The project will be implemented by UNDP Europe and the CIS Bratislava Regional Centre (UNDP/BRC) in close cooperation with UNDP country offices in eleven countries of Central Asia, South Caucasus, and Western CIS.

The project will benefit from existing UNDP infrastructure and the network of UNDP trade and private sector practitioners in the countries of project implementation. Furthermore, the activities of the project will be coordinated with UNDP projects that are currently being implemented in the region. The utilization of the infrastructure of existing projects, building on accumulated knowledge of development issues in the area of project implementation will ensure cost-efficient and timely delivery of complex activities. The project will be managed according to UNDP corporate project management rules. This will ensure transparency of financial management and high quality project implementation.

The use of UNDP/BRC as the main project management hub will provide several advantages. First, there is one individual entity coordinating the different partners in the countries covered by the project - ensuring that the donor receives consolidated information and comprehensive reports on all project activities. Furthermore, the expertise residing in UNDP/BRC supports high quality project implementation. As UNDP/BRC has a broad regional perspective, it also allows for the creation of synergies and knowledge

exchanges among the various country activities. UNDP/BRC with its close ties with other organisations and international partners can also provide specialist input upon request of the countries and ensures that recent developments at the global and regional level are communicated and integrated into project activities, as the recent example of the *AfT Roadmap for SPECA* shows. Finally, UNDP/BRC provides visibility services and knowledge management systems.

The activities of the project will be implemented over a 3 year (36 months) period. The total budget of the project amounts to 4.6 million Euro. Preliminary discussions with UNDP country offices and other UN agencies (UNDP/UNEP⁸ Poverty and Environment Initiative); UNDP country programmes in Armenia, Ukraine, Tajikistan and Kyrgyzstan (and possibly in other countries) indicated some possibilities of cost-sharing and parallel financing. Details of this partnership will be determined in the first quarter of project implementation. Furthermore, in kind contributions will be provided by UNDP/BRC (i.e. advisory services, quality assurance), UNDP country offices in beneficiary countries, development partners, and the Governments of beneficiary countries.

2. PRESENT SITUATION

2.1. Regional overview

The world economy is currently recovering from the largest economic downturn since the Great Depression. The recovery is still fragile and unemployment rates in many developing countries and transition economies remain elevated. The financial and economic crisis has further reduced the room for manoeuvre of many countries, with low domestic consumption and international investments poses a considerable threat for future growth in transition countries. Most of the countries of Western CIS, Central Asia and South Caucasus have been particularly hard hit by the consequences of the financial and economic crisis. As can be seen from Figure 2.1, middle-income CIS countries have experienced, on average, the largest and most significant decrease in GDP growth rates, and are expected to be the ones facing the largest projected poverty increase.⁹

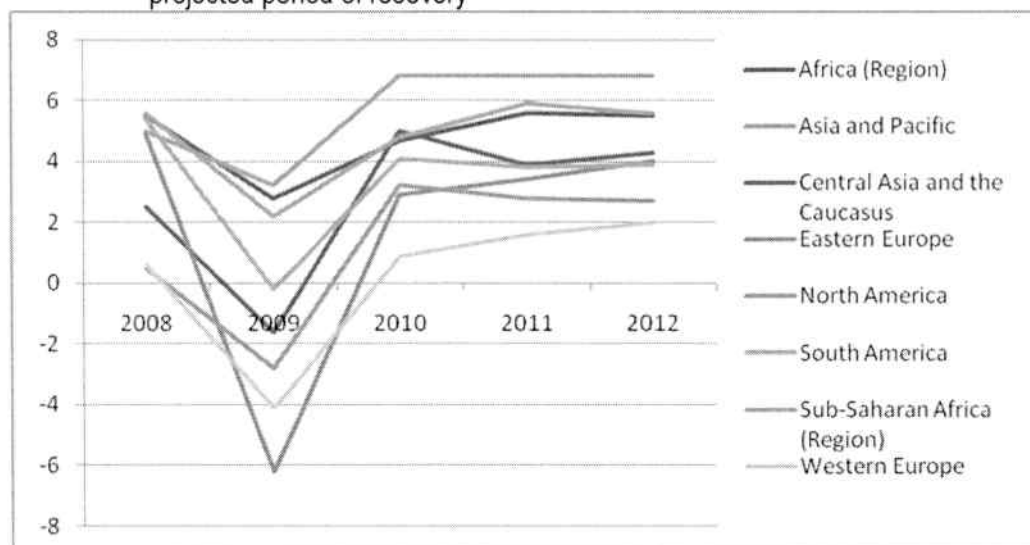
Although the economy of the region has started to recover, governments in the Central Asia, Western CIS and South Caucasus are starting to run out of fiscal space, especially with donor support expected to decrease in 2010 compared to 2009 and a substantial increase in public debt as percentage of GDP.¹⁰ As can be seen from Table 2.1, with the exception of Azerbaijan, Kazakhstan, and Uzbekistan, all other countries are estimated to have significant fiscal deficits as percentage of GDP in 2010. The IMF projects continued deficits for Armenia, Belarus, Kazakhstan, Kyrgyzstan, Moldova, Tajikistan, and Ukraine until 2015. The resulting increase in public debt of course will translate negatively on expenditure patterns of governments and restrict monetary and fiscal tools the government has at its disposal.

⁸ UNEP – United Nations Environment Programme.

⁹ The World Bank (2010), *The Crisis Hits Home: Stress-testing Household in Europe and Central Asia*, (http://siteresources.worldbank.org/ECAEXT/Resources/258598-1256842123621/6525333-1259681048367/WorldBank_Crisis_Report.pdf)

¹⁰ IMF (2010) *Regional Economic Outlook: Middle East and Central Asia – May 2010* (<http://www.imf.org/external/pubs/ft/reo/2010/mcd/eng/mreo0510.htm>)

Figure 2.1 Real GDP Growth (annual percentage growth) during the economic and financial crisis and projected period of recovery



Source: IMF (2010), WEO Database April

Table 2.1 Central Government Fiscal Balance (% of GDP)

	2000-05	2006	2007	2008	2009	2010 (p)	2011 (p)
Armenia	-2.6	-2	-2.3	-1.7	-7.6	-5.6	-5
Azerbaijan	0.2	-0.2	2.6	20.8	6.8	18.3	18.3
Georgia	-1.1	-3	-4.7	-6.3	-9.2	-7.4	-5.5
Kazakhstan	2.4	7.2	4.7	1.1	-1.5	-3.5	-2.8
Kyrgyzstan	-5.6	-2.1	-0.3	0	-3.1	-8.1	-7.7
Tajikistan	-3	1.7	-6.2	-5.9	-5.3	-5.9	-4.2
Turkmenistan	1	5.3	3.9	11.3	10.1	3.8	4.9
Uzbekistan	-0.6	5.2	5.1	10.7	3.1	1.7	3.6

Source: IMF (2010), Regional Economic Outlook: Middle East and Central Asia – May

Current account balances of the countries in the region (Table 2.2) have also suffered, with most countries estimated to have negative current account balances (% GDP) until after 2015, with the exceptions of Azerbaijan, Turkmenistan and Uzbekistan.

While the global economy seems to be recovering, it is important to analyze regional differences and highlight that although economies are recovering the human development impact will persist. A recent UNDP study¹¹ assessing income and selected human development indicators concluded that the impact of the economic crisis will be 'substantial, lasting and particularly adverse for disadvantaged regions and social groups'. The study estimates that the percentage of people living below the 5US\$ day line in the region (Europe and the CIS), could rise to some 40% between 2010 and 2014 – resulting in an additional 50 million people falling into poverty in the region. This has to be analyzed in the context that traditional household coping mechanisms such as additional employment and remittances will be more difficult to

¹¹ Balázs Horváth et al. (2009), How the Crisis will Impact Human Development, in Development and Transition 14/2009.

access and in the context of vulnerability in different countries such as share of consumption to total income, which is especially high in many low-income countries in the region.

Table 2.2 Current Account Balance (% GDP, projections for 2010-2015)

	2008	2009	2010	2011	2012	2013	2014	2015
Armenia	-11.514	-13.831	-12.961	-12.608	-11.522	-10.219	-8.879	-7.856
Azerbaijan	35.477	23.597	25.335	24.239	23.472	23.879	25.912	23.675
Belarus	-8.638	-12.918	-10.43	-9.238	-7.995	-7.012	-5.822	-4.76
Kazakhstan	4.632	-3.116	0.715	-0.162	-0.793	-1.248	-0.528	-0.877
Kyrgyzstan	-8.052	3.476	-15.372	-12.541	-11.127	-7.902	-7.524	-3.936
Moldova	-16.308	-7.929	-9.698	-9.696	-9.333	-8.284	-7.931	-7.49
Tajikistan	-7.664	-7.27	-7.996	-8.321	-9.001	-9.215	-9.307	-9.095
Turkmenistan	18.739	-9.666	-8.656	1.305	10.112	14.862	17.351	18.31
Ukraine	-7.077	-1.665	-2.289	-2.343	-1.93	-2.74	-3.04	-3.303
Uzbekistan	12.451	5.058	5.055	4.977	5.058	4.995	4.946	4.917

Source: International Monetary Fund, World Economic Outlook Database, April 2010

Although the region has demonstrated, as shown in Table 2.3, progressive improvements in poverty reduction over the past decade inequalities in the region remain high (Table 2.4). One should note, that advances in poverty reduction are now endangered from the long-term consequences of the financial and economic crisis.

Table 2.3 Population living below national poverty line, percentage

Eastern Europe, Caucasus and Central Asia												
	1995	1996	1997	2000	2001	2002	2003	2004	2005	2006	2007	2008
Armenia					50.9	49.7	42.9	34.6	29.8	26.5	25	23.5
Azerbaijan	68.1				49.6	46.7	44.7	40.2	29.3	20.8	15.8	13.2
Belarus	38.4	38.6	32.1	41.9	28.9	30.5	27.1	17.8	12.7	11.1	7.7	6.1
Georgia			46.2	51.8	51.1	52.1	54.5	27			31	
Kazakhstan		34.6	38.3	31.8	28.4	24.2	19.8	16.1	31.6	18.2	12.7	12.1
Kyrgyzstan		43.5	43	62.6	56.4	54.8	49.9	45.9	43.1	39.9	35	31.7
Moldova				67.8	54.6	40.4	29	26.5	29			
Russian Federation				29		19.6	20.3	17.6	17.7	15.2	13.3	13.5*
Tajikistan							64	57				
Ukraine					26.4	27.2	27.2	26.6	27.3	27.1	28.1	
Uzbekistan					27.5	26.5	27.2	26.1	25.8			

* Provisional data

Source: United Nations (2010), The MDGs in Europe and Central Asia, Achievements Challenges and the Way Forward

Table 2.4 Development of Gini coefficient in the region over time

	1990	1999	2000	2001	2002	2003	2004	2005	2006	2009
Armenia	26.9		48.6		35.9	54.3	45.5	43.4	40	27.9
Azerbaijan	34.5			50.1	50.8					33.9
Belarus	23.3	28.8	33.7	34.3	34.2	34	24.8	23.8	27.9	33.8
Georgia	29.1			48.7	46.6			40.8		28.2
Moldova	26.7	44.1	39.2	39.1	42.6	37.2	34.2	37.7	32.7	36.5
Kazakhstan	29.7			31.3		35.9	37	42	41.4	40.8
Kyrgyzstan	30.8	37	47	51.2	49	47.8	47.3	47.5	46	40.8
Tajikistan	33.4	33.3				32.5	33.6			35.6
Turkmenistan	30.8	26.5								36.7
Ukraine	24	42.7	46.2	45.2	41.8	40.8	41	28.2	41	32.9
Uzbekistan	31.5		26.8	48.1				39.7		33.6

Source: UNU Wider, World Income Inequality database V2.0c May 2008 (most recent) and UNDP (2009) Human Development Report

The World Bank estimates that the contraction of world trade has been bottoming out during May/July 2009 and has started to slowly recover since. An estimated 70% decrease in net private capital flows in 2009 (from the 2007 peak) to developing countries and decreases in remittances have severely restricted the resources of developing countries.¹² The CIS countries came under considerable stress in early 2008, when foreign investors withdrew funds from the region. Although in recent months, there has been somewhat of a reversal of this trend, it nevertheless poses a threat to recovery.¹³ Though it is expected that the economies of the CIS countries will grow again in 2010, growth will remain restricted due to weak foreign direct investment and low export demand. Concerns are raised that due to weak domestic and internal demand recovery will be largely jobless. Consequently, while oil-exporting countries will benefit from increasing oil and gas prices, low-income countries will find it difficult to mitigate the effects of the economic and financial crisis and improve human development.¹⁴

In the context of the economic and financial crisis and the above, the Aid for Trade (Aft) initiative becomes increasingly important. The Aft agenda is a key global initiative aimed at strengthening the capacity of developing countries to participate in and benefit from international trade. A large part of Aft is focused on strengthening domestic production, including the creation of an enabling business environment for enterprises or building economic infrastructure. Areas covered by Aft can be classified into five categories: (1) Trade Policy and regulations; (2) Trade Development; (3) Economic Infrastructure; (4) Productive Capacity; and (5) Adjustment Costs. It is essential that Aft contributes to poverty reduction and sustainable development, and thus towards meeting globally approved UN Millennium Development Goals (MDGs),¹⁵ which directly address the importance of trade for poverty alleviation and human development. Trade-related targets set in the global MDG agenda (under MDG 8) emphasize the following:

Target 8(A): Develop further an open, rule-based, predictable, non-discriminatory trading and financial system. This includes a commitment to good governance, development and poverty reduction – both nationally and internationally;

Target 8(B): Address the special needs of the least developed countries. This includes: tariff and quota free access for the least developed countries' exports; enhanced programme of debt relief for heavily

¹² World Bank (2010), Global Monitoring Report 2010. The MDGs after the Crisis.

¹³ The World Bank (2010), The Crisis Hits Home: Stress-testing Household in Europe and Central Asia, (http://siteresources.worldbank.org/ECAEXT/Resources/258598-1256842123621/6525333-1259681048367/WorldBank_Crisis_Report.pdf)

¹⁴ UN (2010), World Economic Situation and Prospects. Update as of mid-2010, E.10.II.C.2., p. 6-7.

¹⁵ The MDG framework contains 8 goals, 18 targets, and 48 indicators. Most of the targets are to be achieved over the 25-year period from 1990 to 2015 (www.undp.org/mdg).

indebted poor countries (HIPC) and cancellation of official bilateral debt; and more generous ODA for countries committed to poverty reduction;

Target 8(C): Address the special needs of landlocked developing countries and Small Island Developing States (through the Programme of Action for the Sustainable Development of Small Island Developing States).

The relationship between trade, economic growth and sustainable human development is highly complex and interconnected. It remains undeniable that it is difficult to enlarge human choices when income and consumption are decreasing. This has been clearly demonstrated during the transition recessions of the 90s in the countries of the CIS. However, trade and economic growth do not automatically result in poverty reduction or improvements in human development. Economic growth, fuelled by trade, can be a way to ensure human development if an inclusive and enabling human development framework is established. The link between poverty reduction and trade by no means is automatic. It is necessary to ensure that national, regional and international policies are implemented with a human development focus. Instead of perceiving poverty reduction and trade as two parallel issues, it is necessary to perceive trade from a human development lens in order to ensure that it benefits as much as possible the poor and vulnerable.

2.2 Needs assessments and problems to be addressed

AfT Needs Assessments undertaken in the framework of *Wider Europe: AfT for Central Asia, South Caucasus and Western CIS* (Phase I) in the countries in Central Asia (Kazakhstan, Kyrgyzstan, Tajikistan and Turkmenistan), South Caucasus (Armenia, Azerbaijan and Georgia) and Western CIS (Belarus, Moldova and Ukraine) identified a set of policy recommendations and technical assistance needs aimed at improving the contribution of trade to human development and poverty reduction in the countries of the region.¹⁶ Conclusions from these studies are considered as a background for the present project intervention.

While exhibiting significant differences between each other, the countries of the region face a number of common trade and development challenges. Several of these have been highlighted or aggravated by the recent economic crisis. Whereas countries have taken short-term measures to deal with them, it is clear that the longer-term development of the region would benefit from concerted action to increase trade in a way, which contributes to human development.

In some countries, immediate opportunities for trade development may seem to be found in the extractive industries, through continued exports of oil, gas, raw materials and metals. However, not all the countries in the region are well endowed in this respect; moreover increasing or even just maintaining output in the medium and long term will mostly require heavy investment in extraction, processing and transport facilities. In some cases, the reserves are close to becoming depleted; environmental issues have to be dealt with, and the effects on other sectors and on the well-being of the general public are weak or sometimes even negative.

In most of the national AfT Needs Assessments authors indicated that adding value by raising the degree of transformation of local raw materials and semi-finished goods would be a clear possibility. Good

¹⁶ National AfT Needs Assessments were developed by local experts (typically in national languages) and discussed within the countries. Studies from Central Asian countries were presented and discussed on regional meeting in Bishkek in March 2010. National studies in Central Asia have been completed (i.e., currently, they are being translated to English and published). For the countries of South Caucasus and Western CIS the first drafts are available.

examples of this are the renewed efforts to increase the production of processed fruits and vegetables in Kyrgyzstan, Tajikistan, Kazakhstan and Uzbekistan.

A higher degree of transformation and product sophistication would normally go hand in hand with greater product diversity, allowing a country's producers to meet a wider range of requirements of a larger number of clients. At the same time, in order to maintain economies of scale in development, production and distribution and to be able to continuously adapt their products to changing needs and develop new ones in response to market developments, individual enterprises may still need to specialize themselves in their specific field of competence and, above all, to reach new, larger markets. Such larger markets would to some extent be found among the increasingly discerning customers in the domestic market but above all, abroad. Here, it is well known that enterprises starting to export usually find it easiest to do so across the border of their own country, that is, entering neighboring markets to start with. There are several reasons for this: distances are, by definition, relatively short, sometimes shorter than to more far-off regions of the home country; there are often cultural affinities creating a similar pattern of demand; and sometimes a common language.

Likewise, for the sourcing of their inputs – whether raw materials, components, business services, or staff – enterprises would benefit from improved access to international suppliers, especially those in neighbouring countries, in order to secure the right supplies at the most advantageous conditions. Similarly, suppliers, enterprises and the general public would all benefit from improved opportunities to trade items like energy and water as well as financial, transport, IT and telecommunications services within the region. Finally, the international market typically gives an enterprise the opportunity to supply greater quantities than in the home market, and on a regular basis. In order to fully respond to this kind of demand, enterprises would often find it advantageous to establish production or marketing cooperation with other enterprises in the sector. A recent example of this is the consolidation of the Kyrgyz fruit and vegetables industry and the active role played by the sector association in supporting cooperation, promoting the products and creating a common brand for the sector. Evidently, the advantages of this approach are even greater when enterprises can readily cooperate with each other also across the borders.

The studies indicate that in the short and medium term, the trade development opportunities could materialize through targeted development of specific sectors with recognized export potential, combined with cross-sectoral measures for raising quality standards and improving productivity and input efficiency. In the medium and long term, continued diversification and improvement of business conditions at large would allow new sectors and enterprises to develop in response to future shifts in local and international demand.

In the light of the above, some sectors which have received attention in several or most of the countries as having a potential for short and medium term development, while at the same time contributing to human development, are fruit and vegetables, meat and dairy products, other agri-processing and food industry, textiles and clothing, leather and footwear, and services.

Keeping the needs of the longer term in mind, several countries have therefore indicated a need to create more permanent opportunities for successful trade development by promoting investment, setting up trade support institutions, simplifying rules and procedures for trade, investing in both institutional and physical infrastructure, providing information on international standards, attending to SME development needs, supporting business oriented vocational and management training, and trying to attract high technology industries.

The general opportunities for trade development and the strengths and weaknesses of each country determine national priorities for action. Because of the differences between the countries, no two ones among them will follow the same way forward. Nevertheless, some key areas for improvement are rather much the same for all the countries, whether taken individually or collectively. Considering economic development at large as a means for achieving human development, such broad areas would be e.g. improved business climate and governance, development of market-oriented skills, stable and efficient financial intermediation, continued investment in energy, transport and ICT infrastructure, efficiency of public revenue mobilization and spending. More particularly, focusing on the field of trade development, the national needs assessments have allowed to identify some common areas of interest, in that all the SPECA countries agree on the need to a) continue dealing with the economic crisis and its effects, b) reduce dependence on a few products and markets, c) raise value added, d) take a longer term perspective on trade development, e) ensure that measures taken are comprehensive and coherent, f) consult and cooperate for concerted action, and g) make trade contribute to human development.

As with the identification of the key trade development challenges, each country is setting its own priorities for meeting them and achieving the intermediate outcomes necessary for this purpose. Also here, the national needs assessments have allowed to identify the following priority fields for trade development, taking those that seem to appear in each and every country: physical infrastructure (transport, energy, telecoms), institutional infrastructure (trade procedures, quality, trade and investment support), business environment, enterprise development, diversification, sector development (including services); higher value added, better use of local resources; and supply and transformation of agricultural produce.

It should also be noted that even if the priority fields for trade development were to be reduced to a small number, they would nevertheless need to be translated into a variety of more specific outcomes in order to help identify, appraise and implement suitable, AfT related programmes and projects. As came out on the discussions at the AfT Expert Meeting in Bishkek in March 2010 (organized in the framework of Phase I of *Wider Europe: AfT for Central Asia, South Caucasus and Western CIS* project), such outcomes, to take just some examples, could take the form of

- a) macro-economic policies and conditions for doing business which are conducive to enterprise and trade development;
- b) trade specific policies and agreements giving adequate access to foreign markets, both in neighboring countries and elsewhere in the world;
- c) mechanisms in place for active, constructive public-private dialogue on trade related policies, strategies and practices;
- d) fair, equitable, transparent, effective, efficient and harmonized regulations, procedures, practices and facilities for quality assurance, certification and accreditation;
- e) fair, equitable, transparent, effective, efficient and harmonized regulations, procedures, practices and facilities for facilitating trade, in particular for reducing the time and cost of transport and border clearance;
- f) trade infrastructure allowing speedy and unencumbered exchange of goods and services between suppliers and their clients, wherever they are located;
- g) better value chain linkages, higher value added and greater employment in key sectors;
- h) improved access to and greater use of trade information;
- i) improved access to and greater use of trade support services, including, among many others, financial and logistic services, business advice, and training;
- j) suitably market oriented research and development, education and training systems;

- k) sustained ability of enterprises to develop, produce and deliver market oriented goods and services meeting customer requirements;
- l) improved knowledge and skills of export oriented enterprises in fields like product development, quality assurance, production management, business administration, marketing, packaging, and so on;
- m) better skill levels and employment opportunities of workers; and
- n) environmentally sound production, distribution and use of goods and services.

The present project intends to address some of the issues indicated above.

2.3 Stakeholders and beneficiaries

The overall development goal of AfT is to foster inclusive economic growth through the promotion of trade and the enhancement of country's competitiveness. Thus, beneficiaries and stakeholders of the project include a wide range of private and public entities in the countries of the region. The main beneficiaries of the projects are the people of Central Asian, South Caucasus and Western CIS countries.

Involvement of government and interest group representatives has increasingly proved to have a positive impact on implementation of development activities and policymaking. There is a widespread recognition that such participation brings political, legal and social benefits and reduces the risks of misunderstandings. Investing effort in participation, even if costly, has always proved to be effective and efficient.

The main stakeholders are (titles and names often vary between countries):

- 1) Government and governmental organizations
 - a. *Line ministries*: Ministry of Trade, Ministry of Industry, Ministry of Economy/Finance, Ministry of Agriculture and Ministry of Foreign Affairs;
 - b. *Special committees*: Trade facilitation committee, Aid for Trade committee;
- 2) Business and trade unions
 - a. *Business*: national business association, sectoral business associations, small and medium enterprises business associations, associations of artisans and traders, chambers of commerce, export associations, representative entrepreneurs, trade managers and professionals, farmers associations and farmers;
 - b. *Trade unions*: confederation of trade unions, main trade unions, women workers association, association/cooperatives of workers;
- 3) Civil society - Nongovernmental organizations (NGOs), including environmental NGOs, associations of NGOs, women and marginalised populations associations, independent think-tanks, national and local media.

Roles and responsibilities for engagement of different entities (relevant tools, approaches, and skills) are presented below:

- *Think tanks and research institutes*: Gathering evidence by conducting research, analyzing data or providing direct advice and recommendations to policy makers and other decision makers; established sources of evidence-based information; position papers on trade policy related topics.
- *Professional associations*: Expert knowledge on specific topics; advocacy on legal and regulatory framework issues (especially laws and policies affecting their activities); promoting dialogue between corporate sector and policy makers on issues of concern to association members.

- *Trade unions and workers cooperatives*: expert knowledge on specific topics; forming alliances, mobilizing members to speak out and challenging positions of more influential groups.
- *Media/journalist societies*: disseminating information about the project and policy options; challenging public policies in the public domain in order to provide a key monitoring function; local media's role in collecting firsthand data from communities, publicizing opinions and disseminating information in national and local debates.
- *Community-based organizations*: Bringing grass-roots evidence or experienced knowledge into the process; monitoring processes and outcomes; participatory methods of assembling citizens' voice and gathering information such as through: action research; community profiles; community household level questionnaires; and community resource mapping.
- *Cross-national policy dialogue groups*: Creating the space for dialogue between different policy makers, donors and other civil society stakeholders; policy briefs to promote policy-relevant knowledge among policy makers and others regarding reforms; bringing disparate groups together around common issues (e.g. women's movements).

3. DEFINITION OF THE INTERVENTION

The project focuses on three sub-regions: Western CIS (Belarus, Moldova and Ukraine), South Caucasus (Armenia, Azerbaijan and Georgia) and Central Asia (Kazakhstan, Kyrgyzstan, Tajikistan, Turkmenistan and Uzbekistan) and consists of the following four components:

Component I:

Support to economic development along trade corridors linking countries of Central Asia, South Caucasus and Western CIS with key markets for their products.¹⁷

Component II:

Trade development: Technical assistance for a better use of trade opportunities.

Component III:

Understanding informalities and overcoming informal trade barriers faced by small enterprises and micro businesses, especially women entrepreneurs.

Component IV:

Creating opportunities for small enterprises and micro-businesses to benefit from trade.

Purposes, results and key activities of particular project components are characterized below.

3.1 Overall objective

The overall objective (development goal) is to foster inclusive economic growth in the region through the promotion of trade and the enhancement of country's competitiveness. The gains from trade are numerous, and extend beyond the immediate commercial benefits. Trade and investment can contribute to human

¹⁷ This component builds on the experience gained during the implementation of Phase I (Component II) in Kazakhstan, Kyrgyzstan and Tajikistan.

development by helping to raise productivity, employment and economic growth. Trade can also increase the variety and quality of goods available to consumers, and help lower the likelihood of political conflicts between countries.

3.2 Project Purpose

The purpose of *Aid for Trade for Central Asia, South Caucasus and Western CIS project* is to improve implementation of pro-poor trade reforms and trade capacity development measures through technical assistance interventions. Particular objectives of project components are listed below:

Component I: *Support to economic development along trade corridors linking countries of Central Asia, South Caucasus and Western CIS with key markets for their products.*

Objective: Support the development of trade related capacities and help small and micro entrepreneurs in remote urban and rural areas, as well as farmers and farmers' associations to gain from the opportunities that expanded trade possibilities may bring to the regions and local communities.

Component II: *Trade development: Technical assistance for a better use of trade opportunities.*

Objective: Facilitate international trade on the national and local level by supporting the development of strategic documents to develop trade, optimizing the institutional framework, and providing technical assistance to exporters.

Component III: *Understanding informalities and overcoming informal trade barriers faced by small enterprises and micro businesses, especially women entrepreneurs.*

Objectives: Articulate national and sub-regional AfT issues with special reference to the challenges faced by small entrepreneurs and micro businesses operating in local areas, shadow economic activities, informal cross border trade, impact of trade on gender inequality and environment; and facilitate transfer of best practices in developing trade capacities of small enterprises and micro businesses, knowledge sharing, discussion of national and regional policies and diffusion of good practices in several thematic areas with special reference to the impact of trade (including informal trade) on local development, micro businesses; internal trade barriers and the impact of trade liberalization on gender inequality and environment.

Component IV: *Creating opportunities for small enterprises and micro-businesses to benefit from trade.*

Objective: Facilitate transfer of best practices in developing trade and production capacities of small enterprises and micro-businesses with special reference to tools for a better market access and spread of knowledge and new technologies through international trade.

Indicators for monitoring and project evaluation and target are presented in Annex 1. Detailed AWP's will be developed in January 2010 and submitted for approval to the Project Board in February 2011. Under Component I, Kazakhstan, Kyrgyzstan and Tajikistan have submitted detailed AWP's for 2011 (Annex 1). Key project interventions are described in the subsequent sections.

3.3 Key results

As mentioned above, the project will be composed of four components with different thematic and geographical focus. The background for each component of the project, related results and corresponding indicators for monitoring and evaluation are described below.

Component I: Support to economic development along trade corridors linking countries of Central Asia, South Caucasus and Western CIS with key markets for their products.

Several transport corridors link production centers and markets within *Central Asia, South Caucasus and Western CIS* and enhance their access to neighboring markets (including China, Russia and the EU). However, in order to fully exploit the opportunities resulting from the improved transport infrastructure, entrepreneurs (including urban and rural small entrepreneurs and micro businesses, farmers and farmers' associations) and local business communities need to develop capacities that will allow them to take advantage of these new opportunities. Today, small enterprises and micro businesses face several key obstacles to trade. These result from exclusion from international value chains, lack of critical and up-to-date market information (e.g., on market conditions, highly profitable products, international prices, etc.), knowledge (e.g., international quality, veterinary and phytosanitary standards and trade procedures), management skills (e.g., organization, strategic planning, leading and controlling business processes, and negotiating), access to international business partnerships, and access to services (e.g., financial services).

Information and institutional constraints identifying the best market opportunities, and lack of knowledge about potential/innovative and existing value chains are particularly severe for farmers or other small enterprises and micro businesses, especially in rural areas. Trade costs are onerous to geographically dispersed sectors of the economy, such as agriculture. Reducing these costs, improving sales channels, and creating skills needed to successfully benefit from trade (within and outside the region) will help farmers, small enterprises and micro businesses create new jobs, and thus will have a positive impact on economic activity and poverty alleviation.

The project component will build on experience gained during the implementation of Phase I in selected regions located along the CAREC trade corridors. In order to ensure an efficient use of resources, as well as sustainability, Phase II will build on the activities under Component II of Phase I and consequently continue in three Central Asian countries:

- (1) Kazakhstan: Semey region,
- (2) Kyrgyzstan: Batken region, and
- (3) Tajikistan: Sughd region (Khujand).

The concept of building trade components into UNDP Area Based Development Projects has proven to be very successful during Phase I in Semey, Batken and Sughd, as existing UNDP project structure and project management and policy knowledge was utilised to optimise outcomes of the activities. It is therefore proposed to replicate this approach in other countries of Central Asia, South Caucasus and Western CIS, namely:¹⁸

¹⁸ It is envisaged that country components will be implemented over a 2-3 year period.

- Uzbekistan (in the Fergana Valley) in cooperation with the UNDP/EU Enhancing Living Standards (ELS) project. The proximity of existing projects (Batken and Sughd are located in the Fergana Valley) will allow for some knowledge and experience exchange and contribute to cross-border cooperation in the region.
- Georgia in cooperation with existing UNDP regional development projects in Adjara Autonomous Republic (bordering Turkey) the project will support economic diversification and trade development in the region. It will contribute to empowering newly established public development agencies and support to effective market position of Adjara on the local and foreign markets for goods and services. The project (in cooperation with the Government of Adjara) will deploy professional business development services: extension services in agriculture and market information and consultation services for foreign and local companies (targeting specifically export oriented SMEs). The project will aim of supporting both: production/processing and marketing/exporting cycles to ensure effectiveness of trade supporting measures.
- Armenia (in the Tavush Region)¹⁹ in cooperation with the UNDP Community Development Project. As the main highways and a railway from Armenia to Georgia and Russia pass through the Tavush Region, it has a strategic significance for Armenia's freight traffic to Russia and other CIS countries as well as to Europe and Turkey through Georgia and the Black sea.

Results

The objective of *Component I* is to support the development of trade related capacities and help small and micro entrepreneurs in remote urban and rural areas, as well as farmers and farmers' associations to gain from the opportunities that globalization and expanded trade possibilities may bring to the regions and local communities.

Formally, the result of *Component I* can be described as follows:

Increased economic development along trade corridors linking the countries of Central Asia, South Caucasus and Western CIS with key markets for their products.

Result indicators for project-specific monitoring and evaluation of *Component I* include:

- a) Number of government officials, self-employed people, entrepreneurs and farmers trained and % of the evaluation reports have assessed the different activities as positive, results of impact assessment at place of work/business (where feasible); percentage of women participants;
- b) Number of clients served by Market Information/Trade Promotion Center and number of activities dedicated to women entrepreneurs;
- c) Number of businesses implementing new ideas to create value added in countries involved, expected turnover of these business ideas.

Corresponding targets are presented in Annex 1.

Component II: Trade development: Technical assistance for a better use of trade opportunities.

¹⁹ Tavush Region is located in the north-east of Armenia, bordering Georgia in the north, Azerbaijan in the east and Gegharkunik and Kotayk Regions of Armenia in the south, Lori Region of Armenia in the west.

Component II will focus on strengthening trade capacities in four countries: Ukraine, Belarus, Moldova and Turkmenistan.

In Ukraine, the project will closely cooperate with the *UNDP Blue Ribbon Analytical and Advisory Centre*²⁰ and will provide technical support to the government for the elaboration of the "*National Strategy for Export Development*", focusing on international trade agreements, foreign trade logistics, information on foreign markets, gathering and granting access to trade information, the role of foreign trade missions, export guarantees, export financing, state support for trade related events (missions, exhibitions, promotion materials) and special economic zones and their export orientation; and the law regarding financial support for exports. The project will also provide technical assistance for export through (a) training for local and regional administration, business associations and media on the role of the local administration in providing export oriented information and training (trainings can lead to the development of local action plans aimed at raising local export capacity); and (b) training for consultancy companies and law firms in widening their capacity in doing business with other countries.

In Moldova, the project will strengthen the capacity of targeted SME support institutions to provide business advisory services through the organization of sector-specific training activities and build the capacity of SMEs on the relevant *acquis communautaire* and business-oriented topics in selected priority sectors (where such capacity are currently lacking or which have not fully tapped into export market opportunities) in order to increase their knowledge on the opportunities prevailing within existing trade preferences with the EU, expand their level of competitiveness vis-à-vis the European market and support them in becoming reliable partners. This will be achieved through the provision of targeted trade development support, and developing effective networking mechanisms, as well as developing relevant capacity-building activities

In Belarus, the project will facilitate the promotion of Belarusian light industry products in the international commodity markets by utilizing information and communication technology and enhancing capacity of enterprise exporting and marketing departments. Access to internet services and electronic trade will help overcome multiple barriers to exports, including remoteness from markets, and shortage of marketing information. This will be achieved by designing and establishing an electronic trading facility (ETF). Current international practices will be reviewed, and client expectations for the content and design of the ETF will be examined. Other activities will include technical and software support for the electronic trading facility and monitoring of performance indicators. Furthermore, the project will connect small and medium-sized enterprises to the ETF. Indicative activities will include capacity and technical assessment, evaluation of SME readiness for electronic trade (particularly in the regions and small cities), support to web-site development, training and professional upgrading of staff. Finally, the project will develop capacities of export and marketing departments in selected enterprises.

In Turkmenistan, the project will cooperate with the *Institute for Strategic Planning and Economic Development*,²¹ and will provide support to the development of an analytical study on institutional trade capacity with the aim to identify gaps and strengthen capacities of existing trade-related institutions to analyse and formulate development-oriented trade policies to capture greater benefits from an open and integrated trade regime and participate in the regional and global trade agreements.

²⁰ See <http://www.undp.org.ua/en/projects-list-all/38-prosperity-poverty-reduction-and-mdgs-/631-blue-ribbon-commission-analytical-and-advisory-centre> for more information regarding *UNDP Blue Ribbon Analytical and Advisory Centre*.

²¹ See http://science.gov.tm/en/organisations/strat_plan/ for more information on *Institute for Strategic Planning and Economic Development*.

The objective of *Component II* is to facilitate international trade on national and local level by supporting the development of strategic documents to develop trade, optimizing the institutional framework, and providing technical assistance to exporters.

Formally, the result of *Component II* can be described as follows:

Increased use of trade opportunities through technical assistance

Result indicators for project-specific monitoring and evaluation of *Component II* include:

- a. Number and quality of analytical documents developed in Ukraine and Turkmenistan using a human development and equality approach, participation of government officials in analysis (qualitative);
- b. Number of representatives of local administration, business associations and media trained on the role of the local administration in providing export oriented information and percentage of female participants; results of impact assessment at place of work (where feasible);
- c. Number of consultancy companies and law firms trained in widening their capacity in doing business with other countries and number of trainings dedicated to gender and trade/ is gender sensitive; results of impact assessment at place of work (where feasible);
- d. Number of enterprises using the electronic trade facility.

Corresponding targets are presented in Annex 1.

Component III: Understanding informalities and overcoming informal trade barriers faced by small enterprises and micro businesses, especially women entrepreneurs.

Analytical studies²² indicate that with the dissolution of the Soviet Union and the easing of international travel restrictions, individual traders in the region started in large numbers to undertake shopping trips to neighbouring countries and to places as far away as China, Turkey and the Gulf States, bringing consumer goods home to sell in the region. This small-scale, cash-based informal trade became known as shuttle trade. It has persisted mainly because regulations and other trade costs discourage the establishment of larger, more formal trading companies that would improve trade efficiency. However, it has also provided important employment and commercial opportunities for lower-income segments of the population and helped develop new trade flows across borders. Depending on the frequently changing laws and regulations of each country, shuttle trade can be legal or illegal, making it often an uncertain and hazardous undertaking for the people involved. The 'suitcase trade' or 'shuttle trade' already existed during Soviet times, but has changed and further expanded during the post communist era. More than half of the jobs lost during the transition in the region were jobs held by women.²³ It is assumed that many of these women participate in 'shuttle trade' for subsistence purposes. Despite frequent interference in shuttle trade by official policy or corrupt officials, its size across the region is believed to be large. It is poorly documented and difficult to estimate, as traders try to avoid the authorities' attention and routinely under-invoice their imports. Nevertheless, shuttle trade is an essential part of trade in Central Asia, Caucasus and Western CIS and has important implications for the reduction of poverty.

²² UNDP, Central Asia Human Development Report, "Bringing down barriers: Regional cooperation for human development and human security", UNDP, Bratislava 2005 (The report in English and Russian is available at <http://europeandcis.undp.org>).

²³ UNDAW (2001), Women's Informal Employment in Central and Eastern Europe, EGN/POV/2001/EP.1

Therefore, in order to increase the understanding of these issues and discuss potential strategies to avoid informalities and informal trade barriers, to increase understanding of the impact of trade liberalization on women, gender inequality and environment, it is proposed to analyze and discuss these issues during an international meeting or conference. The conference will cover policies to address trade informalities and entrepreneurial challenges for micro businesses and small firms, as well as the impact of trade on local development, gender issues and environment. In order to gain from the Finnish experience in the internationalization of small and micro-businesses and development of the export financing system,²⁴ the conference will be organized in Helsinki and linked to a study tour showing the best practices in Finland of these areas. The preparation for the conference will include the development of country studies (background papers) on trade informalities, informal barriers to trade, trade liberalization and gender inequality and impact of trade on environment (to be presented and discussed during the meeting) in selected countries of Central Asia, Caucasus and Western CIS, i.e., in Kyrgyzstan (impact of trade liberalization on gender inequality), Azerbaijan (impact of trade on environment), Georgia (informal barriers to trade) and Moldova (informal trade in Transnistria).²⁵ The studies are expected to utilise a gender-sensitive analysis. International participants will include policymakers as well as representatives from the private sector, nongovernmental organizations and academic institutions. Therefore, the conference discussions would also involve learning components, thus making a direct contribution to capacity-building.

The objectives of *Component III* are to articulate national and sub-regional AFT issues with special reference to the challenges faced by small entrepreneurs and micro businesses operating in local areas, shadow economic activities and informal cross border trade, gender inequality and environment; and facilitate transfer of best practices (including the Finnish experience) in developing trade capacities of small enterprises and micro businesses, knowledge sharing, discussion of national and regional policies and diffusion of good practices in several thematic areas with special reference to the impact of trade (including informal trade) on local development, micro businesses, and internal trade barriers.

Formally, the result (output) of *Component III* can be specified as follows:

Better understanding of informalities and enhanced capacities to overcome informal trade barriers faced by small enterprises and micro businesses

The output (result) of *Component III* will provide the substantial and analytical background (input) for the regional meeting of trade practitioners and policy makers.

Result indicators for *Component III* for project-specific monitoring and evaluation include:

- a) Number and quality of analytical studies completed, use of gender sensitivity ;
- b) Number of participants in the regional meeting, number of female participants;
- c) Participants assessment of the quality of the regional meeting; results of impact assessment at place of work (were feasible);

²⁴ Experience of Finnvera (www.finnvera.fi) and Finpro (www.finpro.fi) and results as well as lessons learned from the project: *InfoDev: Creating Sustainable Businesses in the Knowledge Economy* (<http://www.infodev.org/en/Topic.28.html>) would be of particular interest for participants from CIS countries.

²⁵ Illegal trade and illegal economy, in general, is especially developed in Transnistria. Illegal trade there affects life of people and the economy as a whole. The situation can be characterized by short quotation from analytical study by Olga Savceac entitled *Transnistria-Moldova Conflict*: "...conflict is prolonged by the economic interests of officials on both sides in the illegal and informal trade, bribes at customs posts, and fees charged for licenses and export certificates, made possible by the situation. It is said that the annual volume of smuggling represents the loss to Moldova of the equivalent of more than two annual government budgets." (<http://www1.american.edu/iced/moldova.htm>)

Corresponding targets are presented in Annex 1.

Component IV: Creating opportunities for small enterprises and micro-businesses to benefit from trade.

Component IV will focus on creating opportunities for micro-businesses to gain from international trade and improve knowledge regarding applications of new technologies in small enterprises, and tools for better market access. In particular, it is proposed:

1. To work together with the Fairtrade Labelling Organization International (FLO) in Uzbekistan to select and train farmers and/or farmer associations to grow organic and fairly traded (certified) agricultural products (providing an opportunity to farmers in Uzbekistan to access international fairtrade markets to help increase revenues and living standards). The project will link up with the pilot UNDP Fairtrade project implemented in cooperation with UNDP/EU Enhancing Living Standards (ELS) project.²⁶ Through FLO, local producers will receive guidance and training on certification requirements support, to gain access to new markets (preferably, to begin with, in Finland and/or other Nordic countries). FLO will also support the facilitation of a deeper relationship between buyers and local producers. The sister organization of FLO in Finland²⁷ will support the activity's visibility in Finland, as well as facilitate first contacts with Finnish fairtrade buyers.
2. To organize a study tour for participants from Central Asia, Caucasus and Western CIS to western China (the region neighboring Central Asian countries) to learn from Chinese solutions with special reference to tools for better market access for small and micro businesses.

The objective of *Component IV* is to facilitate transfer of best practices in developing trade and production capacities of small enterprises and micro-businesses with special reference to tools for better market access and spread of knowledge and new technologies through international trade.

Formally, the result of *Component IV* can be described as follows:

Enhanced opportunities for small enterprises and micro-businesses to benefit from trade.

Result indicators for *Component IV* for project-specific monitoring and evaluation include:

- a) Number of farmers to be targeted to be trained to grow organic and fairly traded (certified) agricultural products will be determined after initial consultation with FLO;
- b) Number of participants, % of female participants, participants assessment of the quality of study tour; results of impact assessment in business;

Corresponding targets are presented in Annex 1.

3.4 Activities

Activities planned for the project (by project component) are listed below.

²⁶ See <http://www.undp.uz/en/news/story.php?id=1159>

²⁷ See <http://www.reilukauppa.fi/>

Component I: Support to economic development along trade corridors linking countries of Central Asia, South Caucasus and Western CIS with key markets for their products.

Component I will build on the activities started under Component II of Phase I, i.e., continue in Semey region in Kazakhstan, Batken region in Kyrgyzstan, and Sughd region in Tajikistan and start new activities in the Fergana valley in Uzbekistan, Tavush region in Armenia, and Adjara region in Georgia.

Activities in Kazakhstan, Kyrgyzstan and Tajikistan (i.e., the countries where the Phase I of the project was implemented) will extend the work done under Phase I of the project. They will be closely linked to the work done before, and thus will differ from country to country. The activities by country are described below:

Kazakhstan (Semey)

As part of an effort to guarantee increased sustainability of the project and its activities, it was decided to continue with some of the activities that are being implemented in the Phase I of the project. Especially the activities on capacity development which are currently focused on public employees (civil servants) and entrepreneurs would need a longer period to reach sustainable results. In addition, it is intended that all activities align with the current government of Kazakhstan's 'Development Strategy 2020', especially when it comes to 'strengthening capacities of SMEs, promoting the business environment, establishment of the institutional setting to stimulate the private sector and export related promotion measures'. The main activities proposed are described below.

Activity 1: Development of trade related capacities, including

1.1: Development of a baseline survey and analytical study on the potential of different sectors of the economy and their respective potential to increase trade and exports. This survey/study will provide the current situation in these sectors and will be used to identify the opportunities and threats as well as a measurement tool to evaluate the impact of the project. The study will feed into the other activities that are explained below.

1.2: Provision of comprehensive trainings to local micro, small and medium sized entrepreneurs to enhance their trading capacities through a multiplier agent (i.e. Trade Promotion Centre) that provides targeted trainings to the beneficiaries with a specific focus on women entrepreneurs. This activity will also pay particular attention to the needs of small farmers and rural entrepreneurs through specialized trainings;

1.3: Provision of comprehensive trainings to local public administration officials (e.g. rural authorities, local authorities involved in trade promotion and economic activities) on the benefits of mainstreaming trade in local development strategies as well as strengthening their capacity to support trade related activities of local entrepreneurs;

Activity 2: Small grants component

2.1: The overall objective of the Small Capital Grant Fund is to address the needs of the beneficiaries to strengthen their trade development. As a first step inclusive projects will be selected that show a strong growth potential, particularly focusing on the self-employed population.

2.2: The grant (up to 5.000 USD) would target project beneficiaries (farmers, farmers associations, micro and small entrepreneurs) who show strong growth potential. The beneficiaries would be enabled to move from (informal) self-employment to establishing their private business. The grants will be linked closely to the capacity development activities – to maximize their development impact. Transparency will be ensured by establishment of a Grant Appraisal Committee comprised of representatives of local government and local community and business representatives.

2.3: Close monitoring is an important and integral part of the implementation of this activity. In addition the selected projects will be subjected to an impact assessment to show the (medium to long term) impact.

Activity 3: Domestic trade models

3.1: The aim of this activity is to support the development of domestic trade models. At present, there is no regulation in place that regulates the domestic trade relations. The Ministry of Economic Development and Trade is responsible for development of such legislation and will need support to develop this. The project will provide advisory support to the Ministry to develop the legislation needed for implementing the trade models.

3.2: Workshops will be organized to discuss these models and their applicability and working in the country.

Gender will be mainstreamed throughout all activities

Kyrgyzstan (Batken)

In order to further enhance currently implemented activities and increase sustainability of the activities undertaken Phase II in Kyrgyzstan will undertake the following activities:

Activity 1: Capacity building of target beneficiaries on trade mainstreaming

A comprehensive training package will be developed and organised based on assessments undertaken for the identification of the different needs of the business community. Trainings will mainly cover strategic business planning, marketing, branding, diversification of products, institutional development, innovative technologies of production, standards and others. Participants will be representatives of farmers, farmers' associations and service organization, business associations, local self-governments, state departmental agencies, responsible for quality standard control, licensing, certification etc. Due to geographic location and border with Tajikistan, Batken has close trade relations with Tajikistan. Therefore, it is planned to conduct a series of roundtables including with stakeholders from Tajikistan for develop cross/along the border trade and overcoming of barriers.

Trainings will also be provided to target capacities to implement the Trade Development Strategy developed under Phase I. As the usage of needs assessments have shown so successful, they will be used to determine needs and eventual gaps to be filled.

Activity 2: Capacity building of the Batken Market Information and Marketing Center

The further development of the Batken information and marketing center (BIMC) envisages the expansion of the market information database on prices, products and equipment, services, producers and consumers of agricultural products, means of production etc. to ensure wide dissemination of this information. The consumers of the information will be rural producers (farmers), private entrepreneurs, wholesale buyers, processing companies, business associations, cooperative, service and consulting organizations. Work on gathering, analysis and dissemination of information done by the center's employees will be partially paid by the project. During the last year of project implementation, the center is expected to be sustainable and profitable.

During the 2nd phase of the project the collaboration of the BIMC with information and marketing systems in Bishkek, Osh and Khujand, various national business associations and enterprises will be expanded and enhanced. Specialists of the center will systematically meet with potential consumers of information (farmers, suppliers, processing organizations, buyers etc.), identify needs in information, participate in different forums, exhibitions, seminars, and advertise activity of the center and its information website.

Furthermore, one of the center's services alongside broker services will be the assistance to wholesale vendors and entrepreneurs in processing necessary documents for export.

Strong business connections between Kyrgyz producers and foreign processing companies including those in Tajikistan for supply of quality products (fresh and dried vegetables and fruits) on mutually beneficial terms will be established through BIMC.

Activity 3: Capacity building of pilot farmers cooperatives on expansion of trade opportunities

The capacities of four farmers' associations/cooperatives will be enhanced. Opportunities for trade development and promotion of products will be made possible. Members of target organizations will receive assistance of local experts in conducting business analysis, market review and research, production of quality products, advancement of products (packaging, labelling, branding etc.), development of business and marketing plans. The beneficiaries will receive assistance of local experts in conduction business analysis, market reviews and research, production of quality products, advancement of products (packaging, labeling, branding etc.) and the development of business and marketing plans.

The members of the associations/cooperatives will participate in a series of trainings and seminars on standardization of products and food safety, quality management, analysis and development of market, competitiveness analysis, price formation, packaging and labelling, branding, supply chain, logistics, insurance, conclusion of contracts etc. Study tours will be organized to learn best practices of the leading processing and trade-purchasing enterprises.

Farmers' initiatives on establishment of processing lines (cleaning, packaging, labelling, drying etc.) and storage of export products will be supported through pilot associations/cooperatives. Technical capacities will be enhanced through small capital grants funds under which they will be able to develop business plans and purchase necessary equipment.

In addition, the possibility of implementing the concept of cooperative kitchens is currently evaluated.

Both environmental protection and gender will be mainstreamed throughout all activities.

Tajikistan (Sughd)

Activities under Phase II are a logical continuation of the work undertaken under phase I of the AfT project and will incorporate the best practices and lessons learned under phase I. Phase II will focus on the Trade Promotion Center and the Regional Trade Strategy of the Sughd region. Funds provided to Sughd Microfin are revolving funds and it is expected that they will be re-invested with the same criteria and concept (larger loans). The AfT Coordinator will continue to monitor the progress under phase II in order to evaluate the long-term success of the initiative.

Activity 1: Support to establishing export capability and mentoring programme

Under phase I, the TPC was established and a first cycle of trainings provided to TPC staff. After the establishment of the center as legal entity, it is proposed under phase II to strengthen the strategic outlook and sustainability of the TPC. A detailed programme of action and trainings will be developed on the basis of 'how to workshops'. The trainings will be developed with the aim of meeting the needs of entrepreneurs in the region, as well as establishing the TPC as the market leader in providing export related trainings and advisory services. At the end phase I and the beginning of phase II, it is also planned to formalise the legal status of the center. In order to maximize impact, and ensure local ownership, representatives of the different involved stakeholders such as the Chamber of Commerce, AESR, center staff, local governance structures and other involved organizations will form a formal body with advisory and supervisory functions. It will be exclusively dedicated to the Trade Promotion Center. This is to ensure that the Trade Promotion Center remains independent and can service the needs of a wider client range. This will also contribute to the harmonization of export related activities in the region.

Activity 2: Enhancing the participation of involved stakeholders in the formulation of the *Trade Development Strategy* and export related policy improvement.

As per local legislation, the proposals for changing any local policies or elaboration of any strategies could be initiated by various associations as well as public, unions, groups of people, CSOs, and etc. UNDP principles are to facilitate and support the processes when all stakeholders could express own visions/opinions and make decisions on participatory approach. Focal points from the government and private sectors will be appointed to lead this process and promote an ownership. A Working group will be established since the elaboration of such an important document requires participation of local experts from other state and non-state structures. Since the Ministry of Economic Development and Trade (MEDT) is the focal point at national level, appropriate methodologies and experts will be used and engaged from this ministry.

Phase II will also support the creation of synergies between different projects working in the area of trade development. Furthermore, UNDP BRC will endeavour to provide expert advice for the elaboration of the Regional Trade Strategy. Gender will be mainstreamed throughout all activities

Detail workplans for the implementation of Component I in Kazakhstan, Kyrgyzstan and Tajikistan (continuation of Phase I) are presented in Annex 2.

In Armenia and Georgia, the project will focus on the development of trade capacities on the local level and will include the following activities:

Activity 1: Capacity building on trade mainstreaming²⁸ targeted at local public authorities, and support to set up alliances with business associations for export promotion.

The focus of this activity is on increasing understanding of barriers faced by small and micro businesses and creating a general environment conducive to the development of SMEs. To this end, international practices will be explored; workshops, roundtables and other debate in regions will be organized to promote wide sharing of such practices in selected regions.

Activity 2: Establishing/strengthening market information centers and trade support institutions in identified regions (if possible within existing local government bodies or donor supported business advisory services) to provide customized services,

This will include: (a) advisory services to local producers and farmers' cooperatives to think beyond existing value chains and their current retail channels (i.e. communication and marketing strategies, business plan, sale support, identification of partners); (b) distribution of market information (e.g. information on highly profitable products, etc.) and selected training about the market, information about the most demanded products, required product quality standards, and grade systems, providing communication services marketing strategies, building marketing and export skills, providing, etc. sales support, establishing links with national and international trading partners; (c) provision of trainings for local businesses and cooperatives (i.e., improving negotiation skills, knowledge of international standards, quality standards, etc.); (d) facilitation of people-to-people (or business-to-business) contacts, to strengthen trade and partnerships between local SMEs and bigger national and international companies, through the organization of specific events for products/services for which trade corridors provide opportunity to explore their full trade potential.

Activity 3: Capacity building of local businesses and farmers in trade related issues, including quality assurance, marketing and branding to help them modify their trade and export approach.

A group of small and micro enterprises will be selected for trainings, coaching and further consultations. Effective farming methods in agriculture will be promoted and supported through the deployment of agricultural extension services to small farmers. This will include technical assistance to farmers/business associations and delivery of extension services to farmers through

²⁸ Mainstreaming trade policies in national development strategies involves the systematic promotion of mutually reinforcing policy actions across government departments and agencies, creating synergies in support of agreed development goals. Mainstreaming trade in local institutions involves the promotion of mutually reinforcing private sector development and export promotion support measures across different departments.

standards trainings and individual consultations, the development of demonstration plots and elaborating business plans jointly with farmers, support in marketing.

Training topics will focus on management and economic issues related to trade (special attention will be devoted to gender aspects of management and economy/trade). Special attention will be devoted to training needs of women living in rural areas and socially excluded groups of population including people with disabilities and ethnic minorities).

In Uzbekistan, the project will cooperate with UNDP/EU Enhancing Leaving Standards (ELS) project.²⁹ The proposed activities include:

Activity 1: Assessment of capacities of manufacturers and exporters to engage in trade, upgrade their production and adopt higher standards and organization of round table discussions with the representatives of regional authorities (Hokimiyats), Ministry of Foreign Economic Relations and Investment and its regional Department(s), Chamber of Commerce and Industry regional branch(s), farmers' association, private sector representatives and other stakeholders to identify products and sectors which have sufficient volumes and also offer highest prices in other markets, and also identify issues and challenges which limit exports of local manufacturers.

Activity 2: Trainings and support in certification, quality control (including raw material and final products check-ups with the aim to promote dissemination of information on manufacturing standards and export requirements among local food producers and will facilitate knowledge sharing and adoption of modern management and technologies.

Activity 3: Establishing food processing facility and providing necessary machinery and quality control equipment (including raw material and final products check-ups).

This facility will promote wide dissemination of information on manufacturing standards and export requirements among local food producers and comprises training of trainers and demonstration methods on export quality specifics and modern technologies.

Activity 4: Codifying experience (writing case studies) of successfully implemented activities to replicate best practices in other regions of the country.

For Armenia, Georgia, and Uzbekistan detailed workplans by country (agreed with national partners) as well as topics and curricula of the trainings will be presented to the Steering Committee for approval in the first quarters of project implementation (i.e., before implementation of the components start).

Component II: Trade development: Technical assistance for a better use of trade opportunities.

Component II will focus on strengthening trade capacities in three countries: Ukraine, Belarus, Moldova and Turkmenistan. Project activities by county are characterized below;

In Ukraine, the project will focus on the following activities:

Activity 1: Technical support to the government for the elaboration of the “*National Strategy for Export Development*”, focusing on international trade agreements (including free trade agreement (FTA) with the EU), foreign trade logistics, information on foreign markets, gathering and granting

²⁹ <http://www.els.uz>

access to trade information, the role of foreign trade missions, export guarantees, export financing, state support for trade related events (missions, exhibitions, promotion materials) and special economic zones and their export orientation; and the law regarding financial support for exports.

Activity 2: Technical assistance for export through

- a) training of local and regional administration, business associations and media on the role of the local administration in providing export oriented information and training (trainings can lead to the development of local action plans aimed at raising local export capacity) and;
- b) training of consultancy companies and law firms in widening their capacity in doing business with other countries.

In Belarus, the project will focus on the following activities:

Activity 1: Establishing an electronic trading facility (ETF) for the support promotion of Belarusian light industry products on international markets.

Activity 2: Connecting small and medium-sized enterprises to the ETF, including capacity and technical assessment, evaluation of SME readiness for electronic trade (particularly in the regions and small cities), support to web-site development, training and professional upgrading of staff.

Activity 3: Capacity development of export and marketing departments of selected enterprises active in international markets, including through the implementation of needs assessments for training and consultations; designing training modules based on the findings of the assessment (e.g. business planning for trade activities; export market entry strategies; export market analyses; export products development and marketing channels; marketing in foreign trade; negotiations skills in trading); organisation of small group and workplace training events, and conducting marketing project contests.

In Moldova the project will focus on:

Activity 1: Strengthening the capacity of the targeted SME support institutions to provide business advisory services through the organization of sector-specific training activities;

Activity 2: Developing the capacity of selected SMEs on the relevant *acquis communautaire* and business-oriented topics in selected priority sectors (where such capacity are currently lacking or which have not fully tapped in export market opportunities) in order to increase their knowledge on the opportunities prevailing within existing trade preferences with the EU, expand their level of competitiveness vis-à-vis the European market and make them reliable partners (this will be achieved through targeted trade development support, the establishment of effective networking mechanisms and the development of capacity-building activities).

In Turkmenistan, the project will provide support to the development of an analytical study on institutional trade capacity with the aim to identify gaps and strengthen capacities of existing trade-related institutions to analyse and formulate development-oriented trade policies to capture greater benefits from an open and integrated trade regime and participate in the regional and global trade agreements. The specific objective

of this intervention is to support Turkmen institutions to map their capacity assets and needs in relation to trade policy analysis and formulation as well as to interpret, implement and negotiate trade agreements. This study is expected to initiate a process of wider capacity building effort of trade related institutions.

Detailed list of actions within this project component includes:

1. Inception: (a) Drafting terms of reference and selection of national teams of experts; (b) Setting the framework (establishing national context, informing key stakeholders, i.e., relevant policy makers, UNDP offices, key donors present in particular countries, national think tanks, private sector and academia about planned activities, etc.).
2. Development of the analysis: (a) Desk survey; (b) Background studies and data collection; (c) Consultations with experts policy makers and key stakeholders; (d) Drafting the study.
3. Organization of national consultations, validation and national awareness rising: (a) National meeting (round table) with national and international experts, national policy makers and other stakeholders (presentation and discussion of the draft of the study); (b) Incorporation of the comments received into the draft.
4. Publishing the study: Editing and publishing (in English and national languages).

Component III: *Understanding informalities and overcoming informal trade barriers faced by small enterprises and micro businesses, especially women entrepreneurs.*

Activities within this component will include:

Activity 1: Development of country studies on trade informalities and informal barriers to trade in

- a) Azerbaijan (trade end environment)
- b) Kyrgyzstan (impact of trade liberalization on gender inequality),
- c) Georgia (informal barriers to trade), and
- d) Moldova (informal trade in Transnistria).

Detailed list of steps/actions to be implemented in each country includes:

- (a) Inception: Drafting terms of reference and selection of national teams of experts; setting the framework (establishing national context, informing key stakeholders, i.e., relevant policy makers, UNDP offices, key donors present in particular countries, national think tanks, private sector and academia about planned activities, etc.).
- (b) Development of the analysis: Desk survey; background studies and data collection; (c) consultations with experts, policy makers and key stakeholders; drafting the study.
- (c) Organization of national consultations, validation and national awareness rising: National meeting (round table) with national and international experts, national policy makers and other stakeholders (presentation and discussion of the draft of the study); incorporation of the comments received into the draft.
- (d) Presentation and discussion on Regional Conference in Finland.
- (e) Editing and publishing (in English and national languages).

Activity 2: Regional Conference in Helsinki on policies to address trade informalities and entrepreneurial challenges in micro businesses and small firms, as well as the impact of trade on local development, gender inequality and environment (including meetings with leading enterprises).

Component IV: *Creating opportunities for small enterprises and micro-businesses to benefit from trade.*

Project activities within Component IV will include:

Activity 1: Support to the fair trade initiative in Uzbekistan, including the selection of and training for farmers and/or farmer associations to grow organic and fairly traded (certified) agricultural products (providing an opportunity to farmers in Uzbekistan to access international fairtrade markets to help increase revenues and living standards).

Activity 2: Organization of a study tour for participants from Central Asia, Caucasus and Western CIS to western China to learn from Chinese business solutions with special reference to tools for improved market access for small and micro businesses.

Activities of the project will be implemented in years 2011-2013. Time schedule of implementation of project activities in different countries is presented in Section 3.5.

3.5 Geographical coverage and implementation time schedule

The activities of the project will be implemented in 3 years (36 months). The project will be implemented in 11 countries. Timing of implementation of national components will differ from country to country. In some countries (Kazakhstan, Kyrgyzstan, and Tajikistan) activities conducted in the Phase I of the project implementation will be continued in the subsequent period. In other countries (Georgia, Armenia, Ukraine, Uzbekistan) activities of the present project will be integrated with existing UNDP projects, which will allow almost immediate commencement of activities. In the other countries (Belarus) the project will have to be registered by the government, which may take several months. The UNDP Regional centre will coordinate implementation of national and regional activities during whole 36 months period. The time table of project implementation by country is presented in Table 3.1.

Table 3.1 Timetable of project implementation by country

Country	Project component	Comments	TIME FRAME (quarters of project implementation)												
			1	2	3	4	5	6	7	8	9	10	11	12	
Armenia	I	National component													
Azerbaijan	III	Country study													
Belarus	II	National component													
Georgia	I	National component													
	III	Country study													
Moldova	II	National component													
	III	Country study													
Kazakhstan	I	National component													
Kyrgyzstan	I	National component													
	III	Country study													
Tajikistan	I	National component													
Turkmenistan	II	Country study													
Ukraine	II	National component													
Uzbekistan	I	National component													
	IV	Support to fair trade													
UNDP Bratislava Regional Centre	I,II, III, IV	Coordination of the project implementation													
	III	Regional activity (Preparation to regional conference)													
	IV	Regional activity (a study tour)													

3.6 Synergies between project components

The purpose of the project is to foster inclusive economic growth through the promotion of trade and the enhancement of country's competitiveness. This overall objective will be achieved by the implementation of four project components focusing on slightly different but complementary issues, all related to the support of the development of trade related capacities on local (Component I) and national (Component II) levels. Projects components will be implemented in parallel in neighbouring countries (Armenia and Georgia in South Caucasus and Tajikistan, Kyrgyzstan, Kazakhstan and Uzbekistan in Central Asia). Similar activities implemented in the same period will allow exchange of knowledge and experience. Implementation of Component I will also benefit from the experience gained during implementation of Phase I of the project.

The purpose of Component III (*Understanding informalities and overcoming informal trade barriers faced by small enterprises and micro businesses, especially women entrepreneurs*) is to increase knowledge and understanding of national and sub-regional AfT issues important for small entrepreneurs and micro businesses operating in local areas, including shadow economic activities, informal cross border trade, impact of trade on gender inequality and environment. It is expected that analytical studies developed

within this component will provide background for regional debate, which will contribute to the capacity development of policy makers and project staff, in all the countries of project implementation (i.e., will support implementation of Components I and II, and facilitate exchange of knowledge and experience).

Similarly, Component IV aiming to facilitate transfer of best practices in developing trade and production capacities of small enterprises and micro-businesses will support implementation of project Components I and II, providing trade policy makers in target countries with the possibility to learn from the experience of more advanced countries and regions. It will also facilitate exchange of knowledge and experience between project staff and policy makers in the region.

3.7 Partnership Strategy

BRC and the national teams in the countries covered by the project will liaise closely with institutions in the beneficiary countries (national and local administrations) and with international organizations such as UNECE, UNESCAP, ITC, EBRD, the Asian Development Bank (ADB), Islamic Development Bank (IDB), as well as with other key partners such as the European Union, bi-laterals working in the region (e.g. USAID, GTZ) and with regional coordination bodies such as SPECA and CAREC. Further support will be provided by the Geneva Trade and Human Development Unit, especially in relation to UN coordination within the UN CEB Trade and Productive Capacity Cluster. To ensure coordination with the activities of other donors and implementing organizations members of UN CEB Trade and Productive Capacity Cluster will be regularly informed and updated about the activities undertaken within the project.

All national activities will be implemented in close cooperation with UNDP country offices, and UN Country Teams. The implementation of Component I will be specifically designed to complement existing private sector development projects to maximize synergies, sustainability and development results. Cooperation with environmental and energy efficiency projects is also envisaged, especially within the Poverty and Environment initiative launched by UNEP and UNDP in Central Asia and currently implemented in Kyrgyzstan and Tajikistan. Close ties will be established with the UNDP-supported Growing Inclusive Market initiative³⁰. Finally, the project will establish links with trade support organizations based in Finland, including Finnvera³¹, Finpro³², FairTrade-Finland,³³ and European ProClusters Association EPROCA³⁴.

Preliminary discussions with UNDP country offices and other UN agencies (UNDP/UNEP Poverty and Environment Initiative (Kyrgyzstan and Tajikistan); UNDP country programmes in Armenia, Ukraine, Tajikistan and Kyrgyzstan (and possibly in other countries) indicated possibility of cost-sharing and parallel financing. Details of this partnership will be determined in the first quarter of project implementation. Further, synergies will be established with the Border Management Programme in Central Asia (BOMCA³⁵), UNDP/EU Blue Ribbon Project in Ukraine, the Black Sea Trade and Investment Programme³⁶ and World Bank initiative *InfoDev: Creating Sustainable Businesses in the Knowledge Economy*³⁷

³⁰ <http://www.growinginclusivemarkets.org/>

³¹ <http://www.finnvera.fi>

³² <http://www.finpro.fi>

³³ <http://www.reilukauppa.fi>

³⁴ <http://eproca.org>

³⁵ <http://bomca.eu-bomca.kg/en/about>

³⁶ <http://www.undpforblacksea.org/index.htm>

³⁷ <http://www.infodev.org/en/Topic.28.html>.

4. ASSUMPTIONS AND RISKS

There are the following assumptions underlying the present project:

1) Macro-assumptions

- a) The after crisis economic recovery has started in 2010, and moderate economic growth will continue in subsequent years;
- b) World trade and foreign direct investment flows have started to recover in 2010 and will continue to grow in subsequent years;
- c) Poverty, inequality and unemployment in the CIS will remain high due to the economic downturn and global recession;
- d) There is a potential for farmers, cooperatives and SMEs to obtain additional gains from increased trade within and outside respective countries.

2) Policy (national and regional) assumptions

- a) Most of the governments confirm their commitments to trade reforms and increased participatory policy making processes;
- b) Continued commitment to ensure institutional coordination among the different governments;
- c) Official Development Assistance - AfT commitments will not decrease severely in the period of project implementation.

Potential risks and countermeasures, determined based on the experience gained during implementation of Phase I of the project, are characterized in Table 4.1.

Table 4.1 Potential project risks and countermeasures

Description	Type	Impact & Probability 1 (lowest) -5 (highest)	Countermeasures / Management response
Ineffective coordination between different projects and programs implemented by different international agencies	Organizational Strategic	I= 3 P= 2	<ul style="list-style-type: none"> Clarify objectives and responsibilities in advance Ensure good communication and information exchange
Insufficient political commitment from beneficiary countries (local and national authorities)	Political	I= 4 P= 2 Recommendations identified are not implemented by responsible government institutions	<ul style="list-style-type: none"> Early involvement of key beneficiary countries (forerunners) Consensus building activities; bottom up approach
Detrimental business climate	Organizational Strategic	I=3 P=3	<ul style="list-style-type: none"> The project seeks to address specific barriers to trade All initiatives will coordinate with other projects that are addressing systematic private sector policies
Limited commitment of national/sub regional business support institutions to the project	Operational	I= 4 P= 2 Reduced impact due to unexploited economy of scale; inefficient expenditures and reduced results.	<ul style="list-style-type: none"> Early identification of partner institutions Transparent selection system
Lack of competent national consultants especially on the local level	Operational	I= 4 P= 3 Growth in expenditures due to the need to hire international consultant. Reduced capacity development results and increased risks for sustainability.	<ul style="list-style-type: none"> Use of existing UNDP networks and knowledge Provision of capacity building /trainings
Problems in UNDP country offices support for project activities / integration with existing area-based projects	Operational	I= 4 P= 1	<ul style="list-style-type: none"> Close links with the country offices, involving country offices from the beginning of the project
Political instability in the region (and specifically border issues)	Political	I= 4 P= 2	<ul style="list-style-type: none"> The project aims to actively promote regional cooperation between countries using trade as a means
Islamic rebel groups activities	Security	I= 4 P= 2	<ul style="list-style-type: none"> Liaison with UN security officer and monitoring of news
Fluctuation in dollar value	Operational	I= 4 P= 4	<ul style="list-style-type: none"> Close monitoring to ensure early actions

5. COMPATIBILITY AND SUSTAINABILITY

5.1 Compatibility with the strategic goals for Finnish development cooperation

The project is fully consistent with the following two central topics of contemporary Finnish development cooperation policy:³⁸

- a) *Aid for Trade* (see "*Finland's Aid for Trade Action Plan (2008–2011)*"),
and
- b) *Wider Europe Initiative* (see "*A new opening in Finland's development policy: Wider Europe Initiative*" and "*Framework Programme for Finland's Development Policy Implementation Plan for 2009-2013*").

The activities proposed in *Component I (Support to economic development along trade corridors linking countries of Central Asia, South Caucasus and Western CIS with key markets for their products)* focus on the following priorities (themes, sectors, and categories) indicated in Finland's AFT Action Plan: a) Private sector development, b) Strengthening productive capacity of SME; c) Trade development; d) Information society and innovations; e) Environment and climate change; f) Energy and agricultural sector. Some of the development priorities presented above are also relevant for the Wider Europe Initiative. These include such themes as:

- a) Trade and development (furthering of regional cooperation and integration, promotion of trade policy and cooperation solutions based on non-discrimination, Aid for Trade);
- b) Information society development;
- c) Energy and environment (conservation and efficient use of energy, energy safety, promoting the sustainable use of renewable energy sources and other renewable natural resources, sustainable use of mineral resources and environment protection, etc.); and
- d) Social sustainability (promotion of inclusive economic and social development, good governance, etc.).

Component II (Trade development: Technical assistance for better use of trade opportunities) aims at facilitation of international trade on national and local level by supporting strategic documents to develop trade, optimising the institutional framework, and providing technical assistance to exporters. It focuses on strengthening trade capacities in Ukraine, Belarus, Moldova and Turkmenistan and it is fully in line both with Finland's AFT Action Plan (thematic focus: Trade and development) and Wider Europe Initiative (geographical coverage).

Component III (Understanding informalities and overcoming informal trade barriers faced by small enterprises and micro businesses, especially women entrepreneurs) aims at articulating national and sub-regional AFT challenges with special reference to issues faced by small entrepreneurs and micro businesses operating in local areas, shadow economic activities and informal cross border trade, impact of trade on gender issues and environment; transfer of best practices in developing trade capacities of small enterprises and micro businesses, knowledge sharing, discussion of national and regional policies and diffusion of good practices in several thematic areas with special reference to the impact of trade (including informal trade) on local development, micro businesses, and internal trade barriers. It covers the following

³⁸ These topics are central for the EU development policy as well.

priorities (themes, sectors, and categories) indicated in Finland's AfT Action Plan: a) Private sector development, b) Strengthening productive capacity of SME; and c) Trade development. Analytical work planned to be undertaken in the framework of this component will include development of country studies on trade informalities, informal barriers to trade and the impact of trade on gender inequality and environment in selected countries covered by Wider Europe Initiative, i.e., in Azerbaijan, Kyrgyzstan, Georgia and Moldova (Transnistria).

Component IV (Creating opportunities for small enterprises and micro-businesses to benefit from trade) will help the poor to gain from international trade and improve knowledge regarding applications of new technologies in small and micro-businesses, and tools for better market access. It will focus on the following priorities (themes, sectors, and categories) indicated in Finland's AfT Action Plan: a) Private sector development, b) Strengthening productive capacity of SME; c) Trade development; d) Information society and innovations; e) Environment and climate change; f) Energy and agricultural sector.

The project also supports two out of three cross-cutting themes in the present Finnish development policy, i.e., theme 1: *promoting the rights and status of women and girls, and promoting gender and social equality*; and theme 2: *promotion of rights of groups that are easily excluded, particularly children, people with disabilities, indigenous people and ethnic minorities*.

The whole project will be implemented in all eleven countries included in the Wider Europe Initiative of the Government of Finland.

5.2 Policy environment

The implementation of the project will be coordinated with the existing policy environment, including, not only trade policy, but also sectoral (e.g., environmental, agriculture, industrial, transport) and social policies.

Regarding country trade policy framework the project will take into account existing trade policies. The following issues will be taken into account: the trade regime in terms of tariffs (tariff dispersion, tariff pikes and effective rate of protection); non-tariff barriers (i.e. quotas, export and import licenses, export taxes and export bans, red-tape, etc.); other active government interventions in the area of trade, including state trading enterprises, countervailing measures, anti-dumping duties, and safeguards; pro-active trade policies, including export processing zones, trade promotion institutions and consultative arrangements with the private sector and civil society organizations; role of tariffs and other duties in respect to government revenues; etc. Special attention will be paid to the in-country capacity to deal with trade issues. In particular, it will focus on: implementation and compliance with multilateral, regional and bilateral trade agreements and preferential schemes; and market access constraints in export markets, such as standards, technical barriers to trade, tariff peaks and tariff escalation.

5.3 Economic and financial feasibility

In order to ensure efficient use of resources the project will be implemented in close cooperation with UNDP country offices in all eleven countries of Central Asia, South Caucasus and Western CIS, and will benefit from existing UNDP infrastructure and the UNDP network of trade and private sector development practitioners. The project will also benefit from the knowledge and experience accumulated at UNDP Europe and the CIS Bratislava Regional Centre (UNDP/BRC), as well as from the established network of national experts and practitioners at the area of trade, economic development and poverty reduction.

The activities of the project *Component I* will be coordinated with UNDP area based development projects that are currently being implemented in countries of the region (see Chapter 3). Utilization of the infrastructure of existing projects and building on accumulated knowledge in the areas of the project implementation will ensure cost efficient and timely delivery of complex activities. Implementation of *Components I-II and IV* will be coordinated with other activities undertaken by UNDP country offices. To minimize costs the project will also benefit from the involvement of sectoral experts based at UNDP/BRC, including regional advisors on rural development, social policy, environment and biotechnology, capacity development, good governance, microfinance, and private sector development (advisory services of BRC advisors and specialists are provided to UNDP projects free of charge). Implementation of the project activities will be coordinated between countries and potential synergies will be explored. The activities undertaken will be specifically designed to assure the highest degree of sustainability of the interventions.

The project will be managed at UNDP/BRC according to UNDP project management rules. This will ensure transparency of financial management and high quality financial reporting.

5.4 Institutional capacity

The project (*Components II and III*) will review the country's trade institutions. The relationship between institutions will be analyzed as well as the coordination mechanisms in relation to the formulation of trade policy and the management of national trade related programmes. Capacity gaps and eventual needs for technical assistance will be identified. A description of trade functions and responsibilities of the most important institutions will be provided. The institutional mapping will provide a detailed assessment for the specialized agencies, which often have a key role in promoting and facilitating trade and investments. These include: Customs Agency, Export Credit Agency, Investment Promotion Agencies, Special Economic Zones, etc. Other specialized agencies that have important roles in trade will be considered as well (if relevant for the country), including: the National Statistics Office (collection of trade statistics), Central Bank (exchange rate regulations), national and development banks and funds (management of trade promotion programmes, dedicated credit lines). Special attention will be given to a) the institutional capacity assessment to map the capacity assets and needs with regard to analyzing and formulating trade policies, and b) capacity development plan to identify areas and modalities of capacity building, and institutional reforms required along with providing a cost assessment.

Implementation of the project will be linked to trade, business and investment related institutional capacities existing at the local level in the countries of the region. Key institutions will include: decentralized offices of line ministries (Ministry of Trade, Ministry of Industry, Ministry of Economy/Finance, Ministry of Agriculture), and specialized agencies (Customs Agency, Export Credit Agencies, Investment Promotion Agencies); relevant departments in oblast and district authorities; business (local business association, small and medium enterprises, business associations, associations of artisans and traders, regional offices of chambers of commerce, export associations, representative entrepreneurs); and Civil society (non-governmental organizations (NGOs), including environmental NGOs, associations of NGOs, women and sub-population groups' associations, local media).

5.5 Socio-cultural aspects

Social and cultural changes after the collapse of the Soviet Union were inevitable for the countries of the former Soviet including the countries of Central Asia, South Caucasus and Western CIS. As budgetary resources to finance social protection systems were reduced, the range and quality of social services and

healthcare decreased. Since social protection refers to the public actions taken in response to levels of vulnerability, risk and deprivation, which are deemed socially unacceptable within a given policy or society, these system changes, exemplify changes in social norms in a country. Many countries in this region are in the process of reforming their social protection systems, and with the challenge to 'do more with less', there is a tendency to move from categorical to targeted social protection benefits. All this impacts a country's labour market, productivity and overall economic development.

Structural socio-political changes, the formation of new societal groups and new socio-political institutions are important issues in all the countries of Central Asia, South Caucasus and Western CIS. Social consequences of market reforms (social inequality, poverty and corruption) are key determinants of socio-cultural aspects in all the countries of the region. The countries of the Caucasus (Armenia, Azerbaijan, Georgia) are involved in 'frozen' armed conflicts, which affect in-country ethnic relations as well as countries relations (including trade relations) with neighboring countries.

In Central Asia, people have historically maintained close cultural, social, and trade relations. There are some commonalities amongst these countries that have to do with political and governance issues. In general, there is a tendency to have monopolization of power in the hands of particular groups, the persisting presence and importance of clan rule, nepotism and traditionalistic forms of governance, deficiencies in personnel policies, and the inability of and lack of opportunity for new socio-political groups in power. There are also common human development issues. For example, the ability to supply schools with textbooks in native languages is limited due to a lack of resources. Despite policies favoring educational rights of ethnic minorities, many ethnic minorities have no opportunity to educate their children in their native language. During the transition period, women, especially in rural areas have lost many of the economic and social gains they had made in previous decades.

In the Caucasus and Western CIS similar issues as Central Asia persist. Many of these countries have so called insider systems, meaning that power is concentrated to a small group (elite). There is an interconnection between political and economical elites based on informal and interpersonal arrangements. From a point of view of economic efficiency, there are significant disadvantages to this, as monopolies or oligopolies are created, which are not necessarily internationally competitive.

5.6 Participation and ownership

In order to ensure effective implementation of the project, extensive consultations with all relevant stakeholders will be conducted, with particular attention to the government counterparts. To promote the adoption of pro-poor trade reforms by governments the project will be implemented in a participatory manner. The participatory approach and public consultations have had an increasingly beneficial impact on policymaking. Participation brings political, legal and social benefits and can mitigate risks of resistance. It is also important for sustainability of the results.

5.7 Sustainability of the interventions

Taking into account experience from the other development projects, which shows that sustainability of the intervention depends on its length, i.e., that longer project involvement leads to more sustainable results, the present project builds on the results achieved in the past and continues some of activities initiated under Phase I in Kazakhstan, Kyrgyzstan and Tajikistan. In other countries activities of the project are linked to previous UNDP interventions in selected local areas and, where possible, to existing national

programs and strategies. The project also tries to show success stories that can help mobilize resources to continue activities initiated within the project. Finally, in order to build capacities needed for continuation of the interventions most of the activities envisaged within the project will be implemented by local experts with the minimum involvement of international consultants.

5.8 Gender and trade

Differences in orientations of women and men, starting conditions, and access to education, employment and resources, mean that they unequally take advantage of the opportunities that trade offers and are affected differently by trade liberalization. Women, in general, are often poorer, have less access to education, receive lower wages, have less access to resources and are more constrained in their employment choices than men. Trade can positively influence the distribution of income between men and women, by creating new employment and business opportunities. However, as women's vulnerability to adverse shocks is exacerbated by existing inequalities, any negative impact of trade liberalization and attendant adjustment costs is likely to be felt more by women than men. In addition, international trade and investment often have a significant impact on labour markets and working conditions, affecting women in particular because of their generally lower skills and weak bargaining power. Furthermore, while advances in trade promotion in many developing countries, especially in the export processing sectors, have led to increased entrepreneurial and employment opportunities for women, research also shows that women also disproportionately bear the cost of this development through exposure to "health hazards, unequal access to financial resources and business advice, and wage discrimination"³⁹

Trade can, and in a number of cases has, contributed to the redistribution of income in favour of women. This is generally due to the numerous employment and business opportunities created by trade in the manufacturing and services sectors. As a result, not only is the status of women in society and within their households enhanced by their capacity to earn income, countries as a whole also benefit from women's work as it significantly contributes to export competitiveness and industrial diversification. However, there are cases where women, in particular poor women, have been made worse off. For instance, in the agricultural sector, groups of women often suffer from increased marginalization as a consequence of the growing competition brought about by trade liberalization, combined with their difficulties of access to land and other resources.

Increasingly the importance of human development in national development strategies is accepted in lieu of purely economic growth scenarios. Measures of development gradually utilise a human development lens. From a purely market criteria, countries have been moving towards a social impact approach. Within this context it is important to move from the 'social improvement sphere' towards an approach that also includes social content – such as social relations (class, gender, race) to ensure that change does not only happen at the purely material base of well being, but also includes social content so to ensure a more equal society.⁴⁰

Phase I of the Aid for Trade project has incorporated gender and the position of women from the outset. In Kazakhstan, for example, the Phase I of this project has focused on supporting women entrepreneurs and improving their knowledge on how to develop their business. This activity supported both start-up women-led businesses as well as more experienced women entrepreneurs. The trainings have enabled these

³⁹ UNDP Gender Equality Strategy 2008 – 2011, chapter 6.1 p. 22.

⁴⁰ Commonwealth Secretariat (2007), Gender and Trade – Action Guide, UK.

entrepreneurs to better benefit from the opportunities trade offers. This capacity development initiative was strengthened by providing access to financial resources, in particular to women entrepreneurs. The two-tier approach of providing knowledge and the necessary financial recourses has proven very successful.

Phase II aims to mainstream gender in all activities and components. In particular, in *Component I (Support to economic development along trade corridors linking countries of Central Asia, South Caucasus and Western CIS with key markets for their products)* specific activities are envisaged that take into account the particular position of women in the region to promote gender equality. Furthermore, *Component III (Understanding informalities and overcoming informal trade barriers faced by small enterprises and micro businesses, especially women entrepreneurs)* will particularly focus on women that work in informal trade, or shuttle trade, and find themselves in vulnerable position, often faced restrictive official policies and arbitrary rules.

5.9 Environment

Trade and development policy traditionally revolves around economic and social issues, but development interventions are increasingly driven by environmental concerns. In the CIS, the abundance of natural resources (i.e. connected risks of overexploitation) and the heavy industrial heritage from the Soviet times make environmental issues a particular concern.

How trade impacts the environment remains challenging to determine. Most likely, the expansion of trade has a positive impact on social and economic wellbeing, but may bring negative consequences for the environment. A trade off exists, especially when taking into account the long term effects. For example, the intensification of agriculture and the shift towards monoculture may bring immediate advantages to exporting farmers, but it often also brings negative impacts on biodiversity and the environment in the medium and long term that can then result in degradation of agricultural land. Possible trade policy impacts on the environment may include:

- a) Harmful effects of export incentives (e.g. agriculture subsidies) on land degradation and rural livelihood; magnified pressure on land, water resources and ecosystems in export processing zones;
- b) Adoption of green technologies due to increased trade in environmental goods and services; improved access to modern technologies; new market opportunities to certified products and increased efficiency in the use of scarce resources due to free competition.

An increasingly popular approach to economic development is the *green economy*. The *green economy*, in contrast to the existing economic model, takes into account adverse effects on the environment. Derived from this is the concept of *green jobs*, defined as work in agricultural, manufacturing, research and development (R&D), administrative, and service activities that contribute substantially to preserving or restoring environmental quality. Specifically, but not exclusively, this includes jobs that help to protect ecosystems and biodiversity; reduce energy, materials, and water consumption through high efficiency strategies; de-carbonize the economy; and minimize or altogether avoid generation of all forms of waste and pollution.⁴¹

Phase I of the project has started with an environment baseline assessment in the three countries of implementation of the local economic development and trade activities. The baseline assessment provided

⁴¹ UNEP (2008): *Green Jobs: Towards decent work in a sustainable, low-carbon world* (http://www.unep.org/labour_environment/PDFs/Greenjobs/UNEP-Green-Jobs-Report.pdf)

ample inputs to the different countries on green and sustainable activities. In Tajikistan, for example, the project supported the demonstration of the uses of the production of bio-cotton. On a demonstration plot bio-cotton was grown to show the benefits to other (conventional) cotton growing farmers in the region. In Kyrgyzstan the project chose to support initiatives promoting environmentally friendly technologies and green commodity production.

Phase II of the project will incorporate environmental issues in the activities, depending on relevance and county context.

5.10 Appropriate technology

The technology used in the various interventions and activities of this project should be appropriate for the local context. The project will, in case it will introduce technologies or work with existing ones, look on the fact that this technology fits the local context. From a sustainable development point of view, it is crucial that outcomes are sustainable and that new technologies are not too simple nor too complex (and hence expensive), to remain accessible and usable for the final beneficiaries. A good example from Phase I of the project is the introduction of price information provision to SMEs through SMS in Tajikistan. Through this channel, farmers and small businesses can access price information for agricultural products, a technological innovation that is appropriate (everyone owns a mobile phone), whereas for example e-mail or more advanced social networking technologies would not have been effective.

5.11 Successful activities under phase I

Although all activities have been successful under phase I, those under the header of market access have been particularly successful. In both Kyrgyzstan and Tajikistan the project supported entrepreneurs to gain access to new markets – for example in Kyrgyzstan, phase I supported cooperatives to establish trade links in Novosibirsk and a first batch of 150 tonnes of onions has already been sent. However, it needs to be highlighted that the success of this activity is also strongly linked, for example, to other capacity development activities such as the development of basic business skills and capacities related to trade promotion, certifications and standards amongst others. Only if such a holistic set of skills is developed can entrepreneurs more successfully tap in the opportunities of trade. The following overarching activities have been considered most successful under phase I:

- a. Activities related to market access. These relate to trainings, export promotion centers and the grant facilities.
- b. Activities related to support to trade activities. These include trainings for Hukumat and private sector entities related to trade, as well as support to integrate trade in rural development plans.

Some example of the first concrete results of phase I, are described below:

1. Kyrgyzstan – 120 tons of onions exported to Novosibirsk and a trade alliance established with a wholesale company in Novosibirsk;
2. Kyrgyzstan – the Batken Information and Market Center. Although the center has only been established recently, over 1500 farmers are regular customers. The project aims to further increase collaboration with Khujand (Tajikistan) so to further intra-regional trade.

Intra-regional trade was one area that was strongly highlighted in both the Kyrgyz and Tajik Needs Assessment and the AfT Regional Review;

3. Tajikistan and Kazakhstan – the microfinance activities have been successful and demonstrate that limited access to financial resources is a main hindrance to business development in the region, and
4. Both in Tajikistan and in Kyrgyzstan, the environmental activities have been very successful, in that the farmers have voluntarily offered to continue using environmental agricultural methods.

6. MANAGEMENT ARRANGEMENTS

The proposed implementation strategy is based on the experience gained during long-term successful cooperation between UNDP and bilateral donors in the delivery of regional projects,⁴² where UNDP provides overall support for the delivery of technical assistance and acts as implementing agency.

The project will be implemented by the UNDP Europe and the CIS Bratislava Regional Centre (UNDP/BRC) within the delegated Direct Execution (DEX) authority, in line with UNDP Programme & Operations Policies and Procedures (POPP)⁴³. UNDP/BRC will act as the project implementing partner (agency).

The implementation follows the principles of the Paris Declaration on Aid Effectiveness⁴⁴. The described modality is designed to guarantee:

- (a) Country (and local) ownership,
- (b) Participation of stakeholders,
- (c) Capacity building in beneficiary institutions.

In terms of roles and responsibilities, the project will be directed by a *Steering Committee*, chaired by the UNDP RBEC Deputy Regional Director and Regional Centre Director of UNDP/BRC (who will be the Project Executive), comprising one or more representatives from the Government of Finland, and a representative of beneficiary countries⁴⁵. The Steering Committee may decide to expand its membership as appropriate. The Steering Committee will:

- be responsible for making strategic decisions by consensus, including the approval of project revisions (i.e. changes in the project document);
- approve Annual Work Plans, Annual Reviews and Quarterly reports;
- meet at least twice a year to review management risks and most relevant issues; meetings can be held virtually (i.e. teleconference, videoconference, and email); the Project Manager will act as Steering Committee secretary;
- be consulted by the Project Manager for decisions when management tolerances (in terms of time and budget as per work plan) have been exceeded (the Steering Committee defines tolerances).

The project will be managed by a *Project Manager*, who is responsible for the project management functions, including project monitoring and day-to-day decision-making. The Project Manager responds

⁴² E.g., Growing Sustainable Business for Poverty Reduction in Albania, Bosnia and Herzegovina, Macedonia and Moldova; Reducing Vulnerability of Roma in the Western Balkans, or Border Management in Central Asia.

⁴³ <http://content.undp.org/go/userguide/results/>

⁴⁴ http://www.oecd.org/document/18/0,2340,en_2649_3236398_35401554_1_1_1_1,00.html.

⁴⁵ The specific set-up for the selection/nomination will be decided in the first meeting of the Steering Committee.

primarily to the Steering Committee and secondly to the *Team Leader*. The Team Leader will lead the implementation and she/he acts as chief technical advisor. The Team Leader responds to the Steering Committee and to the BRC Poverty Practice Leader. The terms of reference for Project Manager and Team Leader are presented in Annex 3. The Project Manager will be supported by an assistant in the UNDP/BRC Poverty Reduction Team (*Project Support*) and by the UNDP/BRC Management Support Unit, to provide administration and management support as required. At the national level support will be provided by the project component manager appointed in respective UNDP country offices or by regional implementation units.

The *Project Assurance* role will be guaranteed by the UNDP/BRC Poverty Practice Leader. Policy Advisors under the Poverty Reduction, Capacity Development and Environment practices will provide advisory services, when required.

Management Structure under each component will be implemented by a *National Implementation Team* composed by competent local staff, including a National Coordinator, junior expert(s) and project support. The National Coordinator will respond to the Project Manager and to the assigned officer from the UNDP country office.

Specific activities under this project may be conducted in coordination and collaboration with internal and external partners, or outsourced to independent experts, interns, Non Governmental Organizations (NGOs) or other partner organizations following UNDP's contracting rules and regulations. Organization structure of the project is presented in the Figure below.

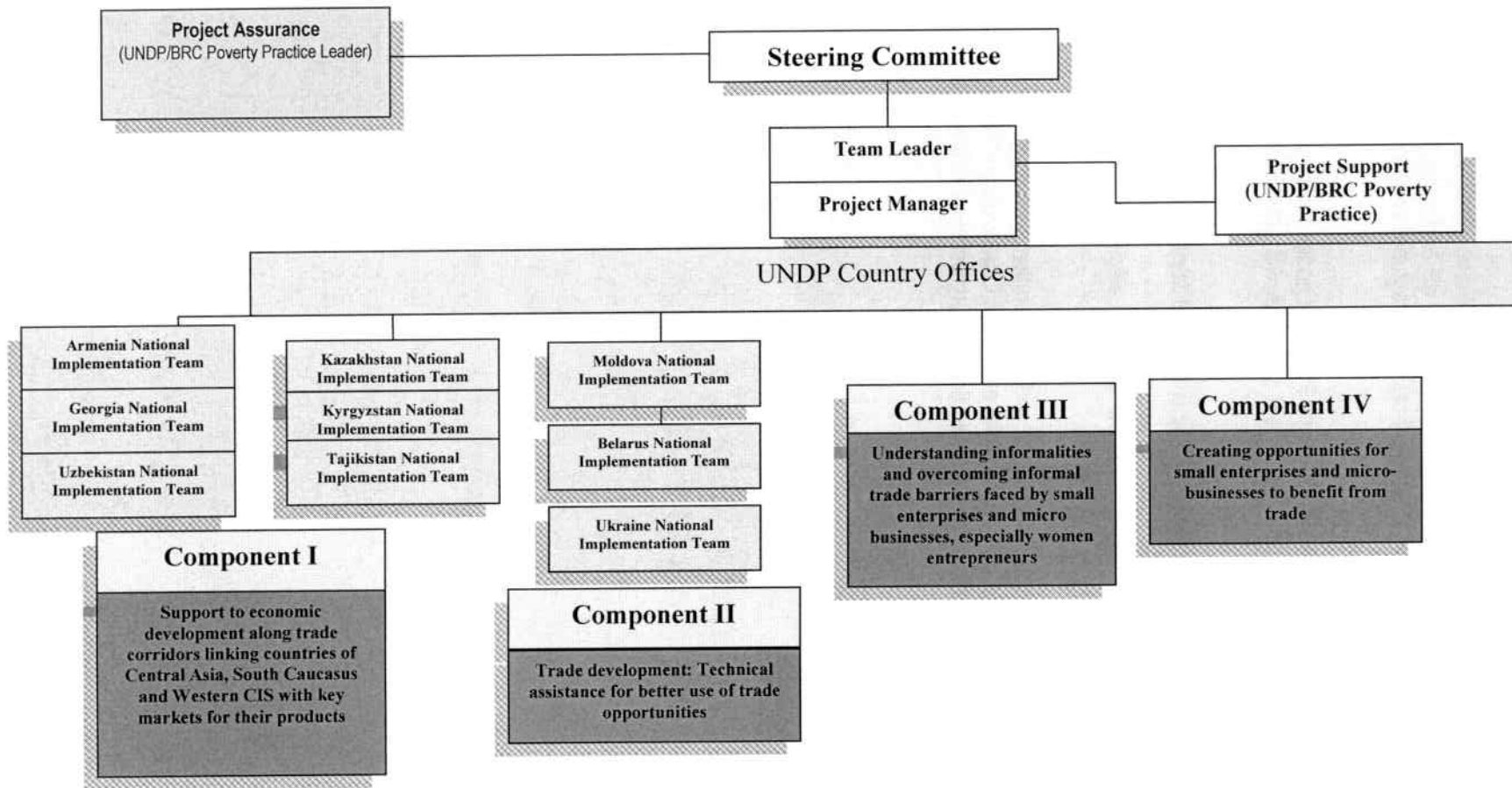


Figure 6.1 Management structure of the project

7. MONITORING AND EVALUATION

In accordance with the programming policies and procedures outlined in the *UNDP Programme & Operations Policies and Procedures (POPP)* and the *Guideline for Programme Design and Monitoring and Evaluation* used by the Finnish Official Development Assistance, the project will be monitored through the standard formats presented in the present Section and in the Annexes. The description below will refer to the UNDP's *Enterprise Resource Planning (ERP)* system called *Atlas* (this system will be used for financial and operational management of the project).

Monitoring

Implementation of the project will be monitored quarterly (i.e., within annual cycle) and annually.

Quarterly monitoring will be based on *Quarterly Progress Reports* and *Quarterly Financial Report*. Quarterly Progress Reports shall be submitted by the Project Manager to the Project Board and shall be composed of:

- a) A technical narrative part (including progress monitoring and quality management based on quality criteria and methods). The minimum format for the text includes: (1) the extent of achievements of results; (2) Carrying out of activities; (3) Delivery of means; (4) Possible changes within the sector and in the project environment in general and their effects on the project; and (5) Proposal for changes in the planned activities.
- b) *Issue Log update* (activated in Atlas and updated by the Project Manager to facilitate tracking and resolution of potential problems or requests for change);
- c) *Risk Log update* (activated in Atlas and regularly updated by reviewing the external environment that may affect the project implementation);
- d) *Lesson-learned Log update* (activated in Atlas and regularly updated to ensure on-going learning and adaptation within the organization, and to facilitate the preparation of the Lessons-learned Report at the end of the project);
- e) *Monitoring Schedule Plan update* (activated in Atlas and updated to track key management actions/events);

A Quarterly Financial Report shall be submitted by the Project Manager to the Steering Committee and shall contain an executive summary, a comparison of planned budget with actual expenditures, explanation of differences between budget and expenditures, cumulative expenditures by the beginning of the year.

Annual monitoring will be based on *Annual Review Report* and *Annual Project Review*. An Annual Review Report shall be prepared by the Project Manager and approved by the Steering Committee. The Annual Review Report (as minimum) shall consist of the *Monitoring Report Format* and the *Annual Financial Report* based on recorded expenditures in Atlas. The minimum *Monitoring Report Format* includes the following sections:

- a) *Summary*;
- b) *Proposals for changes in the project (if any) and justification*;
- c) *Assessment of the intervention* (i.e. correspondence the priority needs of beneficiaries – relevance; assessment of impact towards the long-term development goal; extent of achievement of the project purpose – effectiveness; extent of achievement of results; description of implemented activities);
- d) *Risk Log and Issue Log updates* (i.e. possible changes in the project environment, including materialisation of assumptions and risks, and their effects on the project);
- e) *Factors ensuring compatibility and sustainability* (i.e. compatibility with strategic goals of Finnish development cooperation and relevant updates in policy environment, economic and financial feasibility, institutional capacity building, socio-cultural aspects, participation and ownership, gender, environment, and appropriate technology);

f) *Implementation modalities and lessons learned.*

Based on the report described above, an Annual Project Review shall be conducted during the fourth quarter of the year or soon after, to assess the performance of the project and appraise the *Annual Work Plan* for the following year. In the last year of project implementation, this review will be a final assessment. This review is driven by the Steering Committee and may involve other stakeholders as required. It shall focus on the extent to which progress is being made towards outputs, and that these remain aligned to appropriate outcomes.

Evaluation

An independent external evaluation will be conducted before the termination of the project. The evaluation shall review the projects results, identify lessons learned. The evaluation shall focus on relevance, results and effectiveness/efficiency of project implementation. Selected external evaluator(s) is expected to follow relevant guidelines from UNDP and the Government of Finland.

8. LEGAL CONTEXT

This regional project document shall be the instrument referred to as such in Article I of the Standard Basic Assistance Agreement (SBAA) between the Governments participating and the United Nations Development Programme.

ANNEX 1 PROJECT RESULTS AND RESOURCES FRAMEWORK (LOGICAL FRAMEWORK)

Programme title: WIDER EUROPE: AID FOR TRADE FOR CENTRAL ASIA, SOUTH CAUCASUS AND WESTERN CIS (Phase II)

1.1 Results and Resource Framework

Intended Outcome as stated in the Regional Programme Results and Resource Framework: OUTCOME 3: By 2013, the capacity of public, private and civil society actors is increased to address human development challenges through evidence-based, inclusive and sustainable policies and through private sector-based pro-poor development

Outcome indicators as stated in the Regional Programme Results and Resources Framework, including baseline and targets:

Indicator: Extent of change in trade volume in selected regions

Baseline: low trade intensity in selected regions

Target: Increased trade intensity in selected regions

Applicable Key Result Area (from 2008-11 Strategic Plan): Poverty eradication and achievement of internationally agreed development goals, including the MDGs: Promoting inclusive growth, gender equality and achievement of internationally agreed development goals, including the MDGs

Partnership Strategy: This project will be implemented in close and active cooperation with UNDP Country Offices and UN Agencies. The other key external stakeholders include national & subnational governments and international agencies, organizations and bilateral donors working in the field (such as UNECE, UNESCAP, ITC, EBRD, the Asian Development Bank (ADB), Islamic Development Bank (IDB), the European Union and regional coordination bodies such as SPECA and CAREC).

Project title and ID (ATLAS Award ID):

INTENDED OUTPUTS	OUTPUT TARGETS FOR (YEARS)	INDICATIVE ACTIVITIES	RESPONSIBLE PARTIES	INPUTS
<p>Output I: Increased economic development along trade corridors linking the countries of Central Asia, South Caucasus and Western CIS with key markets for their products in Armenia, Georgia, Kazakhstan, Kyrgyzstan, Tajikistan and Uzbekistan</p> <p>Baseline: 1. Limited knowledge of SME, civil</p>	<p>Targets :</p> <p>1. At least 3000 government officials, self-employed people, entrepreneurs, and other relevant stakeholders trained in trade related capacities. At least 30% of participants are female; 75% of the evaluation reports have assessed the different activities as positive; at least 50% of the impact assessments at work show demonstrable better skills (where</p>	<p>Activity 1: Capacity development of SME, public sector employees and entrepreneurs on trade related issues</p> <p>Activity 2: Strengthening capacities of Trade Promotion Centres</p> <p>Activity 3: Provide Small-grants to self employed</p>	<p>UNDP Country Office for the direct implementation with support from BRC (Aft project)</p>	<p>Staff Time Travel Consultant Grants Programmable amount: Total - 2 117 334 Euro 2011 – 861 184Euro 2012 – 999 651Euro 2013 – 256 499Euro</p> <p>Management cost including</p>

<p>servants and entrepreneurs on trade related issues</p> <p>2. Existing Trade Promotion Centers have not yet reached their full capacity</p> <p>3. Limited investment levels in rural areas for self-employed populations and other entities (e.g. Cooperatives)</p> <p>Indicators:</p> <p>1. Number of government officials, self-employed people, entrepreneurs and farmers trained and % of the evaluation reports have assessed the different activities as positive, results of impact assessment at place of (where feasible); percentage of women participants</p> <p>2. Number of clients served by the Market Information/Trade Promotion Center and number of activity dedicated to women entrepreneurs</p> <p>3. Number of businesses implementing new ideas to create value added in countries involved, expected turnover of these business ideas</p>	<p>feasible)</p> <p>2. 15% increase in the number of clients served per year. Specific dedicated activity to facilitate entry of female entrepreneurs in the business sector.</p> <p>3. at least 6 business ideas implemented that create value added. At least one business idea is gender sensitive.</p>	<p>entrepreneurs to increase their value added</p>		<p>GMS (excluding TL in programmable amount): 617 547.1Euro</p>
<p>Output II:</p> <p>Increased use of trade opportunities through technical assistance in Belarus, Moldova, Turkmenistan and Ukraine</p> <p>Baseline:</p> <p>1. Lack of trade related analysis documents in Turkmenistan; underdeveloped local analytical capacity</p> <p>2. National Strategy for Export Development in Ukraine does not exist</p> <p>3. Limited trade capacity of government administration in Ukraine and Moldova</p>	<p>Targets:</p> <p>1. Two high quality analytical documents have been developed in Ukraine and Turkmenistan using both a human development and equality approach</p> <p>2. At least 100 representatives of local administration trained of which at least 30% are female; at least 50% of the impact assessments at work show demonstrable better skills (where feasible)</p> <p>3. At least 6 consultancy companies and law firms trained with at least one of the</p>	<p>Activity 1: Technical support to the government of Ukraine for the elaboration of the "National Strategy for Export Development", focusing on international trade agreements, foreign trade logistics, information on foreign markets, gathering and granting access to trade information, the role of foreign trade missions, export guarantees, export financing, state support for trade related events (missions, exhibitions, promotion materials) and special economic zones and their export orientation; and the law regarding financial support for exports.</p> <p>Activity2: Technical assistance for export (Ukraine) through</p> <p>a) training for local and regional administration, business associations and media on the role of the local administration in providing export oriented</p>	<p>UNDP Country Office for the direct implementation with support from BRC (Aft Project)</p>	<p>Staff Time Travel Consultant</p> <p>Programmable amount: Total – 1 027 950 2011 – 226 506 2012 – 430 532 2013 – 370 911</p> <p>Management cost including GMS (excluding TL in programmable amount): 303 540.1Euro</p>

<p>4. Underdeveloped trade support consultancy services in Ukraine 5. Limited use of Internet services and electronic trade facilities</p> <p>Indicators: 1. Number and quality of analytical documents developed in Ukraine and Turkmenistan using a human development and equality approach, participation of government officials in analysis (qualitative) 2. Number of representatives of local administration, business associations and media trained on the role of the local administration in providing export oriented information and percentage of female participants; results of impact assessment at place of work (were feasible). 3. Number of consultancy companies and law firms trained in widening their capacity in doing business with other countries and number of trainings dedicated to gender and trade/ is gender sensitive; results of impact assessment at place of work (were feasible) 4. Number of enterprises using the electronic trade facility;</p>	<p>trainings being dedicated to gender and trade/ is gender sensitive; at least 50% of the impact assessments at work show demonstrable better skills (where feasible) 4. A fully operational electronic trading facility covering at least 85 enterprises included in the BelLegProm</p>	<p>information and training (trainings can lead to the development of local action plans aimed at raising local export capacity); and b) training for consultancy companies and law firms in widening their capacity in doing business with other countries.</p> <p>Activity3: Establishing an electronic trading facility (ETF) for the support promotion of Belarusian light industry products on international markets a) Development of technical specifications, selection and recruitment of web designers, development and testing of electronic trading facility Technical and software support of the electronic trading facility (ETF), monitoring of performance indicators (e.g. number of applications, sales volumes in physical and monetary terms, range of products sold, geography of exports), and the formal launch of the ETF (press conference, advertising and public relation support, etc.).</p> <p>Activity 4: Connecting small and medium-sized enterprises to the ETF established in Belarus (capacity and technical assessment, evaluation of SME readiness for electronic trade - particularly in the regions and small cities, support to web-site development, training and professional upgrading of staff).</p> <p>Activity 5: Capacity development export and marketing departments of selected Belarusian enterprises active in international markets, including by implementing a needs assessment for training and advice; designing training modules based on the findings of the assessment (e.g. business planning for trade activities; export market entry strategies; export market analyses; export products development and marketing channels; marketing in foreign trade; negotiations skills in trading); organisation of small group and workplace training events, and conducting marketing project contests.</p> <p>Activity 6: Strengthening the capacity of the targeted SME support institutions in Moldova to provide business advisory</p>	
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		<p>services through the organization of sector-specific training activities</p> <p>Activity 7 : Developing the capacity of selected SMEs on the relevant '<i>acquis communautaire</i>' and business-oriented topics in selected priority sectors of Moldovan economy in order to increase their knowledge on the opportunities prevailing within existing trade preferences with the EU, expand their level of competitiveness vis-à-vis the EU market (this will be achieved by offering highly targeted trade development support, effective networking mechanisms and capacity-building activities).</p> <p>Activity 8: Development of an analytical study on institutional trade capacity in Turkmenistan with the aim to identify gaps and strengthen capacities of existing trade-related institutions to analyze and formulate development-oriented trade policies to capture greater benefits from an open and integrated trade regime and participate in the regional and global trade agreements</p>		
<p>Output III:</p> <p>Better understanding of informalities and enhanced capacities to overcome informal trade barriers faced by small enterprises and micro businesses in Azerbaijan, Georgia, Kyrgyzstan and Moldova.</p> <p>Baseline: no in-depth knowledge on informal trade strategies, especially with respect to gender</p> <p>Indicators:</p> <p>1.1 Number and quality of analytical studies completed, use of gender sensitivity</p> <p>2.2. Number of participants in the regional meeting, number of female</p>	<p>Targets:</p> <p>1.1 Four high quality analytical studies completed with an integrated gender sensitive approach</p> <p>2.1 Regional meeting (conference) organised</p> <p>2.2 50 participants in total (of which 3 per each target country – one which is to be female , plus representation of partner organisations) for the regional conference in Helsinki</p> <p>2.3. at least 75% of the evaluation reports for the Helsinki conference have assessed the meeting as good or better; at least 50% of the impact assessments at work / business show demonstrable better skills (where feasible)</p> <p>2.4. At least three Finnish companies have been visited</p>	<p>Activity 1: Development of country studies on trade informalities and informal trade barriers to trade in Azerbaijan, Georgia, Kyrgyzstan, and Moldova</p> <p>Activity 2: Regional conference in Helsinki on policies to address trade informalities and entrepreneurial challenges in micro businesses and small firms, as well as the impact of trade on local development (including meetings with leading enterprises)</p>	<p>UNDP BRC (AFT project) with the support of UNDP CO</p>	<p>Staff Time Audio equipment Travel International experts Local experts</p> <p>Programmable amount: Total – 216 166Euro 2011 – 0 2012 – 112 051Euro 2013 – 104 115Euro</p> <p>Management cost including GMS (excluding TL in programmable amount): 62 801.4Euro</p>

<p>participants 2.3. Participants assessment of the quality of the regional meeting; results of impact assessment at place of work (where feasible)</p>				
<p>Output IV: Enhanced opportunities for small enterprises and micro-businesses to benefit from trade in Uzbekistan and regionally.</p> <p>Baseline: 1. No certified farmers for organic and fairly traded agricultural products 2. limited market access for small and micro businesses to the Chinese market</p> <p>Indicators: 1. Number of farmers to be targeted to be trained to grow organic and fairly traded (certified) agricultural products will be determined after initial consultation with FLO; 2. - Number of participants, % of female participants, participants assessment of the quality of study tour; results of impact assessment in business (where feasible)</p>	<p>Targets : 1. the target will be set after the identification of trainings 2. Study tour organized; Number of participants 20 with at least 30% female participation. At least 75% of received evaluation reports assessed the study tour as "good" or better; at least 50% of the impact assessments at work show demonstrable better skills (where feasible)</p> <p>- At least 10 enterprises/organizations visited</p>	<p>Activity 1: Support to fair trade initiative in Uzbekistan, including selection of and training for farmers and/or farmer associations to grow organic and fairly traded (certified) agricultural products (providing an opportunity to farmers in Uzbekistan to access international fairtrade markets to help increase revenues and living standards).</p> <p>Activity 2: Organization of a study tour for participants from Central Asia, Caucasus and Western CIS to western China (the region neighboring to Central Asian countries) to learn from Chinese solutions with special reference to tools for better market access for small and micro businesses.</p>	<p>Act.1. private sector sub-practice, FLO international Act.2. UNDP BRC (Aft project)</p>	<p>Staff Time Travel Grants International consultants Local consultants</p> <p>Programmable amount: Total – 191 861Euro 2011 – 52 852Euro 2012 – 139 009Euro 2013 – 0</p> <p>Management cost including GMS (excluding TL in programmable amount): 62 801.4Euro</p>

1.2. Detail annual Work Plan for the countries of project continuation: Kazakhstan, Kyrgyzstan, and Tajikistan

Tajikistan (Sughd): Annual Work Plan Year: 2011

EXPECTED OUTPUTS	PLANNED ACTIVITIES	TIMEFRAME				RESPONSIBLE PARTY	PLANNED BUDGET		
		Q1	Q2	Q3	Q4		Funding Source	Budget Description	Amount US\$
<p>Output 1: Tajikistan Increased economic development along trade corridors linking the countries of Central Asia, South Caucasus and Western CIS with key markets for their products</p> <p>Baseline: 1. Further enhancement of the SMEs capacity building in how to develop sustainable export activities is required; 2. Lack of sustainable Export Capability-Building and Mentoring Programme in Sughd region; 3. Trade Development Strategy in Sughd region does not exist and trade related policy required further development; 4. Business community is not active in lobbying their interests through existing associations (farmers' ass., entrepreneurs ass., producers ass. , and etc.); 5. Institutional capacity of the Export Centre under AESR established within the First phase of the AFT project requires further strengthening;</p> <p>Indicators: 1. Number of entrepreneurs practically applied the received skills and knowledge in exporting activities; 2. Number of workshops conducted and Number of entrepreneurs participated in Export Capability-Building Programme in Sughd region; 3. Trade Development Strategy for Sughd region elaborated and approved by the government; 4. Number of proposals from the business associations incorporated in the regional policy and adopted by the government; 5. The Trade/Export Promotion Centre is financially and institutionally sustainable</p> <p>Targets for 2011:</p>	<p>Activity 1: Export capability-building and mentoring programme (Provision of assistance (in partnership with AESR) to business people in acquiring the practical skills necessary to build competitive businesses, develop markets and ultimately engage in exporting.)</p>					<ul style="list-style-type: none"> • Team Leader and Project Manager • UNDP Country Office • UNDP/BRC Advisors • National AFT Teams • AESR • National Governments • MEDT • UN agencies • Other development partners (if relevant) 	Fund: 30000 Donor: 00110	Communication & Audio Visual Equipment (72400)	900
								Salary cost - Staff (61100)	34,056
	1.1. Institutional development and Capacity building of the TEPC (Trade/Export Promotion Centre)							Contractual Services Companies (72100)	51,450
	1.2. Provision of Export Capability-Building and Mentoring Programme to export oriented entrepreneurs in Sughd region							Miscellaneous Expenses (74500)	600
	1.3. Promotion of South-South cooperation on export related issues for SMEs							Equipment & Furniture (72200)	269
								Audio Visual&Print Prod Costs (74200)	1,000
								Travel (71600)	3,000
								Rental & Maint of Other Equip (73400)	2,000
								Total Activity 1	93,275
	<p>Activity 2: Enhancing participation of the business community in the formulation of the Trade Development Strategy (TDS) and export related policy improvement.</p>							Local Consultants (71300)	5,000

<p>1. 20 entrepreneurs practically applied the received skills and knowledge in exporting activities; 2. First round of the workshops: 8 workshops conducted and at least 80 entrepreneurs trained on general business, export-readiness and export markets through established Export Capability-Building and Mentoring Programme; 3. At least 1 proposal from the business associations incorporated in the regional policy and adopted by the government; The export centre under AESR is financially sustainable by 50% in end of 2011</p>	2.1. Baseline survey and assessments						Professional Services (74100)	25,500
	2.2. Establishing the Working Groups and facilitation the TDS elaboration						Grants (72600)	33,000
	2.3. Building capacity of Business associations and support to TDS implementation						Audio Visual&Print Prod Costs (74200)	3,000
							Travel (71600)	4,500
							Rental & Maint of Other Equip (73400)	2,200
							Translation services cost	1,500
							Total Activity 2	74,700
TOTAL								167,975

Kyrgyzstan (Batken): Annual Work Plan Year: 2011

EXPECTED OUTPUTS	PLANNED ACTIVITIES	TIMEFRAME				RESPONSIBLE PARTY	PLANNED BUDGET		
		Q1	Q2	Q3	Q4		Funding Source	Budget Description	Amount US\$
<p>Output I: Kyrgyzstan Increased economic development along trade corridors linking the countries of Central Asia, South Caucasus and Western CIS with key markets for their products</p> <p>Baseline: 1) Batken Market Information Center is running; 2) 15 village information centers are operational; 3) Functional price information system needs further development 4) 2 trade-service cooperative 5) 2 processing lines for export products 6) 20 village brokers</p> <p>Indicators: 1) # of newly established trade-service cooperatives/associations; 2) # of beneficiaries and business facilitators trained; 3) # trainings and study tours organized; 4) # of supply channels established; 5) # of farmers (clients) received access to market information system; 6) # of farmers involved in supply chain channels</p> <p>Targets: 1) 20 trainings and study tours; 2) 5000 farmers increased incomes through the information system and supply channels; 3) 2 pilot cooperatives successfully promote products to the external market;</p>	<p>Activity 1: Increasing capacities of target beneficiaries on trade mainstreaming</p>					<ul style="list-style-type: none"> • UNDP Batken Oblast Administration • Helvetas • Agribusiness and Competitiveness Center (ACC) • BIMC • Cooperatives 	Fund: 30000 Donor: 00110	Training, Seminars	6,000
	1.1. Conduct seminars/trainings for business and farmers associations, cooperatives and business support institutions, local government representation on trade facilitation, food safety and standards requirements, buyers' and end-users' expectations, quality management, traceability, in market analysis, market development, competitor analysis, pricing, packaging and labelling, branding, supply and distribution chains, logistics, insurance, environment etc.							Roundtables, seminars	3,000
	1.2. Conduct round tables, seminars and meetings for discussion of trade development prospects							Total Activity 1	9,000
	<p>Activity 2: Strengthening the capacity of the Batken Market Information center (BMIC) to provide ready access to market/business information</p>							Local Consultants (71300)	6,000
	2.1. Support to BMIC through provision of advisory services (SSA, 3 experts, 12 months)							Travel operations	5,000
	2.2. Increase access to marketing/business information through on-going maintenance of the marketing information system. Create a database trade-purchasing companies, wholesale buyers, processing enterprises, logistical companies, equipment suppliers and etc.							Equipment, publications, seminars, travels	8,000
	2.3 Gather and deploy price information systems for selected products/commodities							Training, seminars, travels	5,000
	2.4 Deliver series of trainings/seminars to SMEs/farmers on analysis and utilization of market information							Travel, presentations	5,000

<p>4) 2 new processing lines established for export products 5) Batken Market Information Center fully operational and sustainable; 6) Batken Association of Entrepreneurs fully operational and sustainable</p>	2.5 Establish contacts with sister institutions through market information systems in identified target export countries.							Local consultants, seminars, travels	10,000	
	2.6 Facilitate and support a B2B (Business to Business) and establish new channels for supply of export products (Russia, Kazakhstan, Tajikistan)							Total Activity 2	39,000	
	Activity 3: Strengthening trade-development capacities of selected Farmers Associations									
	3.1. Select 2 new pilot farmers groups (association / cooperative)								Travel, seminars	500
	3.2. Provide assistance in conducting analysis of trade potential (volume and quality of products, sales channels, market analysis etc.)								Travel, seminars	2,000
	3.3. Provide assistance to farmers to develop appropriate business and marketing plans								Travel, seminars	2,000
	3.4. Conduct series of trainings and seminars to members of pilot associations / cooperatives on food safety and standards requirements, buyers' and end-users' expectations, quality management, traceability, in market analysis, market development, competitor analysis, pricing, packaging and labeling, branding, supply and distribution chains, logistics, insurance, negotiating, contracts, friendly technologies and green commodity production etc.								Trainings, seminars	8,000
									Travel	15,000
	3.5. Organize study tours for the project beneficiaries (to gather market intelligence; see best practices on products packaging and pricing as well as existing mechanisms of products marketing (through exhibitions etc) , meet potential buyers and facilitate trade contracts, visit potential equipment suppliers)								Travel, seminars	5,000
3.6 Provide assistance to establish trade alliance of cooperatives and associations for building their trade potential to ensure volume and quality of delivered products								Subcontract	4,000	

	3.7 Provide assistance in development of trademarks (brands) for export products							Travel	3,000
	3.8 Organize exhibitions/fairs for farmers associations' products							Grants	60,000
	3.9 Establish small capital grants facility to support to establish cooperative kitchens: - Farmer initiatives on establishing processing and storage of export products							Local consultants	5,000
	3.10 Provide assistance in implementation of the cooperative kitchen							Salaries - IP Staff (61300)	30,000
	Project implementation (Project Management Function)							Operations costs	7,500
								Total Activity 3	142,000
TOTAL									190,000

Kazakhstan (Semey): Annual Work Plan Year: 2011

EXPECTED OUTPUTS	PLANNED ACTIVITIES	TIMEFRAME				RESPONSIBLE PARTY	PLANNED BUDGET		
		Q1	Q2	Q3	Q4		Funding Source	Budget Description	Amount US\$
<p>Output 1: Kazakhstan Increased economic development along trade corridors linking the countries of Central Asia, South Caucasus and Western CIS with key markets for their products</p> <p>Baseline: 1. The SME/trade development action plan does not exist in Eastern Kazakhstan and requires introduction; 2. Lack of sufficient business consulting services available to rural entrepreneurs in Eastern Kazakhstan; 3. Further enhancement of the SMEs capacity building in how to develop sustainable export activities is required; 4. There is no flexible funding facility available to support the inclusive projects with high growth potential; 5. There is no legislation in place regulating domestic trade relations;</p> <p>Indicators: 1. SME/Trade Development action plan is elaborated approved for the Eastern Kazakhstan; 2. Number of focal points established in the regions of Eastern Kazakhstan; 3. Number of entrepreneurs practically applied received skills and knowledge on export activities; 4. Number of inclusive projects funded; 5. Availability of the domestic trade development model;</p> <p>Targets for 2011: 1. An action plan on SME/trade development and potential of different sectors to produce is elaborated and integrated into the Regional Development Strategy for 2010-2015;</p>	<p>Activity 1: Development planning and capacity building</p>					UNDP KAZ	Fund: 30000 Donor: 00110	Local Consultants (71300)	8,000
	1.1. Baseline survey and analytical study on the potential of different sectors							Communication & Audio Visual Equipment (72400)	500
	1.2. Strengthening the capacity of newly-established SME service centre (trade promotion centre) in Eastern Kazakhstan to provide business consulting services to rural entrepreneurs							Salary cost - Staff (61100)	33,700
	1.3 Comprehensive training to local public administration officials							Contractual Services- Companies (72100)	3,300
								Miscellaneous Expenses (74500)	1,500
								Equipment & Furniture (72200)	1,000
								Audio Visual&Print Prod Costs (74200)	2,000
								Travel (71600)	2,500
								Rental & Maint of Other Equip (73400)	12,500
								Grants (72600)	10,000

<p>2. The SME service centre establishes the network of focal points in 13 regions of Eastern Kazakhstan; 3. 200 SMEs received consultative support from the SME service Centre; 4. At least 2 inclusive projects funded by the small grants programme; 5. Domestic trade model is elaborated and discussed</p>								Total Activity 1	75,000
	Activity 2: Small grants component							Grants (72600)	25,000
	2.1. Identify the inclusive projects that show strong growth potential, including from the self-employed population							Travel (71600)	5,000
	2.2. Awarding of grants to inclusive projects through approval of the Grant Appraisal Committee							Contractual Services Companies (72100)	25,000
	2.3 Monitoring the inclusive projects implementation and impact assessment							Total Activity 2	55,000
	Activity 3: Policy level initiatives							Contractual Services (74100)	30,000
	3.1. Advisory support to the MEDT on the development domestic trade models							Audio Visual&Print Prod Costs (74200)	1,300
	3.2. Workshops on the discussion of domestic trade models							Travel (71600)	5,700
								Rental & Maint of Other Equip (73400)	2,000
								Translation services cost	1,000
							Total Activity 3	40,000	
TOTAL									170,000

ANNEX 2 Project workplan and budget
Project workplan

Project Result	Country/unit	TIME FRAME of project implementation												
		1	2	3	4	5	6	7	8	9	10	11	12	
COMPONENT I														
Output 1: Increased economic development along trade corridors linking the countries of Central Asia, South Caucasus and Western CIS with key markets for their products	Armenia													
	Georgia													
	Kazakhstan													
	Kyrgyzstan													
	Tajikistan													
	Uzbekistan													
	UNDP Bratislava Regional Centre - assistance and coordination													
COMPONENT II														
Output 2: Increased use of trade opportunities through technical assistance	Moldova													
	Ukraine													
	Belarus													
	Turkmenistan													
	UNDP Bratislava Regional Centre - assistance and coordination													
	COMPONENT III													
Output 3: Better understanding of informalities and enhanced capacities to overcome informal trade barriers faced by small enterprises and micro businesses	Azerbaijan - country study													
	Georgia - country study													
	Moldova - country study													
	Kyrgyzstan - country study													
	UNDP Bratislava Regional Centre - assistance and coordination - regional conference													
	COMPONENT IV													
Output 4: Enhanced opportunities for small enterprises and micro-businesses to benefit from trade	Uzbekistan - fair trade													
	UNDP Bratislava Regional Centre - assistance and coordination - study tour													

Budget of the project

Project component	Country/unit	Activities proposed	Indicative budget allocation (Euro)	2011	2012	2013
Component I	Kazakhstan	Continuation of the project component started within Phase I in Semey	280,000	134,000	146,000	0
	Kyrgyzstan	Continuation of the project component started within Phase I in Batken	280,000	150,000	130,000	0
	Tajikistan	Continuation of the project component started within Phase I in Soughd region (Khujand)	280,000	133,000	147,000	0
	Armenia	Integrating a trade component into the UNDP <i>Community Development Project</i> implemented in Tavush region	330,000	109,998	146,664	73,338
	Georgia	Integrating a trade component into the UNDP <i>Regional Development Projects</i> in Adjara (bordering Turkey) or Kakheti (on the border with Azerbaijan)	330,000	123,750	165,000	41,250
	Uzbekistan	Integrating a trade component into the UNDP/EU <i>Enhancing Living Standards (ELS)</i> project in one of the areas of the project implementation	330,000	82,500	165,000	82,500
	BRC	Content development, coordination, advisory service, supervision, monitoring (Team leader)	287,334	127,936	99,987	59,411
Total Component I			2,117,334	861,184	999,651	256,499
Component II	Belarus	Integrating a trade component into the UNDP project <i>Promoting Private Sector Activity in the regions by Enhancing capacity of Small Business Development Centres</i> implemented in Mogilev, Brest and Minsk oblasts	330,000	0	165,000	165,000
	Moldova	Integrating a trade component into UNDP Integrated Local Development Programme	330,000	90,000	120,000	120,000
	Turkmenistan	Development of an analytical study on institutional trade capacity in Turkmenistan	25,000	0	25,000	0
	Ukraine	Technical support to the government for the elaboration of the <i>National Strategy for Export Development</i> and technical assistance for exporting	180,000	102,857	77,143	0
	BRC	Content development, coordination, advisory service, supervision, monitoring (Team leader)	162,950	33,649	43,389	85,911
Total Component II			1,027,950	226,506	430,532	370,911
Component III	Azerbaijan	Trade and environment	25,000	0	25,000	0
	Georgia	Development of a country study on trade informalities and informal barriers to trade	25,000	0	25,000	0

	Moldova	Development of a country study on informal trade in Transnistria	25,000	0	25,000	0
	Kyrgyzstan	Trade liberalisation and gender equality	25,000	0	25,000	0
	Regional activity	Regional conference on trade informalities, internationalisation of small and micro-businesses and export financing system in Helsinki (linked to the study tour showing the best practices of internationalisations of small and micro businesses in Finland)	80,000	0	0	80,000
	BRC	Content development, coordination, advisory service, supervision, monitoring (Team leader)	36,166	0	12,051	24,115
Total Component III			216,166	0	112,051	104,115
Component IV	Uzbekistan	Providing the opportunity to farmers in Uzbekistan to access Fairtrade markets abroad	90,000	45,000	45,000	0
	Regional activity	Study tour to western China (the region neighbouring to Central Asian countries) to learn from Chinese solutions with special reference to tools for better market access for small and micro businesses	80,000	0	80,000	0
	BRC	Content development, coordination, advisory service, supervision, monitoring (Team leader)	21,861	7,852	14,009	0
Total Component IV			191,861	52,852	139,009	0
Management costs	BRC Country offices	Supervision and monitoring	103,580	50,245	26,667	26,668
		Knowledge management, relations with donors and project visibility	60,000	20,000	20,000	20,000
		Project evaluation	40,000	0	0	40,000
		Administrative costs (including office equipment and other office costs BRC)	15,000	5,000	5,000	5,000
		Contingency	83,028	15,453	38,787	28,787
		Project Manager-BRC	378,003	126,001	126,001	126,001
		Project Assistance-BRC	66,144	22,048	22,048	22,048
Total other costs			745,755	238,747	238,504	268,504
Subtotal			4,299,065	1,379,289	1,919,747	1,000,029
GMS*			300,935	96,550.22	134,382.32	70,002.04
Total budget			4,600,000	1,475,839	2,054,130	1,070,031

* The cost of Team Leader is allocated proportionally to the size of the components. Salary costs are indicative and based on US\$/EU exchange rate of 1.27 as per 15th September 2010

** Salary costs of Project Manager and Project Assistant are indicative and based on US\$/EU exchange rate of 1.27 as per 15th September 2010

PARALLEL FINANCING (COMMITMENTS)

PARALLEL FINANCING (OPPORTUNITIES TO BE DEFINED IN THE FIRST QUARTER OF PROJECT IMPLEMENTATION)

Preliminary discussions with UNDP country offices and other UN agencies indicated possibility of cost-sharing and parallel financing. These partners (UNDP and UN) are:

- UNDP area based development programmes in Georgia, Uzbekistan, Kazakhstan, Kyrgyzstan and Tajikistan;⁴⁶
- UNDP country programming in Armenia, Kyrgyzstan and Tajikistan.

As for today several UNDP Country Offices have committed over 100,000US\$ to project activities in addition to in-kind contribution and added value brought to the project activities through the utilization of regional country projects. Details of this partnership will be determined in the first quarter of project implementation.

⁴⁶ Adherence to Paris Principles for Effective Aid national ownership and dialogue will be prioritized throughout this project. To this end each participating UNDP office will be allocated the cost of 1/3 of a National Programme Officer time per year.

UNITED NATIONS DEVELOPMENT PROGRAMME
Regional Bureau for Europe and the CIS (RBEC)

Post Title: TEAM LEADER
Grade: P-4
Duty Station: UNDP Europe and the CIS Bratislava Regional Centre, Bratislava, Slovakia
Duration: 3 years
Starting date: February 1st, 2011

Background:

Better integration into international trade plays an important role in global efforts to reduce poverty. Increasing exports provides new opportunities for enterprises to expand their production and to create more and better jobs. Exports are also a vital source of income to finance the import of goods and services that a country does not produce itself. Trade is an essential source of economic growth, has important impact on job creation, peoples' income and poverty reduction.

The Aid for Trade (AFT) agenda is one of key global initiatives aimed at strengthening the capacity of developing countries to participate in and benefit from international trade. A large part of AFT is focused on strengthening domestic production, such as creating an enabling business environment for enterprises or building economic infrastructure. AFT can be classified in five categories: 1) Trade Policy and Regulations, 2) Trade Development, 3) Economic Infrastructure, 4) Productive Capacity, 5) Adjustment Costs.

The Wider Europe Initiative is a framework programme to be prepared for Finland's development cooperation with former Soviet republics in order to promote stability and well-being extensively both in our partner countries and in the whole continent. The initiative comprises three regional cooperation programmes to be launched in Western CIS (Belarus, Moldova, Ukraine), South Caucasus (Armenia, Azerbaijan, Georgia) and Central Asia (Kazakhstan, Kyrgyzstan, Tajikistan, Turkmenistan, Uzbekistan).

Taking into account the similar sectoral and geographical priorities of Finland's development cooperation and of the UNDP Regional Bureau for Europe and the CIS (UNDP RBEC), the present project (planned for 2011-2013) intends to build on Phase I and deepen the existing partnership in trade related development assistance to the countries of the Western CIS, South Caucasus and Central Asia.

The overall goal of the project to foster inclusive growth⁴⁷ in the region through the promotion of trade and the enhancement of each country's competitiveness to support these countries' efforts to reduce poverty and improve peoples' lives. The gains from trade are numerous, and extend beyond purely economic benefits. Trade and investment can contribute to human development by helping to raise productivity, employment and economic growth. In this context, the human development concept central to RBEC's work helps highlight inclusiveness as a key implication of sound trade policies. Therefore, a particular purpose of this project is to improve the implementation of pro-poor trade-related policy reforms and trade capacity development measures on the national and local levels, the transfer of best practices and knowledge exchange with special reference to the challenges of small enterprises and micro businesses, and the execution of technical assistance interventions in selected regions located outside the main cities (thus, beneficiaries and stakeholders include a wide range of private and public entities in the countries of Central Asia, South Caucasus and Western CIS, especially men and women living in underdeveloped areas outside the main cities in the countries covered by the project). More specifically, the project aims to

1. Support the development of trade related capacities and help small and micro entrepreneurs in remote urban and rural areas, as well as farmers and farmers' associations to gain from the opportunities that expanded trade possibilities may bring to the regions and local communities.

⁴⁷ "Inclusive growth is both an outcome and a process. On the one hand, it ensures that everyone can participate in the growth process, both in terms of decision-making for organising the growth progression as well as in participating in the growth itself. On the other hand, it makes sure that everyone shares equitably the benefits of growth. Inclusive growth implies participation and benefit-sharing. Participation without benefit sharing will make growth unjust and sharing benefits without participation will make it a welfare outcome." UNDP IPC-IG 2010.

2. Facilitate international trade on national and local level by supporting the development of strategic documents to develop trade, optimizing the institutional framework, and providing technical assistance to exporters.
3. Articulate national and sub-regional AFT issues with special reference to the challenges faced by small entrepreneurs and micro businesses operating in local areas, shadow economic activities and informal cross border trade; and facilitate transfer of best practices in developing trade capacities of small enterprises and micro businesses, knowledge sharing, discussion of national and regional policies and diffusion of good practices in several thematic areas with special reference to the impact of trade (including informal trade) on local development, micro businesses, and internal trade barriers.
4. Facilitate transfer of best practices in developing trade and production capacities of small enterprises and micro-businesses with special reference to tools for better market access and spread of knowledge and new technologies through international trade.

The project focuses on three sub-regions: Western CIS (Belarus, Moldova, Ukraine), South Caucasus (Armenia, Azerbaijan, Georgia) and Central Asia (Kazakhstan, Kyrgyzstan, Tajikistan, Turkmenistan, Uzbekistan) and consists of the following four components:

- I. Support to economic development along trade corridors linking countries of Central Asia, South Caucasus and Western CIS with key markets for their products.
- II. Trade development: Technical assistance for better use of trade opportunities.
- III. Understanding informalities and overcoming informal trade barriers faced by small enterprises and micro businesses, especially women entrepreneurs.
- IV. Creating opportunities for small enterprises and micro-businesses to benefit from trade.

The project will be implemented by UNDP Europe and the CIS Bratislava Regional Centre (UNDP/BRC) in close cooperation with UNDP country offices in eleven countries of Central Asia, South Caucasus and Western CIS.

The project will benefit from existing UNDP infrastructure and the network of UNDP trade and private sector practitioners in the countries of project implementation. The activities of the project will be coordinated with UNDP projects that are currently being implemented in the region. The utilisation of the infrastructure of existing projects, building on accumulated knowledge of development issues in the areas of the project implementation will ensure cost-efficient and timely delivery of complex activities. The project will be managed according to UNDP corporate project management rules. This will ensure transparency of financial management and high quality project implementation.

The use of UNDP/BRC as the main project management hub will provide several advantages. Firstly, there is one individual entity coordinating the different partners in the countries covered by the project - ensuring that the donor receives consolidated information and comprehensive reports on all project activities. Furthermore, the expertise residing in UNDP/BRC supports high quality project implementation. As UNDP/BRC has a broad regional perspective, it also allows for creating synergies and knowledge exchanges among the various country activities. UNDP/BRC with its close ties with other organisations and international partners can also provide specialist input upon request of the countries and ensures that recent developments at the global and regional level are communicated and integrated into project activities, as the recent example of the *AFT Roadmap for SPECA* shows. Finally, UNDP/BRC provides visibility services and knowledge management systems.

Duties and Responsibilities:

The Team Leader is expected to provide overall guidance and leadership in the implementation of the project *AID FOR TRADE FOR CENTRAL ASIA, CAUCASUS AND WESTERN CIS (Phase II)*. She/he will act as chief technical advisor for all three components of the project and be accountable for the effective implementation of the project. More specifically, the Team Leader is supposed to:

- Participate in the selection of national teams of experts to develop national studies planned within the project;
- Provide methodological consultations and comments on the works in progress;
- Oversee the whole work on analytical studies, supervise drafting process, and ensure preparation of the final drafts in a homogenous style;
- Maintain regular contacts with key stakeholders to discuss progress made and address direction and revise activities and planning as may be required;
- Maintain regular consultation with national and international stakeholders to facilitate coordination, encourage regional ownership and continuing international interest;

- Provide advisory support to the establishment of an export alliance composed by local government institutions and business institutions and other activities implemented on the country level;
- Contribute to the capacity building on trade mainstreaming targeted at local public authorities in selected areas;
- Provide advisory support to and participate in establishing *regional export promotion centres* in identified regions;
- Maintain links and coordinate with existing UNDP area based/local development projects implemented in selected areas;
- Oversee implementation of the project on regional and country level;
- Supervise preparation of reports for UNDP and the Government of Finland;
- Provide Project Manager with day-to-day advice related to the implementation of the overall project.

Competencies:

Corporate competencies

- Demonstrates integrity by upholding the UN's values and ethical standards;
- Displays cultural, gender, religion, race, national and age sensitivity and adaptability;
- Treats all people fairly without favouritism;

Functional competencies

- Proven ability to coordinate production of reports and papers; ability to review the work of others;
- Demonstrated experience in research in the area of trade and social and economic development, and expertise in economic modelling and policy advice;
- Willingness to engage in extensive travel;
- Good managerial, communication, and interpersonal skills;
- IT literacy, familiarity with e-presentation techniques and ability to operate with on-line web-based applications;

Leadership

- Strong interpersonal, managerial, communication and advocacy skills; ability to work within a multi-disciplinary team; orientation towards service delivery and excellent facilitation and networking skills for building networks and partnerships;
- Focuses on impact and result for the client;
- Constructively approaches work with energy and positive constructive attitude;

Knowledge Management

- Pro-actively shares knowledge and experience and contributes to UNDP Practice Areas and actively works towards continuing personal learning and development;
- Possesses clear intellectual interest in the assigned practice work;
- Pro-actively shares knowledge and experience and contributes to UNDP Practice Areas and actively works towards continuing personal learning and development;
- Possesses in-depth practical knowledge of inter-disciplinary development issues;

Minimum Requirements, Qualifications, and Experience:

- Master's degree or an advanced degree in economics, international trade or another relevant social science area;
- At least 7 years of work experience involving the application of principles and concepts of economics and international trade in various contexts including through association with national and international policy-making, academia or foreign assistance programmes;
- Extensive experience with issues of poverty reduction, PRSPs, MDGs and social and economic development in transition economies; knowledge of contemporary social and development issues in the region's low-income and lower-middle income countries;
- Proven research and writing skills;

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- Deep knowledge of and work experience in the countries of CIS;
 - Familiarity with UNDP's mandate, UNDP project management procedures, and the human development concept;
 - Full IT literacy and ability to operate with on-line web-based applications;
 - Fluency in English and Russian is a must.

The assignment will require frequent travels in the region. Team Leader is expected to maintain good relations and work closely with UNDP/BRC staff and UNDP country offices in the region.

UNITED NATIONS DEVELOPMENT PROGRAMME
Regional Bureau for Europe and the CIS (RBEC)

Post Title: **Project Manager**
Grade: P 2
Duty Station: UNDP Europe and the CIS Bratislava Regional Centre, Bratislava, Slovakia
Duration: 3 years (with possible extension)
Starting date: February 1st, 2011

Background:

Better integration into international trade plays an important role in global efforts to reduce poverty. Increasing exports provides new opportunities for enterprises to expand their production and to create more and better jobs. Exports are also a vital source of income to finance the import of goods and services that a country does not produce itself. Trade is an essential source of economic growth, has important impact on job creation, peoples' income and poverty reduction.

The Aid for Trade (AfT) agenda is one of key global initiatives aimed at strengthening the capacity of developing countries to participate in and benefit from international trade. A large part of AfT is focused on strengthening domestic production, such as creating an enabling business environment for enterprises or building economic infrastructure. AfT can be classified in five categories: 1) Trade Policy and Regulations, 2) Trade Development, 3) Economic Infrastructure, 4) Productive Capacity, 5) Adjustment Costs.

The Wider Europe Initiative is a framework programme to be prepared for Finland's development cooperation with former Soviet republics in order to promote stability and well-being extensively both in our partner countries and in the whole continent. The initiative comprises three regional cooperation programmes to be launched in Western CIS (Belarus, Moldova, Ukraine), South Caucasus (Armenia, Azerbaijan, Georgia) and Central Asia (Kazakhstan, Kyrgyzstan, Tajikistan, Turkmenistan, Uzbekistan).

Taking into account the similar sectoral and geographical priorities of Finland's development cooperation and of the UNDP Regional Bureau for Europe and the CIS (UNDP RBEC), the present project (planned for 2011-2013) intends to build on Phase I and deepen the existing partnership in trade related development assistance to the countries of the Western CIS, South Caucasus and Central Asia.

The overall goal of the project to foster inclusive growth⁴⁸ in the region through the promotion of trade and the enhancement of each country's competitiveness to support these countries' efforts to reduce poverty and improve peoples' lives. The gains from trade are numerous, and extend beyond purely economic benefits. Trade and investment can contribute to human development by helping to raise productivity, employment and economic growth. In this context, the human development concept central to RBEC's work helps highlight inclusiveness as a key implication of sound trade policies. Therefore, a particular purpose of this project is to improve the implementation of pro-poor trade-related policy reforms and trade capacity development measures on the national and local levels, the transfer of best practices and knowledge exchange with special reference to the challenges of small enterprises and micro businesses, and the execution of technical assistance interventions in selected regions located outside the main cities (thus, beneficiaries and stakeholders include a wide range of private and public entities in the countries of Central Asia, South Caucasus and Western CIS, especially men and women living in underdeveloped areas outside the main cities in the countries covered by the project). More specifically, the project aims to

1. Support the development of trade related capacities and help small and micro entrepreneurs in remote urban and rural areas, as well as farmers and farmers' associations to gain from the opportunities that expanded trade possibilities may bring to the regions and local communities.
2. Facilitate international trade on national and local level by the development of supporting strategic documents to develop trade, optimizing the institutional framework, and providing technical assistance to exporters.

⁴⁸ "Inclusive growth is both an outcome and a process. On the one hand, it ensures that everyone can participate in the growth process, both in terms of decision-making for organising the growth progression as well as in participating in the growth itself. On the other hand, it makes sure that everyone shares equitably the benefits of growth. Inclusive growth implies participation and benefit-sharing. Participation without benefit sharing will make growth unjust and sharing benefits without participation will make it a welfare outcome." UNDP IPC-IG 2010.

3. Articulate national and sub-regional AFT issues with special reference to the challenges faced by small entrepreneurs and micro businesses operating in local areas, shadow economic activities and informal cross border trade; and facilitate transfer of best practices in developing trade capacities of small enterprises and micro businesses, knowledge sharing, discussion of national and regional policies and diffusion of good practices in several thematic areas with special reference to the impact of trade (including informal trade) on local development, micro businesses, and internal trade barriers.
4. Facilitate transfer of best practices in developing trade and production capacities of small enterprises and micro-businesses with special reference to tools for better market access and spread of knowledge and new technologies through international trade.

The project focuses on three sub-regions: Western CIS (Belarus, Moldova, Ukraine), South Caucasus (Armenia, Azerbaijan, Georgia) and Central Asia (Kazakhstan, Kyrgyzstan, Tajikistan, Turkmenistan, Uzbekistan) and consists of the following four components:

- V. Support to economic development along trade corridors linking countries of Central Asia, South Caucasus and Western CIS with key markets for their products.
- VI. Trade development: Technical assistance for better use of trade opportunities.
- VII. Understanding informalities and overcoming informal trade barriers faced by small enterprises and micro businesses, especially women entrepreneurs.
- VIII. Creating opportunities for small enterprises and micro-businesses to benefit from trade.

The project will be implemented by UNDP Europe and the CIS Bratislava Regional Centre (UNDP/BRC) in close cooperation with UNDP country offices in eleven countries of Central Asia, South Caucasus and Western CIS.

The project will benefit from existing UNDP infrastructure and the network of UNDP trade and private sector practitioners in the countries of project implementation. The activities of the project will be coordinated with UNDP projects that are currently being implemented in the region. The utilisation of the infrastructure of existing projects, building on accumulated knowledge of development issues in the areas of the project implementation will ensure cost-efficient and timely delivery of complex activities. The project will be managed according to UNDP corporate project management rules. This will ensure transparency of financial management and high quality project implementation.

The use of UNDP/BRC as the main project management hub will provide several advantages. Firstly, there is one individual entity coordinating the different partners in the countries covered by the project - ensuring that the donor receives consolidated information and comprehensive reports on all project activities. Furthermore, the expertise residing in UNDP/BRC supports high quality project implementation. As UNDP/BRC has a broad regional perspective, it also allows for creating synergies and knowledge exchanges among the various country activities. UNDP/BRC with its close ties with other organisations and international partners can also provide specialist input upon request of the countries and ensures that recent developments at the global and regional level are communicated and integrated into project activities, as the recent example of the *AFT Roadmap for SPECA* shows. Finally, UNDP/BRC provides visibility services and knowledge management systems.

Duties and Responsibilities:

The project will be lead by the Team Leader and managed nationally by a UNDP appointed Project Manager, who will be responsible for the day-to-day management, project monitoring and decision-making. She/he will coordinate all activities within the project, including monitoring and financial reporting. The Project Manager responds primarily to Team Leader and through her/him to the Steering Committee. More specifically, the Project Manager is supposed to:

- Implement and manage activities within each respective country, which include preparing an annual work plan, procurement plans, and recruitment plans; managing a budget; monitoring expenditures;
- Manage the project staff on a day-to-day basis; provide guidance and feedback to staff and demonstrate sound management competencies
- Assess impact and effectiveness through regular consultations with national and international counterparts, tracking outputs and results, and ensuring timely and efficient delivery of project/programme outputs, monitoring and updating of ATLAS;
- Ensure the project is implemented in compliance with UNDP rules and regulations;

- Liaise with UN agencies, national and international NGOs, civil society, academia and targeted populations in implementing the project for better coordination and avoidance of duplication;
- Participate in inter-agency working groups as required;
- Provide substantive support in thematic coordination and ensuring consistency;
- Responsible for ensuring first line trouble shooting from thematic and operational issues for area based teams;
- Perform any additional tasks as requested by the Team Leader or the Steering Committee.

Competencies:

- Project management skills: the ability to manage project/programmes for results, including the ability to translate strategic aims into achievable annual work plans; monitor progress of the project/programme delivery; and prepare project/programme reports in a timely manner;
- Content specific skills: experience in trade facilitation and trade development, private sector development, trade finance and microfinance;
- Interpersonal skills: Including acceptance of responsibility to ensure that organizational objectives, policies and requirements are met; ability to manage external teams of consultants, ability to handle politically sensitive issues and contacts within government authorities and within UNDP; sound judgment and maturity to foster a positive work environment.

Minimum Requirements, Qualifications, and Experience:

- Master's degree or an advanced degree in economics, international trade, business administration or another relevant social science area;
- At least 3 years of work experience involving the application of principles and concepts of economics and international trade in various contexts and/or the management of technical assistance project in the same areas;
- Relevant experience in poverty reduction, economic development and trade development in transition economies; experience in the conduction/managements of trade needs assessments and or in private sector development (including microfinance) is a definitive advantage;
- Familiarity with UNDP project management procedures, and the human development concept; Experience with ATLAS and UNDP project management is an asset, international certification in project management is an asset;
- Field experience and/or project management experience in Central Asia is an asset;
- Full IT literacy and experience in operating on-line web-based applications;
- Proven writing and communication skills;
- Fluency in English.

The assignment may require frequent travels in the region. Project Manager is expected to maintain working relations with UNDP/BRC staff and participating UNDP country offices in the region.

