

**Economic and Social Council**Distr.: General
27 March 2024

Original: English

Economic Commission for Europe**Working Party on Customs Questions
affecting Transport****166th session**

Geneva, 5 (p.m.), 6 and 7 (a.m.) June 2024

Item 3 of the provisional agenda

**Customs Convention on the International Transport
of Goods under Cover of TIR Carnets (TIR
Convention, 1975)****Administrative Committee for the TIR
Convention, 1975****Eighty-third session**

Geneva, 5 (am) June 2024

Item 2 of the provisional agenda

eTIR**Memorandum of Understanding between the United
Nations Economic Commission for Europe and the
International Road Transport Union****Proposal on the possible financing mechanisms for the
operation of the eTIR international system at ECE submitted
by TIRExB - friends of the chair meetings****Note by the TIR Executive Board****I. Mandate and background**

1. The Committee at its 82nd session noted that the ECE-IRU MoU on eTIR based on which the financing of P3 Information Systems officer is coming to an end in December 2024. The secretariat informed the Committee that the P3 post is the primary responsible staff for the development of the eTIR international system and the interconnection projects and that securing funds for the position for the years to come is of paramount importance for the implementation of the eTIR procedure. The TIR Executive Board (TIRExB) informed the Committee that, recalling the provisions of explanatory note 11.11.3 of Annex 11 to the TIR Convention and considering the urgency for a mechanism to finance the hosting and operations of the eTIR international system to be agreed and implemented, it had already started discussions on the possible financing mechanisms.

2. The Committee, while considering the most appropriate and efficient way to address this urgent request, decided that during March, the Chair of TIRExB, with the assistance of the secretariat, should organize a friends of the chair meeting which could be online and in English only, ensuring participation of interested delegates of the Committee and that an extraordinary half-day session of AC.2, the eighty-third session, should be organized during June in conjunction with WP.30 in order to discuss the preliminary document prepared by TIRExB and the secretariat.

3. The Chair of TIRExB with the assistance of the secretariat was able to organise two friends of the chair meetings during March (13 and 21 March), extensively discussing and progressing the preparation of the document requested by the Committee. The document summarizes the financing mechanisms proposed by TIRExB friends of the chair meetings including analysis of definitions and a detailed analysis of the budget.



II. Definitions – analysis of relevant provisions

4. Annex 11, article 11, paragraph 3 to the TIR Convention stipulates that “the necessary resources shall be made available to ECE to fulfil the obligations set forth in paragraphs 1 and 2 of this Article. Unless the eTIR international system is financed by resources from the United Nations regular budget, the required resources shall be subject to the financial rules and regulations for extrabudgetary funds and projects of the United Nations. The financing mechanism for the operation of the eTIR international system at ECE shall be decided on and approved by the Administrative Committee.

5. The explanatory note to Annex 11, Article 11, paragraph 3 mentions that “If necessary, Contracting Parties may decide to finance the operational costs of the eTIR international system through an amount per TIR transport [and not per TIR Carnet]. In such cases, Contracting Parties shall decide on the appropriate time to introduce alternative financing mechanisms and on their modalities. The required budget shall be prepared by ECE, reviewed by the Technical Implementation Body and approved by the Administrative Committee.

6. The rationale behind the final and approved text of Annex 11 as mentioned above, can be found in the report of the 150th session of the Working Party on Customs Questions affecting Transport, (Geneva, 16–19 October 2018, ECE/TRANS/WP.30/300, para 20 (r)¹):

Article 10: Various delegations and the secretariat provided inputs to improve the wording of Article 10 as well as its accompanying Explanatory Note to paragraph 3. While stressing that funding could possibly be obtained through the regular budget of the United Nations, in particular if the United Nations would increase its technical assistance to countries in their efforts to computerize international agreements, the Working Party agreed that this option should be clearly mentioned as well as further explored by the secretariat because the important eTIR initiative presents a rare window of opportunity. In addition, the Working Party agreed with the proposal by the delegation of Turkey that if an amount per TIR transport should be used to finance the operational costs of the eTIR international system, this amount should be calculated on and charged for all TIR transports, not only on those carried out under the eTIR procedure. Furthermore, the Working Party agreed that the preparation of a budget to host and administer the eTIR international system should involve not only contracting parties but also UNECE and the Technical Implementation Body.

7. It should be noted though that the amount per TIR transport approach includes a logistical challenge. The number of TIR carnets distributed is not always equal with the number of TIR carnets used during a year of operations. It could be the case that the international organization distributed no TIR carnets to an association for a specific year, but this specific year the association to perform hundreds of TIR transports due to the use of stock of TIR carnets from previous years. On the other hand, a TIR transport is considered to be a transport that took place by using a TIR Carnet or using the eTIR procedure. Therefore, if an amount per TIR transport mechanism will be established based on forecasts, those forecasts should not be calculated on TIR Carnets to be distributed but on TIR transports (TIR Carnet + eTIR procedure) to be performed. Unless, either we consider the assumption that the number of carnets to be distributed is equal to the number of carnets to be used or a lumpsum mechanism is introduced where forecasts are no longer required. In anyway, this logistical challenge will exist as long as the paper TIR carnet exist, since the eTIR procedure will be used ad hoc and no stocks will occur. But it would be the volumes on paper TIR carnets that would support financially the transformation from paper to the use of the eTIR procedure.

¹ ECE-TRANS-WP30-300e.pdf (unece.org)

III. Proposed financing mechanisms

8. TIRExB, following discussions of the two friends of the Chair meetings, propose the following possible portfolio of financing mechanisms (main and additional) for the operations of the eTIR international system at ECE.

9. Main possible financing mechanism for the operations of the eTIR international system at ECE

(a) An amount per TIR transport. Based on the convention, the required budget shall be prepared by ECE, reviewed by the Technical Implementation Body and approved by the Administrative Committee in its October session. The main financing mechanism to cover the eTIR budget should be an amount per TIR transport. As explained above the TIR transport includes both the paper TIR carnets and the electronic guarantees issued in the framework of the eTIR procedure.

(b) Procedures to be followed:

(i) The budget on eTIR will be prepared by the secretariat and it will be submitted to TIB spring session for review.

(ii) The reviewed budget including comments from TIB will be submitted to AC.2 October session for adoption.

(iii) The document submitted to AC.2 for adoption should include:

a. Detailed budget with justifications (cause-results approach)

b. The proposed portion (% and amount) of the budget to be covered by the main possible financing mechanism.

c. The proposed portion (% and amount) of the budget to be covered by each of the additional possible financing mechanisms.

d. Forecast or lumpsum approach:

i. A forecast on TIR Carnets / eTIR procedure to be used in the coming year in order to calculate the amount per TIR transport or

ii. A calculation of the amount per TIR transport to be charged the coming year based on the TIR transports (TIR carnets and eTIR procedure) that took place during the current year or.

iii. No forecast will be included since the lumpsum approach will be introduced.

10. Additional possible financing mechanisms for the operations of the eTIR international system at ECE. The main financing mechanism as described above could be replaced partly or wholly, monthly, annually, or multiannual by the following additional financing mechanisms whenever they are becoming available. Those additional funding sources, before used, should be subject, firstly to the financial rules and regulations for extrabudgetary funds and projects of the United Nations including due diligence requirements and secondly, to the final approval by the TIR Administrative Committee (AC.2) and ECE Executive Committee (ExCom) if required. It should be noted that none of the proposed additional financing mechanisms have any impact on the regular budget of UN.

(a) Extrabudgetary resources. In order to receive extrabudgetary resources the TIR trust fund should be transformed into a multipartner trust fund – decision of ExCom is required. Thus, the new TIR trust fund will accept earmarked and non-earmarked contributions from governments, intergovernmental and non-governmental organizations and the private sector. ECE will conclude a Contribution Agreement with each donor that will clarify the responsibility of each party and details the legal, financial and administrative provisions governing donor contributions to ECE in accordance with the United Nations Financial Regulations and Rules. Furthermore, when required, ECE will conduct due diligence to ensure that the planned contributions are in line with the United Nations policies on the contributions from non-State actors. It is important to note that the new multipartner

TIR trust fund will not modify the legal obligations of the international organization (IRU) towards ECE. Also, it should be clarified, as it is the case for other trust funds that are connected with ECE Conventions (Environment division), when the multipartner trust fund is established, there is no need to address anymore ExCom requesting their approval avoiding all administrative bureaucracy connected with that. It will be only AC.2 approving, controlling and monitoring the projects and funds spending.

(b) Agreement with contracting parties to provide maintenance services based on an agreed annual maintenance fee. Following the examples of ASYCUDA and DMFAS systems (Debt Management and Financial Analysis Programme) from UNCTAD, the UNECE secretariat could grant to the Contracting parties a worldwide non-exclusive, non-transferable, non-sublicensable, royalty-free, revocable, limited license to use the software system developed by the TIR secretariat (e.g the eTIR National Application). Furthermore, and subject to the payment of an annual maintenance fee, the TIR secretariat will provide ongoing and on-demand support and maintenance services including the provision of helpdesk support to the Contracting parties. Contracting parties might choose to use the software system developed by the secretariat at no cost and will have no obligation to contract the above-mentioned maintenance services that will remain optional.

(c) Each Contracting Party makes a contribution for the purposes of eTIR. Considering that there are 65 TIR operational countries, even if the amount per country is low (e.g. USD 10,000), the resulting pool will provide a sufficient budget for eTIR. It could be either a flat fee or a fee based on the actual use of the system – scaling system-.

(d) In-kind contributions of human resources by Contracting Parties. These in-kind contributions could be (a) non-reimbursable loans (“Secondments”), and (b) Associate Experts Programme - Junior Profession Officers (JPO). Associate Experts are recruited under bilateral agreements between the United Nations and Donor countries for development projects or regional projects within the United Nations wide fields of competence. This is a practice already followed in ECE but never exploited by the TIR secretariat. Another approach could be that interested Contracting Parties assign one IT specialist, who would work under a Consultancy agreement vis-à-vis ECE, exclusively on eTIR.

(e) United Nations Development Account (UNDA). The Development Account is a capacity development programme of the United Nations Secretariat aiming at enhancing capacities of developing countries in the priority areas of the United Nations Development Agenda. The Development Account is funded from the Secretariat’s regular budget and implemented by 10 entities of the United Nations Secretariat including ECE. The UNDA program funds projects where salaries of extra budgetary staff could be covered under certain conditions. TIR secretariat already participated in such projects in the past (Customs to customs border crossing facilitation -2016 / COVID 19 -2021) covering the financing of major applications developed by the secretariat (i.e eTIR portal, mobile applications).

IV. Proposed budget

11. The secretariat prepared two main forecasting scenarios concerning the deployment and use of the eTIR procedure. The business as usual and an optimistic one. The assessment of funding requirements – costs analysis - for the coming 10 years are based on the following assumptions.

12. The eTIR international system (eTIR IS) will continue to be implemented with an ever-increasing number of Contracting Parties (CP) interconnecting. Given that the resources to be used are limited and each interconnection requires several months of effort by parties involved, unless the eTIR National Application is mainly used, it should be ensured that these interconnections are, a. strategically selected, b. serve to particularly important flows of goods and c. formulate an eTIR corridor. At the same time, continued effort need to be placed on both existing CPs becoming operational in using eTIR IS / eTIR NA as well as ascension of new CPs to the TIR Convention. Given the benefits of eTIR IS, it is important that at the outset, CPs are encouraged to interconnect to the eTIR IS depending on the status of their neighbouring countries in forming contiguous eTIR corridors. Moreover, consideration needs to be given that paper TIR carnets are not introduced and avoided for new CPs. Regarding

TIR geographical expansion, from practical experience (based on historical TIR issuance statistics), at present it takes 7–10 years to make TIR a mature product in a new geography/region. This time might be significantly reduced if the eTIR procedure is immediately introduced and efforts to interconnect are further facilitated. In addition, provisions of Annex 11 should be enhanced with explanatory notes that further facilitate the implementation of eTIR procedure.

13. Business-as-usual scenario: if the existing deployment plans concerning eTIR for the period 2023–2024 are implemented, then all Central Asian countries will be interconnected to eTIR international system during 2024 and the system will be operational by 2025. Practically, this means that transport operators will have to continue using paper TIR and eTIR IS in parallel, which might present some operational challenges for transport operators, national associations, and customs authorities. Then other contracting parties in the region for instance China and India will start the interconnection project and become operational possibly during 2025. It should be noted that the road to China passes through the extra requirements that the Eurasian Economic Union customs code sets for its member States that need to be addressed and agreed in an efficient and collaborative manner.

14. However, eTIR implementation in Central Asia only, is not expected to generate high eTIR volumes in view of low volumes of intraregional trade. Substantial eTIR volumes can be expected only when eTIR is implemented and operational in Central Asia, Iran, Türkiye, Georgia and Azerbaijan.

15. Furthermore, IRU has been observing a declining TIR trend in a key corridor connecting Iran and Türkiye in January – February this year (18 per cent vs. January – February 2023). One of the reasons is challenges related to the paper TIR carnet life cycle at the destination in Iran (Islamic Republic of), which impedes the use of TIR by Turkish hauliers. eTIR is the best solution to resolve such problems. Seeing the decline, eTIR also becomes urgent to implement, to stop the decline and the thinning of TIR client base.

16. Optimistic scenario: eTIR will start being operational in central Asian countries already towards the end of 2024 while in parallel, India and China have initiated the interconnection project. The member States of the Eurasian Economic Commission as well as the countries of the Gulf Coordinating Council (GCC) will start the interconnection projects during 2026 with the objective of being operational in 2027. Then, in 2027, the interconnection with NCTS might also take place. In addition, it should be noted that the introduction by the TIR secretariat of the eTIR NA and its web-based use possibilities, might completely change the technical approaches already agreed and it might introduce a new, more flexible approach, this of software as a service for all contracting parties.

17. Potential corridors – To achieve growth, a transport corridor approach should be followed for the interconnection to eTIR IS for movement of goods:

- TUR-IRN bilateral
- Corridors from/to China
- TKM transit (mostly whatever circulates between TUR and Central Asia)
- UZB corridors (which normally go to RUS and TUR)
- Gulf Coordinating Council (GCC) corridors
- North-South corridor
- European Union – CIS (Commonwealth Independent States) countries
- Ukrainian corridor

V. Considerations by the Committee

18. The Committee is invited to consider these proposals on financing mechanisms and the budget for eTIR deployment and maintenance and possibly adopt them providing guidance to the secretariat on the next steps to be followed.

Annex

Detailed budget analysis

		2024	2025	2026	2027	2028	2029	2030	2031	2032	2033
TIR Operations											
Business as usual Scenario	Number of Contracting Parties	78	78	78	79	79	79	80	81	81	82
	Number of Contracting Parties - Operational - TIR	67	68	69	70	71	72	73	74	76	78
	Number of Contracting Parties - Operational - eTIR	8	10	12	15	47	50	54	56	60	62
	Number of Corridors	1	2	2	2	2	3	2	2	2	4
	Number of TIR Carnets sales ('000)	600	650	670	680	700	720	740	760	800	820
	Number of eTIR guarantees sales ('000)		14	40	60	100	150	200	250	300	350
Optimistic Scenario	Number of Contracting Parties	78	80	82	85	85	85	85	85	85	85
	Number of Contracting Parties - Operational - TIR	67	69	69	69	69	69	69	69	69	69
	Number of Contracting Parties - Operational - eTIR	5	10	15	20	25	30	35	40	45	50
	Number of Corridors	3	4	5	5	6	6	6	6	6	6
	Number of TIR Carnets sales ('000)	596	632	658	662	688	631	554	457	191	0
	Number of eTIR guarantees sales ('000)		18	42	83	132	244	376	528	844	1085
		2024	2025	2026	2027	2028	2029	2030	2031	2032	2033
Budget / Costs (\$ 000)											
Business as usual Scenario	Professional staff plus operational costs	210 ²	210	210	440	440	440	440	440	640	640
	G (admin) staff plus operational costs	0	0	0	0	0	0	150	150	150	150
	Contractors / Consultants	60 ³	60	60	60	60	60	60	60	60	60
	Support/Maintenance/Helpdesk (eTIR IS)	25	25	25	30	30	30	30	40	40	40

² 210,000\$ is the total annual cost of P3 information systems officer.

³ Normally, based on current experience with the use of national consultants, for each interconnection project a national consultant is hired with a cost of 20,000\$ for a 3-4-month project.

		2024	2025	2026	2027	2028	2029	2030	2031	2032	2033
	Support for other Systems (eTIR NA, ITDB, eTIR Portal, Mobile App, etc.)	20	20	20	20	20	20	20	20	20	20
	Interconnection - Adaptation/Customization of local Customs System	10	10	10	10	10	10	10	10	10	10
	Hosting	80 ⁴	80	80	80	100	100	100	100	120	120
	Service type, i.e., SaaS, other	0 ⁵	20	20	40	40	50	50	50	60	60
	Travel	20	25	30	30	35	35	35	40	40	40
	Training workshops (@5k/workshop)	20	15	15	30	30	30	30	30	50	50
	Totals	445	465	470	740	765	775	925	940	1190	1190
Optimistic Scenario	Professional staff plus operational costs	210	440	440	660	660	660	660	660	660	660
	G (admin) staff plus operational costs	0	0	165	165	165	165	165	165	165	165
	Contractors / Consultants	100	100	120	120	130	130	140	140	150	150
	Support/Maintenance/Helpdesk (eTIR IS)	25	25	25	30	30	40	40	50	50	50
	Support for other Systems (eTIR NA, ITDB, eTIR Portal, Mobile App, etc.)	20	20	20	20	20	20	20	20	20	20
	Interconnection - Adaptation/Customization of local Customs System	20	20	20	20	20	20	20	20	20	20
	Hosting	80	80	80	80	100	100	100	120	120	120
	Service type, i.e., SaaS, other	0	40	40	40	40	50	50	50	60	60
	Travel	35	35	40	40	50	50	60	60	70	70
	Training workshops (@5k/workshop)	30	30	30	40	40	45	45	50	60	60
	Totals	520	790	980	1215	1255	1280	1300	1335	1375	1375

⁴ Today, the annual amount of hosting is being included in the TIR Secretariat / TIREXB budget. It is the current cost of hosting, for United Nations Valencia IT services.

⁵ This cost is related to the hosting cost but we prefer to calculate it separately because it really depends on which approach the Contracting Parties will decide to interconnect and use the eTIR procedure. If for instance, the eTIR National Application will be used by the majority of the contracting parties as “software as an application” then this cost will dramatically increase since it would be ECE that will host the application for those users who are going to use it remotely.