



Transport Sector Status Report

Fourth Ministerial Conference on
Central Asia Regional Economic Cooperation

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Bishkek, Kyrgyz Republic

TRANSPORT SECTOR STATUS REPORT

Senior Officials' Meeting on Central Asia Regional Economic Cooperation 14 October 2005 Bishkek, Kyrgyz Republic

I. Introduction

1. The Central Asia Regional Transport Sector Roadmap (2005–2010) was developed at the 3rd Transport Sector Coordinating Committee (TSCC) Meeting in Bishkek on 1–2 March 2005, and endorsed at a Senior Officials Meeting (SOM) in Manila on 26–27 April 2005. The Roadmap is aimed at addressing the key sector issues related to regulatory differences, lack of transport connections, poorly equipped border posts, bureaucratic cross-border procedures, poor infrastructure maintenance due to insufficient funding, lack of competition in the rail system, institutional and human resource capacity, and guiding future transport cooperation activities among CAREC participating countries. The Roadmap's five strategic priorities are:

- (i) Harmonizing and simplifying cross-border transport procedures and documentation among the CAREC countries to facilitate the movement of passengers and freight across borders;
- (ii) Harmonizing transport regulations among the CAREC countries to create a level playing field for transport operators and promote efficient and better services;
- (iii) Developing and improving regional and international transport corridors to link production centers and markets within the CAREC countries, and to improve the countries' access to neighboring regions and markets;
- (iv) Restructuring and modernizing railways through private sector participation and improved corporate governance; and
- (v) Improving sector funding and management to ensure that the regional transport network is properly developed and maintained.

II. Progress of Cooperation since the Last SOM

A. 4th Transport Sector Coordinating Meeting

2. The 4th TSCC Meeting was convened in Bishkek on 12–13 October 2005 and was attended by delegations from CAREC participating countries as well as representatives of multilateral institutions (MIs) including the Asian Development Bank (ADB), European Bank for Reconstruction and Development (EBRD), Islamic Development Bank (IsDB), United Nations Development Programme (UNDP), and the World Bank (WB). The Meeting was chaired by the Government of the Kyrgyz Republic and co-chaired by ADB. (Refer to Summary of Discussions in Appendix 1).

3. The TSCC's 2005 Work Program focuses on providing specific recommendations on the strategic priorities of harmonization and simplification of cross-border transport procedures and documentation, and harmonization of transport regulations (Phase I)¹ Close coordination with the transport sector committees and working groups of other regional organizations, including the Shanghai Cooperation Organization (SCO) and the Central Asia Cooperation Organization

¹ Vehicle emission requirements, axle load control, tariffs, road user charges, transit fees, traffic safety, and provision of transport services.

through sharing of information and regulation consultations to ensure synergy of regional cooperation efforts is a continuing priority.

4. The TSCC members made a decision to submit a report to the SOM the following results:

- (i) Approved regional investments technical assistance projects and planned for 2005 and 2006.
- (ii) TSCC 2006 Work Program and the Action Plan for implementing the Regional Transport Sector Roadmap.
- (iii) ADB study on harmonization and simplification of cross border transport procedures and transport regulations in the road and railway sub-sectors in CAREC member countries (phase I).
- (iv) The criteria for classification of investment projects and studies as regional cooperation in CAREC member countries.
- (v) ADB's proposal of regional technical assistance for facilitation of transport cooperation in CAREC member countries (phase I).
- (vi) Information on the progress of the WB study of the potential for liberalization of the aviation sector in Central Asia.

B. Investments

5. Progress has been made in improving the regional transport network since the 3rd Meeting of the TSCC. Major investments are: (i) Azerbaijan: the east-west road corridor, Yevlah-Ganja section and Qazak-Georgian border section. ADB is expected to finalize a \$52.0 million loan in the last quarter of 2005 with co-financing from the Islamic Development Bank for \$10.4 million and the Saudi Fund for Development for \$11.0 million, (ii) Azerbaijan: the north-south corridor, Baku-Samur road co-financed by an EBRD loan of \$100.0 million, Czech Import-Export Bank loan of \$180.0 million, and financing from the Abu-Dhabi Fund for Development for \$10.0 million. In the southern corridor of Azerbaijan, WB is expecting to finalize loan for \$200.0 million and ADB a loan for \$100.0 million, (iii) Tajikistan: ADB is in final stages of processing a loan for \$29.5 million for the Dushanbe-Kyrgyz Border Road Rehabilitation Project, (iv) Mongolia, ADB has approved technical assistance for the pre-feasibility study of developing the north-south road corridor to link Xinjiang in PRC and the Russian Federation via West Mongolia. The combined program of the MIs for 2005-2006 for investment projects includes a total lending amount of \$1015.8 million and non-lending totaling \$6.8 million.

C. Other Non-Lending Activities for Regional Transport Cooperation

7. A regional transport agreement is vital to reducing nonphysical barriers to trade. Drawing on the experience of the Greater Mekong Subregion (GMS) Program, the SCO Member States (PRC, Kazakhstan, Kyrgyz Republic, Russian Federation, Tajikistan, and Uzbekistan) are striving to draft such an agreement for road transport, with help from ADB and the United Nations Economic and Social Commission for Asia and the Pacific (ESCAP). The 3rd negotiating meeting of SCO Member States on the aforementioned agreement was held in Beijing on 26–29 June 2005, organized by the SCO Secretariat, UNESCAP, and ADB, and attended by delegations from the PRC, Kazakhstan, Kyrgyz Republic, Russian Federation, Tajikistan, and Uzbekistan. While all country delegations reiterated the importance of the agreement and some progress was made on negotiating a draft Framework Agreement, negotiations remain to be concluded. A meeting of prime ministers of SCO member countries, scheduled for October

2005, will provide guidance on the way forward. It is expected that the 4th negotiating meeting will be held in the first quarter of 2006.

8. The Transport Consortium of the Central Asia Cooperation Organization (CACO) has in preparation draft founding documents.

III. Next Steps and Monitoring of Results

9. In accordance with the Roadmap Implementation Action Plan, CAREC participating countries will undertake the following activities in 2006:

- Incorporate the TSCC members comments into the draft action plan following the study on harmonization and simplification of cross-border transport procedures and documentation, and harmonization of transport regulations for CAREC countries (Phase 1). Present the final draft action plan to the 5th TSCC meeting. This action plan will be implemented during 2006-2007.
- Initiate a study on improvements in transport sector funding and management in CAREC countries in 2006.
- Initiate a study on restructuring and modernizing the railway sector in CAREC countries in 2006.
- Finalize and implement regional technical assistance from ADB to facilitate transport cooperation in CAREC countries (Phase I) during 2006–2007.

10. The Transport Sector Roadmap includes a monitoring results framework with targets for performance against the five key strategies. A midterm review will be undertaken in 2007.

IV. Risks and Mitigation Measures

11. The key assumption to enable the achievement of the desired impact from the Transport Sector Roadmap are continued CAREC commitment to regional cooperation and macroeconomic stability in the region. This needs to be supported by agreement among participating countries on priority areas for cooperation and the MIs' ability to prepare and operationalize a joint results-focused agenda and pursue harmonized approaches to project development and management. The key risks are the resource constraints of the MIs' in processing the new initiatives, willingness by countries to share data, statistics and information, and turnover of staff from both Government and the MIs' participating in the TSCC. The mitigation measures in relation to these issues involve acknowledgement of their existence by all participants of the TSCC Meetings, and developing joint strategies to address them as necessary.

**CENTRAL ASIA REGIONAL ECONOMIC COOPERATION (CAREC) PROGRAM
SUMMARY OF DISCUSSION
4TH TRANSPORT SECTOR COORDINATING COMMITTEE (TSCC) MEETING
12-13 October 2005, Bishkek, Kyrgyz Republic**

I. INTRODUCTION

1. The 4th Meeting of the Transport Sector Coordinating Committee (TSCC) of the Central Asia Regional Economic Cooperation (CAREC) Program was convened on 12-13 October 2005 in Bishkek, Kyrgyz Republic. Delegations from all seven CAREC member countries participated in the Meeting. Representatives of multilateral institutions (MIs) including the Asian Development Bank (ADB), European Bank for Reconstruction and Development (EBRD), Islamic Development Bank (IsDB), United Nations Development Programme (UNDP), and the World Bank also attended. The Meeting was co-chaired by the Kyrgyz Republic and ADB.

2. The TSCC members reaffirmed their commitment to regional transport cooperation, and agreed to continue working together to achieve the goals and strategic directions of the Regional Transport Sector Roadmap.

II. PROGRESS IN REGIONAL TRANSPORT COOPERATION

3. The TSCC members reviewed the progress since the 3rd TSCC Meeting in Bishkek in March 2005. Regional investments and technical assistance projects approved, or in the pipeline for 2005 and 2006 are listed in Appendix 1. The MIs lending products for 2005 – 2006 amount to \$1015.8 million, with \$657.8 million in 2005 and \$358.0 million in 2006. The MIs non-lending products for 2005 – 2006 amount to \$6.8 million, with \$2.2 million in 2005 and \$4.6 million in 2006.

III. TSCC 2006 WORK PROGRAM AND IMPLEMENTATION ACTION PLAN

4. The TSCC Secretariat presented the drafts of the TSCC 2006 Work Program and the Action Plan for implementing the Regional Transport Sector Roadmap. The TSCC members provided comments and endorsed the TSCC 2006 Work Program and the Action Plan for implementing the Regional Transport Sector Roadmap. It was agreed to present these two documents to the Senior Officials' Meeting (SOM) on 14 October 2005 (Refer to Appendix 2).

5. The TSCC Secretariat presented for consideration the draft criteria for the classification of investment projects and studies as regional cooperation in CAREC countries. The TSCC members provided their comments and agreed to report the endorsed criteria to the SOM (Refer to Appendix 3).

IV. HARMONIZATION AND SIMPLIFICATION OF CROSS-BORDER TRANSPORT PROCEDURES AND DOCUMENTATION AND HARMONIZATION OF TRANSPORT REGULATIONS (PHASE I)

6. The ADB representative made a presentation on the study for the harmonization and simplification of cross-border transport procedures and transport regulations (Phase I) in the road and railways sub-sectors in CAREC member countries. The TSCC members proposed the inclusion of a detailed time schedule and responsibilities in the action plan. They made a note

of the study and requested the Secretariat to incorporate the comments and present the final draft of the action plan to the next TSCC meeting.

V. INITIATIVES FOR REGIONAL TRANSPORT COOPERATION

7. The ADB representative made a presentation on the proposed regional technical assistance for the facilitation of transport cooperation among CAREC member countries (Phase I). The TSCC members made comments and approved the revised technical assistance proposal for further processing.

8. The WB representative briefed the TSCC meeting on the study of the potential for liberalization of the aviation sector in Central Asia. The TSCC members made a note of the results of the study and made a commitment to convey results to their aviation authorities. The WB is requested to develop the final draft report taking into account the comments made in the meeting and the comments to be made by the aviation authorities in CAREC member countries concerned for presentation at the next TSCC meeting. The TSCC members are asked to provide their comments to the WB in one month.

9. The ADB representative briefed the TSCC meeting on the progress of the negotiation process of the Shanghai Cooperation Organization (SCO) members on the intergovernmental agreement on Facilitation of International Road Transport.

10. The Tajikistan Ministry of Transport representative briefed the TSCC meeting on the status of the preparation of draft founding documents for the establishment of the transport consortium of the Central Asia Cooperation Organization (CACO). The delegates made a note of such documents.

VI. NEXT STEPS

11. The TSCC members made a decision to submit a report to the SOM the following results:

- Approved regional investment projects and technical assistance and planned for 2005 and 2006. (Refer to Appendix 1).
- TSCC 2006 Work Program and the Action Plan for implementing the Regional Transport Sector Roadmap. (Refer to Appendix 2).
- ADB study for the harmonization and simplification of cross-border transport procedures and transport regulations (Phase I) in the road and railways sub-sectors in CAREC member countries.
- The criteria for classification of investment projects and studies as regional cooperation in CAREC member countries. (Refer to Appendix 3)
- ADB's proposal of regional technical assistance for facilitation of transport cooperation in CAREC member countries (Phase I).
- Information on the progress of the WB study of the potential for liberalization of the aviation sector in Central Asia.

VII. CONCLUDING REMARKS

12. The TSCC members noted that there has been certain progress achieved in coordinating regional transport cooperation issues among the CAREC member countries.

13. The TSCC members expressed their appreciation to the Government of Kyrgyz Republic and ADB for hosting the 4th TSCC Meeting and for the good arrangements.

14. It was agreed that the 5th TSCC Meeting would be held in the first half of 2006 at a location to be determined later.

Appendix 1

**Multilateral Institutions' Assistance Pipeline for Regional Cooperation in the
Transport Sector**

Table 1: Approved and Assistance Pipeline for Lending Products, 2005–2006

Project Title	Country Involved	Lending Agency	Amount (US\$ million)
2005 APPROVED			
1. North-South Corridor (Baku-Samur Road)	AZE	EBRD	100.0
		Czech EXIM	180.0
		ABFD	10.0
2. East-West Highway Improvement (Yevlah-Ganja Section)	AZE	IsDB	10.4
		SFD	11.0
3. Reconstruction of the Taraz-Talas-Suusamyr Road (phase I)	KGZ	IsDB	10.0
4. Shagon-Zigar Road Reconstruction (phase II)	TAJ	IsDB	9.5
Subtotal Approved for 2005			330.9
2005 PIPELINE			
1. East-West Highway Improvement (Yevlah-Ganja Section and Qazak-Georgian Border Section)	AZE	ADB	52.0
2. Locomotive and Track Renewal	AZE	EBRD	30.0
			(€23.0)
3. Second Highways Project (Alat-Astara; Baki-Shamakhi)	AZE	WB	200.0
4. Osh-Irkeshdam Road Rehabilitation (phase I)	KGZ	IsDB	10.0
5. Dushanbe-Kyrgyz Border Road Rehabilitation (phase II)	TAJ	ADB	30.0
6. TSA Air Fleet Upgrade	TAJ	EBRD	4.9
			(€3.8)
Subtotal pipeline for 2005			326.9
Subtotal for 2005			657.8
2006 PIPELINE			
1. Southern Road Corridor Improvement Project	AZE	ADB	100.0
2. Baku-Astara Road Reconstruction	AZE	IsDB	10.0
3. Kurdamir-Ujar Road	AZE	KfAD	18.0
4. Reconstruction of Baku Bypass Road	AZE	KfAD	0.5
5. Dostyk-Aktogai Rail Upgrading	KAZ	EBRD	100.0
6. Reconstruction of the Taraz-Talas-Suusamyr Road (phase II)	KGZ	IsDB	10.0
7. Issyk-Kul Ring Road Reconstruction	KGZ	IsDB	10.0
8. Regional Road Maintenance and Safety Project	KGZ	ADB	20.0
9. Bishkek-Torugart Road	KGZ	IsDB	10.5
10. Road Maintenance Equipment Project	KGZ	IsDB	10.0
11. Anjirobi-Poyong Road Rehabilitation	TAJ	IsDB	10.0
12. Rehabilitation of Railway Network (Termez-Galaba Bridge)	UZB	IsDB	9.0
13. Regional Railways Rehabilitation	UZB	ADB	20.0
14. Osh-Batken-Isfana	KGZ	WB	30.0
Subtotal Pipeline for 2006			358.0
TOTAL (2005–2006)			1015.8

ABDF = Abu-Dhabi Fund for Development, ADB = Asian Development Bank, AZE = Azerbaijan, CZECH EXIM = Czech Export – Import Bank, EBRD = European Bank for Reconstruction and Development, IsDB = Islamic Development Bank, KAZ = Kazakhstan, KfAD = Kuwait Fund for Arab Development, KGZ = Kyrgyz Republic, MON = Mongolia, PRC = People's Republic of China, SFD = Saudi Fund for Development, TAJ = Tajikistan, UZE = Uzbekistan, WB = World Bank

Table 2: Approved and Assistance Pipeline for Non-Lending Products, 2005–2006

Project Title	Country Involved	Donor Agency	Amount (US\$'000)
2005 APPROVED			
1. Pre-Feasibility Study of Western Regional Road	Mon/PRC	ADB	150.0
Subtotal Approved for 2005			150.0
2005 PIPELINE			
1. Preparing a Southern Road Corridor Improvement Project (PPTA)	AZE	ADB	600.0
2. Facilitation of Transport Cooperation Among Member Countries of CAREC (Phase I)	Regional	ADB	600.0
3. Regional Transport Corridors Road Maintenance and Safety Project	KGZ	ADB	500.0
4. Transport and Trade Facilitation Workshop	Regional	WB	110.0
5. Feasibility Study on Issyk-Kul Ring Road Reconstruction	KGZ	IsDB	255.0
Subtotal Pipeline for 2005			2065.0
Subtotal for 2005			2215.0
2006 PIPELINE			
1. Regional Traffic Enhancement	Regional	ADB	600.0
2. Regional Railway Development (Phase I)	Regional	ADB	850.0
3. Harmonization of Cross-Border Initiatives for Transport	Regional	ADB	850.0
4. North-South Road Corridor Improvement (PPTA)	AZE	ADB	600.0
5. Feasibility Study of Western Regional Road (PPTA)	MON/PRC	ADB	650.0
6. Dushanbe-Kyrgyz Border Road Rehabilitation (Phase III) (PPTA)	TAJ	ADB	500.0
7. Feasibility Study: Dushanbe Airport	TAJ	IsDB	250.0
8. Feasibility Study on Kafanigan-Yavan Railway Line	TAJ	IsDB	250.0
9. Transit Performance Measurement	Regional	WB	106.0
Subtotal Pipeline for 2006			4656.0
TOTAL (2005–2006)			6871.0

Appendix 2**CENTRAL ASIA REGIONAL ECONOMIC COOPERATION (CAREC) PROGRAM
TRANSPORT SECTOR COORDINATING COMMITTEE'S (TSCC) 2006 WORK PROGRAM****(Endorsed Version)****4th TSCC Meeting, 12-13 October 2005, Bishkek, Kyrgyz Republic**

- 1. Harmonization and Simplification of Cross-Border Transport Procedures and Documentation**
 - Agreement on action plan (Action 1.3)
 - Review of implementation (Action 1.4)
- 2. Harmonization of Transport Regulations**
 - Agreement on action plan (Phase I) (Action 2.3)
 - Review of implementation (Phase I) (Action 2.4)
 - Initiate the study (Phase II) (Action 2.5)
- 3. Development and Improvement of Regional and International Transport Corridors**
 - Presentation of study report (Phase I) (Action 3.2)
 - Agreement on action plan (Phase I) (Action 3.3)
- 4. Railway Restructuring and Modernization**
 - Initiate the study (Action 4.1)
- 5. Improvement of Sector Funding and Management**
 - Initiate the study (Action 5.1)
- 6. Others**
 - Update MIs' assistance program for investment projects and studies relating to regional cooperation
 - Prepare and submit the TSCC's Work Report to the Senior Officials' Meetings

**CENTRAL ASIA REGIONAL ECONOMIC COOPERATION (CAREC) PROGRAM
IMPLEMENTATION SCHEDULE OF THE REGIONAL TRANSPORT SECTOR ROADMAP**

(Endorsed Version)

4th TSCC Meeting, 12-13 October 2005, Bishkek, Kyrgyz Republic

Actions	Transport Sector Coordinating Committee Meetings									
	3rd	4th	5th	6th	7th	8th	9th	10th	11th	12th
	Mar. 2005	Oct. 2005	2006		2007		2008		2009	
1. HARMONIZATION AND SIMPLIFICATION OF CROSS-BORDER TRANSPORT PROCEDURES AND DOCUMENTATION										
1.1 Initiate the study for road and rail										
1.2 Presentation of study report										
1.3 Agreement on action plan										
1.4 Review of implementation										
2. HARMONIZATION OF TRANSPORT REGULATIONS¹										
2.1 Initiate the study (Phase I) for road and rail										
2.2 Presentation of study report (Phase I)										
2.3 Agreement on action plan (Phase I)										
2.4 Review of implementation (Phase I)										
2.5 Initiate the study (Phase II)										
2.6 Presentation of study report (Phase II)										
2.7 Agreement on action plan (Phase II)										
2.8 Review of implementation (Phase II)										
3. DEVELOPMENT AND IMPROVEMENT OF REGIONAL AND INTERNATIONAL TRANSPORT CORRIDORS										
3.1 Initiate the study (Phase I)										
3.2 Presentation of study report (Phase I)										
3.3 Agreement on action plan (Phase I)										
3.4 Review of implementation (Phase I)										
4. RAILWAY RESTRUCTURING AND MODERNIZATION										
4.1 Initiate the study										
4.2 Presentation of study report										
4.3 Agreement on action plan										
4.4 Review of implementation										
5. IMPROVEMENT OF SECTOR FUNDING AND MANAGEMENT										
5.1 Initiate the study										
5.2 Presentation of study report										
5.3 Agreement on action plan										
5.4 Review of implementation										

¹ Phase I: regulations on (i) vehicle emission requirements; (ii) axle load control; (iii) tariffs, road user charges, and transit fees; (iv) traffic safety; and (v) provision of transport services.

Phase II: regulations on (i) environmental assessments of transport projects; (ii) social assessments of transport projects; (iii) design standards of transport infrastructure; and (iv) maintenance of transport infrastructure.

Appendix 3**CENTRAL ASIA REGIONAL ECONOMIC COOPERATION (CAREC) PROGRAM
CRITERIA FOR THE CLASSIFICATION OF INVESTMENT PROJECTS AND STUDIES AS
REGIONAL COOPERATION****(Endorsed Version)****4th TSCC Meeting, 12-13 October 2005, Bishkek, Kyrgyz Republic**

I. The transport sector comprises the following sub-sectors: roads, rail, civil aviation, water, pipelines, and urban transport. The investment projects and studies classified as regional cooperation involve at least one of the following:

- (i) The development or enhancement of policies, regulations, and agreements related to facilitating efficient movement of freight and passengers between more than one CAREC member countries.
- (ii) The preparation of feasibility studies or designs of transport corridors linking more than one CAREC member countries.
- (iii) The construction or improvement of transport infrastructure on the transport corridors linking more than one CAREC member countries.
- (iv) Projects aimed at facilitation of transport logistics centers and information systems for monitoring transit freights with regional implications.
- (v) National interventions in CAREC member countries (e.g. feeder roads to primary delineated transport corridors, sustainable road maintenance, human resources development) with regional implications.
- (vi) Projects aimed at construction or rehabilitation (upgrade of technical capacities) of mechanical engineering facilities (enterprises for manufacturing and repair of rolling stocks) with regional implications.

II. The investment projects and studies are classified as regional cooperation, if at least 30% of the following components are addressing regional issues:

- (i) the total cost of investment projects; or
- (ii) the total consulting inputs for studies.

III. The investment projects and studies under the CAREC program cover the following countries: Azerbaijan, Kazakhstan, Kyrgyz Republic, Mongolia, People's Republic of China (Xinjiang Uygur Autonomous Region), Tajikistan, and Uzbekistan. Discussion is ongoing on participation of the Islamic Republic of Afghanistan and the Russian Federation in the CAREC program.

CENTRAL ASIA REGIONAL ECONOMIC COOPERATION IN TRANSPORT



- National Capital
 - Major City
 - Completed and Ongoing Road Projects Financed by Multilateral Institutions
 - Planned Road Projects to be Financed by Multilateral Institutions in 2005-2006
 - Completed and Ongoing Railway Projects Financed by Multilateral Institutions
 - Planned Railway Projects to be Financed by Multilateral Institutions in 2005-2006
 - Road Project to be Financed by CAREC Member Countries
 - Provincial Boundary
 - International Boundary
- Boundaries are not necessarily authoritative.