



Transport Sector Status Report

**Sixth Ministerial Conference
on Central Asia Regional Economic Cooperation
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CENTRAL ASIA REGIONAL ECONOMIC COOPERATION

TRANSPORT SECTOR STATUS REPORT

I. Progress of Cooperation since the Senior Officials' Meeting in March 2007

A. Transport Sector Coordinating Meeting

1. The Seventh Meeting of the Transport Sector Coordinating Committee (TSCC), together with the Second Consultation Workshop for Central Asia Regional Economic Cooperation (CAREC) Transport Sector Strategy, was convened on 4–5 July 2007 in Manila, Philippines. The Meeting was attended by delegations from all eight CAREC countries and representatives of multilateral institutions (MIs) including the Asian Development Bank (ADB), United Nations Economic and Social Commission for Asia and the Pacific (UNESCAP), United Nations Conference on Trade and Development (UNCTAD), Transport Corridor Europe–Caucasus–Asia (TRACECA), Islamic Development Bank, and the World Bank. A TSCC Consultation Meeting was also held on 6 September 2007. The Meetings were chaired by the Ministry of Transport and Communications, Tajikistan and co-chaired by ADB.

2. The Meetings reviewed the draft CAREC Transport Sector Strategy and, in principle, supported the major findings of the CAREC Transport Strategy Study including six transport corridors. The Seventh TSCC Meeting reviewed the implementation status of the Action Plan on Harmonization of Regional Transport Regulations and Cross-Border Agreements that was endorsed by the 6th TSCC meeting, and decided that the Action Plan will be integrated into the CAREC Transport Sector Strategy.

3. The Seventh TSCC Meeting endorsed the TSCC Work Program for 2008. The TSCC Consultation Meeting endorsed the proposal of preparing regional technical assistance in support of phase II of transport cooperation among CAREC countries.

B. Infrastructure Investments

4. Progress was made in improving the regional transport network. Major investments with external assistance since the Senior Officials' Meeting in March 2007 included:

- **Afghanistan.** About 90% of the regional road transport corridors comprising the ring road and eight regional roads within the country, totaling about 3,237 kilometers (km), continued being improved with external assistance. On 28 September 2007, ADB approved a \$176 million grant for the Road Network Development Project 1. The Project aims to construct a 143 km road between Bala Murghab and Leman – a critical missing link of the ring road.
- **Azerbaijan.** On 28 September 2007, ADB approved a multitranche financing facility (MFF) in the total amount of \$500 million for the Road Network Development Program, with the first tranche to help develop the new Masalli–Astara motorway on the southern corridor, connecting the country to Iran. The World Bank is preparing a \$200 million loan in rail trade and facilitation for approval in 2007. The World Bank is also preparing two \$200 million loans for further improving the sections of the east–west and north–south corridors, for approval in 2008 and 2009, respectively.

- **Kazakhstan:** The Government has requested the MIs to consider financing the improvement of the east–west road corridor from the Russian Federation to the People’s Republic of China (PRC). The World Bank is preparing a loan for the rehabilitation and reconstruction of about half of the Karabutak–Shymkent road, while the European Bank of Reconstruction and Development (EBRD) is reviewing a proposed project for constructing the Almaty–Issykul road.
- **Kyrgyz Republic:** ADB is preparing a regional road corridor improvement project to improve the missing link of the corridor running from Irkeshtam on the Kyrgyz Republic border with the PRC to Dushanbe, Tajikistan. The Kyrgyz Republic component of the Project will rehabilitate 150 km of the road from Sary-Tash to the Tajik border, and will be financed by a 25.6 million loan from ADB. The Project is scheduled for consideration by the ADB Board in late 2007. ADB plans to provide a loan for rehabilitating part of the road from Bishkek to the border of Torugart (linking the PRC) in 2008.
- **Mongolia:** ADB is preparing a loan for building a road in the western region to link the PRC and the Russian Federation, comprising (i) Phase I (\$40 million): the border of PRC to Hovd for approval in 2008 and (ii) Phase II (\$40million): Hovd to the border of the Russian Federation for approval in 2010.
- **PRC:** ADB is preparing a \$150 million loan for upgrading the Korla–Kuqa road in the Xinjiang Uygur Autonomous Region, which is scheduled for consideration by the ADB Board in 2008.
- **Tajikistan:** ADB is preparing a regional road corridor improvement project to improve the missing links of the corridor running from Irkeshtam on the Kyrgyz Republic border with the PRC to Dushanbe, Tajikistan. The Tajikistan component of the Project will rehabilitate 120 km of the road from Nimich to the border to the Kyrgyz Republic, and will be financed by a 46 million loan from ADB. The Project is scheduled for consideration by the ADB Board in late 2007.
- **Uzbekistan:** ADB is preparing a \$74 million loan to finance reconstruction of about 130 km of the road from Guzar to the border with Kazakhstan. The loan is expected to be considered by the ADB Board in late 2007.

5. At the Seventh TSCC Meeting, the Kyrgyz Republic delegation reiterated the request for a feasibility study on the proposed PRC–Kyrgyz Republic–Uzbekistan railway project.

C. Nonlending Activities

6. External assistance continued to be extended to CAREC countries in support of regional transport cooperation. Major nonlending activities with external assistance since the Senior Officials’ Meeting in March 2007 included:

- In April 2007, ADB approved a \$600,000 technical assistance (TA) grant to Tajikistan to help develop a transport sector master plan.
- An ADB-funded pre-feasibility study of improving three regional roads was completed in early 2007. The study covered (i) the Bishkek–Torugart–Kashi road

linking the Kyrgyz Republic to the PRC, (ii) the Dushanbe–Tursunzade (on the border of Uzbekistan) road in Tajikistan, and (iii) the Angren–Gulistan road in Uzbekistan. The findings of the study were presented at the Seventh TSCC Meeting, and will be incorporated in the CAREC Transport Sector Strategy.

- The World Bank is financing a study on transport corridor performance measurement in Central Asia. The study is quantifying a set of indicators for the Central Asia region to assess the performance of the region’s corridors against international benchmarks. This will identify the key trade facilitation and transport bottlenecks where improvements are needed. The ultimate objective is to improve policy and investment decision making in trade and transport facilitation in Central Asia, to streamline the trade facilitation process, and reduce transport costs and waiting times. The findings of the study were presented at the Seventh TSCC Meeting, and will be taken into account during the preparation of the CAREC Transport Sector Strategy.

7. An updated MIs’ Assistance Program for regional transport projects for 2007–2009 is attached.

D. Other Regional Cooperation Initiatives

8. The sixth negotiating meeting of Shanghai Cooperation Organization (SCO) member countries (comprising Kazakhstan, Kyrgyz Republic, the PRC, Russian Federation, Tajikistan, and Uzbekistan) over the draft Agreement on Facilitation of International Road Transport was held in Bishkek on 17–20 July 2007, with support from ADB and UNESCAP. The meeting made substantive progress, with consensus reached on the majority of the draft framework agreement. The SCO secretariat with support of ADB, UNESCAP, and experts of the member countries will conduct a study on preparation of Annexes to the Agreement. The team preparing the CAREC Transport Sector Strategy will coordinate closely with the SCO secretariat.

II. Next Steps

9. In accordance with the 2008 Work Program endorsed at the Seventh TSCC Meeting, TSCC will undertake the following activities in 2008:

- (i) Implementation of the short-term actions recommended in the CAREC Transport Sector Strategy;
- (ii) Preparation of the Transport Sector Report for the Senior Officials’ Meeting and Ministerial Conference;
- (iii) Update of external assistance program for regional transport projects.

**Multilateral Institutions' Assistance for Regional Cooperation in the Transport Sector
in Central Asia Regional Economic Cooperation Countries**
(As of 5 October 2007)

Table 1: Approved and Planned Program for Investments, 2007–2009

Project Title	Country Involved	Lending Agency	Amount (US\$ million)
2007 APPROVED			
1 Reconstruction of Osh–Sary-Tash–Irkeshdam Road	KGZ	IsDB	17.5
2 Multitranches Financing Facility for the Road Network Investment Program, Project 1	AZE	ADB	200.0
3 Road Network Development Project 1	AFG	ADB	176.0
Subtotal Approved for 2007			393.5
2007 PLANNED			
1 Armalik to Hamaz Road	AFG	IsDB	10.0
2 Construction of Bahramatapa–Bilasuvar Highway	AZE	IsDB	40.0
3 Highway III	AZE	WB	150.0
4 Rail and Transport Facilitation	AZE	WB	200.0
5 Regional Road Corridor Improvement	KGZ/TAJ	ADB	79.0
6 Osh–Batken–Isfana Road	KGZ	WB	20.0
7 Urban Infrastructure in Ulaanbaatar (with transport element)	MON	WB	15.0
8 Regional Road Infrastructure	UZB	ADB	74.0
Subtotal Planned for 2007			588.0
2008 PLANNED			
1 Multitranches Financing Facility for the Road Network Investment Program, Project 2	AZE	ADB	50.0
2 Construction of Ujar–Zardab–Aghdjabedi Highway	AZE	IsDB	35.0
3 Improvement of Sections of the East-West Corridor	AZE	WB	200.0
4 Regional Road	KGZ	ADB	30.0
5 Regional Road	KAZ	ADB	100.0
6 Construction of Almaty Ring Road	KAZ	IsDB	25.0
7 Reconstruction of Taraz–Talas–Suusamyrdag Road (Phase II)	KGZ	IsDB	10.0
8 Bishkek–Torughart Road Rehabilitation	KGZ	ADB	20.0
9 Western Regional Road Transport Corridor (Phase I)	MON	ADB	40.0
10 Xinjiang Municipal Infrastructure and Environmental Improvement Project	PRC	ADB	150.0
11 Xinjiang Regional Road Improvement	PRC	ADB	150.0
12 Reconstruction of Kulyab–Khalaikum Road	TAJ	IsDB	9.3
13 Customs Modernization	UZB	ADB	50.0
Subtotal for 2008			869.3
2009 PLANNED			
1 Road Development II	AFG	ADB	125.0
2 Kabul–Jalalabad Road (alternate alignment)	AFG	IsDB	10.0
3 Kabul–Jalalabad Road (alternate alignment)	AFG	Saudi	40.0
4 Multitranches Financing Facility for the Road Network Investment Program, Project 3	AZE	ADB	200.0
5 Xinjiang Urban Transport and Environmental Improvement (formerly Xinjiang Urban Transport Infrastructure Development)	PRC	ADB	100.0
6 Reconstruction of the International Transit Corridor Western China – Western Europe (Shymkent–border Kyzyl-Ordynskoy oblast)	KAZ	WB	150.0
7 Construction of Issyk-Kul Ring Road	KGZ	IsDB	9.5
8 Construction of Bishkek–Torughart Road	KGZ	IsDB	12.0
9 Regional Customs Modernization and Infrastructure Development II	TAJ	ADB	35.0
10 Road Development	UZB	ADB	100.0
11 Dushanbe-Uzbek Border Regional Road Rehabilitation	REG	ADB	25.0
12 AFG/TAJ/UZB/PRC Regional Road	REG	ADB	50.0
13 KGZ/UZB/PRC Transport/Trade Rehabilitation	REG	ADB	80.0
Subtotal for 2009			936.5
TOTAL (2007–2009)			2,787.3

Table 2: Approved and Planned Program for Technical Assistance, 2007–2009

	Project Title	Country Involved	Donor Agency	Amount (US\$'000)
2007 APPROVED				
1	Transport Sector Master Plan	TAJ	ADB	600.0
2	Prefeasibility Study on Almaty-Issyk-kul Road Project	KAZ	EBRD	150.0
	Subtotal Approved for 2007			750.0
2007 PLANNED				
1	Feasibility Study for Issyk-Kul Ring Road	KGZ	IsDB	220.0
2	Xinjiang Urban Transport and Environmental Improvement	PRC	ADB	700.0
3	Cross-Border Agreement among the PRC, Kyrgyz Republic, and Tajikistan	REG	ADB	500.0
4	Support for the CAREC Transport Sector Coordinating Committee	REG	ADB	500.0
3	Analysis and Forecasting of Traffic Flows for the TRACECA Countries and Interregional Transport Integration	REG	TRACECA	4,104.5
4	Motorways of the Sea	REG	TRACECA	3,206.6
5	Central Asia Transit Performance Measurement	REG	WB	100.0
	Subtotal Planned for 2007			9,331.1
2008 PLANNED				
1	Road Sector Investment Program	AFG	ADB	1,000.0
2	Preparation of Feasibility Study for Kandahar-Spin Boldak Railway	AFG	IsDB	400.0
3	Regional Road Project	KAZ	ADB	600.0
4	Dushanbe–Uzbek Border Regional Road Rehabilitation	TAJ	ADB	500.0
5	Feasibility Study for Jirgitalu-Karamyk Road	TAJ	IsDB	250.0
6	Regional Transport Logistical Development	REG	ADB	1,000.0
7	Central Asia – Afghanistan Trade Links	REG	WB	300.0
	Subtotal for 2008			4,050.0
2009 PLANNED				
1	Transport Development	KGZ	ADB	800.0
2	Feasibility Study for Kafarnigan–Yavan Railway	TAJ	IsDB	250.0
3	Caucasus Regional Transport	REG	ADB	800.0
	Subtotal for 2009			1,850.0
TOTAL (2007–2009)				15,981.1

Note: The external assistance program needs to be updated from time to time, as appropriate.

ADB=Asian Development Bank; AFG=Islamic Republic of Afghanistan; AZE=Azerbaijan; EBRD=European Bank for Reconstruction and Development; IsDB=Islamic Development Bank; KAZ=Kazakhstan; KGZ=Kyrgyz Republic; MON=Mongolia; PRC=People's Republic of China; TAJ=Tajikistan; UZB=Uzbekistan; WB=World Bank.