

# **DRAFT SECTOR NOTE ON TRANSPORT**

**For Discussion: Transport Sector Session**

**Regional Preparatory Meeting  
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## DRAFT SECTOR NOTE ON TRANSPORT

### Introduction

1. Central Asia, a region with strategic location and abundant resources, is flanked by Russia in the north, China and Mongolia in the east, Europe on the west, and Afghanistan and Iran in the south. While it is remote and landlocked, it is situated along the famous ancient Silk Road and, as such, the region is a historical land bridge between east and west (from PRC to Europe), as well as north and south (Indian Ocean and Persian Gulf to Russia and Baltics). The breakup of the Soviet Union has created new challenges for the trade and transport policies of the five Central Asian countries. The transport links, which were developed with orientation to Moscow (north), now need to meet the political and economical requirements of the new independent states. Trade flows are being reoriented, with implications for investment in transport infrastructure. New borders have been created, which can significantly increase transport and transit costs, unless appropriate measures are taken. Regional cooperation is critical to achieve efficient transport and transit systems in the region and promote the integration into international commerce. The need for cooperation extends beyond the Central Asian countries themselves to their large regional neighbors China and Russia, their important trading partners such as Ukraine, the Baltics, and the western European countries, their neighbors towards the South, offering the closest access to the sea, as well as to the countries on the Traceca corridor.

2. The developmental challenges faced by the countries are enormous and highlight the need for a pro-active approach to enhance cooperation. The IFIs have long recognized the importance of regional cooperation and coordination among the Central Asian Republics (CARs). However, given the scale and the complexity of regional transport and transit problems, the CARs strategic significance in a wider regional context, and the limited progress on the ground achieved so far, there is now a need for concerted joint efforts on the part of all the developmental partners to support regional cooperation. IFIs in cooperation with other bilateral partners could provide a valuable contribution to improving regional integration by playing the role of an “honest broker”, and by offering valuable financial and advisory support.

3. This short paper outlines the main challenges faced by the CARs in improving transport systems in the region. A companion paper looks at trade facilitation issues. The two are intrinsically linked. Ultimately, the goal of better transport and transit systems, and policies geared towards trade facilitation is to enhance the competitiveness of the CARs in the global market. This note therefore begins by reviewing the region’s trade performance and some of the major obstacles for trade to set the background against which measures to improve transport systems should be considered.

### Trade Performance of the CARs

4. After several years of economic decline, recovery is now well underway in all CARs. In terms of value, foreign trade has grown at about three or four per cent per year since 1997, with strong growth of trade in oil commodities. However, current trade levels are still considerably below their potential, reflecting a combination of geographical, infrastructure related and policy obstacles to trade.<sup>1</sup>

5. Trade between the former Republics fell sharply in the wake of the economic and political disintegration of the Soviet Union owing to multiple adverse shocks: the CMEA and central planning mechanisms were dismantled; payments and clearing procedures were disrupted; the introduction of independent though inconvertible currencies led to foreign

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<sup>1</sup> See for instance Katrin Elborgh-Woytek, “Of Openness and Distance—Trade Developments in the Commonwealth of Independent States, 1993-2002” IMF Working Paper (forthcoming) and EBRD Transition Report 2003 (forthcoming).

exchange shortages; declining incomes resulted in a demand shock, while the availability of high quality imports acted as a supply shock. Security problems, including trade blockades, magnified the problem.

6. Against these general trends, the openness of the Central Asian economies differs significantly. Geographical factors as well as policies account for these differences. Evidence from around the world suggests that landlocked countries face considerably higher transport costs, and Central Asia is no exception. The cost of borders depends to a significant extent on trade and transit policies. The record of the CARs in this respect has been mixed. While the level of trade liberalization among the CARs differs, informal barriers to trade and transport impose significant additional costs on traders and shippers. These are considered in more detail in the companion paper. It is clear that to increase the level of integration of the CARs, regional cooperation will be needed both in the area of transport policy and in the area of trade facilitation and the two issues are closely linked.

7. Moreover, the structure of the international trade of Central Asian countries is characterized by high commodity concentration (energy, metals, and cotton) and by fairly high geographical concentration, with the intra-CIS share remaining relatively high.

### Trends in Traffic Volumes

8. Transport patterns in Central Asia are characterized by two main features: a) most traffic is transit traffic from and to the region rather than intra-regional traffic, and b) rail transportation dominates, in particular in exports (Table).

9. In terms of freight volumes, exports are much higher than imports, especially by rail. This is due to the concentration of exports from the CARs in bulky commodities, whereas imports tend to be of higher value per weight unit. In overall terms Kazakhstan is by far the dominant player in regional transport, carrying not only its own trade but also considerable volumes of Central Asia transit traffic. Intra-regional traffic between the CARs is rather small compared to extra-regional traffic between the CARs and the outside world (35% of imports and a mere 11% of exports). Russia is the main trading partner both for imports and exports, but trade with PRC, Europe and the Middle East is on the rise.

### Foreign Trade Carried by Rail and Road in the CARs

Country Group	Imports into CARs (thousand tonne)				Exports from CARs (thousand tonne)			
	Rail	Road	Total	%	Rail	Road	Total	%
Within CARs	3,705	1,037	4,742	35	3,705	1,037	4,742	11
Russia-Belarus	5,361	965	6,326	46	25,711	567	26,278	62
Europe	1,454	144	1,598	12	4,234	130	4,364	10
PRC-Mongolia	167	173	340	2	3,429	227	3,656	9
Japan-Korea	106	12	118	1	835	14	849	2
Others	174	418	592	4	1,753	683	2,436	6
TOTAL	10,968	2,749	13,716	100	39,666	2,658	42,325	100
%	80	20	100		94	6	100	

10. Road traffic remains relatively unimportant for exports from the CARs. Even for trade within the Central Asian Republics (CARs) road carries only 22% of traffic. On the other hand road traffic carries significant amounts of imports over long distances from Europe and the Far East (about 10% of such trade), the PRC and other countries (50% or more).

11. The growth of traffic on the regional transport network of Central Asia had also declined sharply since 1991, though lately it has picked up as shown in the table below.

### Traffic Trends in Central Asia

	1991	1995	1998	1999	2000	2001
<b>Rail Tonne km (million)</b>						
Kazakstan	374,200	124,500	103,000	91,700	125,000	135,700
Kyrgyzstan	2,415	403	446	354		331
Tajikistan	10,660	2,115	1,458	1,282	1,326	
Turkmenistan			3,362	3,288	3,624	2,968
Uzbekistan	70,600	17,840		13,790		15,700
<b>Rail Passenger km (million)</b>						
Kazakstan	19,400	13,160	10,670	8,860		
Kyrgyzstan	200	87	59	31	50	
Tajikistan	888	134	121	61	73	
Turkmenistan						
Uzbekistan	5,200	2,500		1,898		2,150

12. Traffic volumes are forecast to increase significantly for the CARs, as a result of economic recovery. The increase will fall disproportionately on new trade routes, such as with the PRC and the Middle East. The stabilisation of Afghanistan should also lead to new export possibilities for the region and would open the use of the sea ports in Pakistan and foster the already growing use of the ports in Iran. After years of decline traffic levels have now begun to increase, and recent forecasts suggest that on much of the regional network, future short-term annual growth will typically be 2–3% for rail freight traffic (although continued decline for long distance passenger traffic) and about 4–7% for road traffic (slightly higher for passenger traffic and lower for freight). The higher growth rates for road reflect growing car ownership and the increasing role of trucking compared to rail freight as the demand for higher quality door-to-door services increases.

13. Given the dramatic fall in traffic on the regional networks in the 1990s, there is undoubtedly abundant spare capacity on virtually the whole network. Nevertheless, reflecting the reorientation of trade patterns away from Russia, bottlenecks are expected to occur over the short-term at certain border stations on the rail network, such as Druzhba to the east, and Serakhs to the south, where traffic is already growing at over 20% per year. Increased traffic is also expected to be handled by the Caspian Sea ports (mainly oil). If current obstacles to road transport can be removed, particularly high road traffic growth rates can be expected on the parallel road transport routes, driven by the demand in the region for consumer goods manufactured in the PRC or imported through the Persian Gulf.

### The State of Transport Infrastructure and Services

14. The road network in Central Asia consists of 66,000 km of republican roads, of which about 29,000 km carries most of the regional traffic. Due to lack of maintenance much of the network is in poor condition. Maintenance budgets are low partly because fuel and other road user charges are low by international standards. Most road vehicles are CIS designs that are obsolete and have high operating costs. Rehabilitation of the regional road network is therefore a high priority for the CARs.

15. The rail networks in Central Asia have about 22,100 km of main line, of which about 5,000 is double track and 4,000 is electrified. Due to the decline in revenue, maintenance has been deferred and the condition of track has deteriorated. In recent years several new lines have been constructed, especially in Turkmenistan and Uzbekistan. While some of these lines open new trade routes, some have been built largely to avoid transit through neighboring countries, reflecting the difficulties with intra-regional transit. More new lines are planned in future years although it is recognized that, due to financial constraints, most are long-term prospects. In the short-term considerable priority is given to rehabilitating the regional rail network and promoting regional traffic, partly by exploiting the transit potential of the countries. The rolling stock fleet is of old technology and the number has declined as the fleet has been cannibalized to avoid purchasing new spare parts and units.

16. In three of the CARs the transport sector is managed by a single ministry that is responsible for all modes of transport. However in Uzbekistan and Turkmenistan there is no such ministry. At international level several regional organizations such as the UN, ECO, CIS and the EU seek to promote cooperation in transport in Central Asia. The basis for cooperation is now enshrined in trade and transport multilateral agreements such as the EU's Basic Multilateral Agreement on International Transport for Development of the TRACECA Corridor. However not all countries in the region have ratified such agreements and a general feature of the agreements is the lack of participation of the PRC till now. Cooperation between road and rail operators is facilitated by international agreements of organizations such as the UN TIR convention managed by the International Road Transport Union (IRU) and the CIS Railway Inter-Governmental Agreement. However, even after ratification, many agreements are either not incorporated into national laws or regulations, or are not being implemented properly.

### **Main Obstacles in Road and Rail Transport**

17. **Road:** The key issues affecting the regional road transport could be summarized as:

- (i) Lack of regional network for connecting the state capitals, production centres, markets, providing land access to ports and to enclaves. Need for coordination of infrastructure investments to prioritise rehabilitation and completion of transit trade route corridors across borders.
- (ii) Lack of trucking fleet that meets the requirements of either the local or the export markets (e.g. refrigerators);
- (iii) Lack of widespread access to foreign road transport markets (due to inadequate bilateral agreements, not being members in the ECMT multi-lateral road quota, etc.);
- (iv) Lack of unified regulations and policies to address obstacles to efficient operation and create a fair level playing field for regional transport operators;
- (v) Lack of a regulatory framework that encourages competition while safety and environment standards are kept;
- (vi) Inadequate maintenance and funding systems required to address the deterioration of the regional road network. The use of transit fee system as partial compensation for these shortcomings, while road financing issues remain un-addressed within the country;
- (vii) Non-efficient institutional arrangements for managing road networks, and lack of capacity to implement modern management systems to improve efficiency and effectiveness;
- (viii) Ineffective processing systems and unnecessary obstacles caused by border controls, as well as checks along the road by traffic police and other enforcement agencies;
- (ix) Lack of strong and flourishing private trucking sector in several of the CARs.

<b>CORE PROBLEM</b>		
<b>Inadequate and costly regional road transport services, that inhibit foreign trade and travel</b>		
<b>CAUSES:</b>		
<b>REGULATIONS DO NOT PROMOTE TRANSPORT EFFICIENCY AND SAFETY</b>	<b>INADEQUATE BORDER CONTROLS</b>	<b>THE CONDITION OF INFRASTRUCTURE IS POOR AND DETERIORATING</b>
- incomplete legal framework	- excessive bureaucratic requirements for road transport	- lack of effective funding system for maintenance
- transport regulations not based on international conventions	- excessive number of road-side checks	- maintenance systems not efficient and cost-effective
- lack of harmonised standards	- ineffective means of weighing vehicles and axles	- weak economic basis for investment planning
- the inadequate international road permit quotas, and the non-transparent allocation of these permits distort competition	- controls not based on international best practice	- road design standards do not have a rational economic foundation
- lack of level playing field for transport operators, low level of private sector involvement	- lack of full implementation of TIR convention	- low design standards for pavements of main roads
- road user charges not related to cost of road use	- poorly equipped border posts	- lack of road-side services and telecommunication facilities
- transit fees are discriminatory and often too high	- prohibitive visa system for commercial drivers	- Non-efficient institutional arrangements for managing road networks, and lack of capacity
- regulations are not transparent		Lack of regional harmonization of investment plans
Licensing rules of transport operators (e.g. CPC training) are not endorsed		
Lack of modern, environmentally friendly and safe vehicle fleet		

18. **Rail:** The key issues affecting the regional rail transport can be identified as:

- (i) Lack of regional solidarity: The dislocations caused by the break up of the railways into national units have resulted in numerous cross-border operational obstacles and have contributed to a tendency for new lines to be built parallel to the existing lines in order to avoid transiting through neighbouring countries. This may undermine parts of the regional network and increase overall costs.
- (ii) The monolithic and monopolistic nature of the organisations: This discourages competition and efficiency (e.g. absence of private freight forwarding companies to compete with state-owned freight operators).
- (iii) Discretionary tariff setting, with significant cross-subsidies, often discouraging use of rail freight by private shippers
- (iv) Obsolete and poor quality of technology
- (v) Lack of well developed marketing orientation: This makes it difficult for the railways to respond to the opportunities created by the changing patterns of regional trade.

<b>CORE PROBLEM</b>		
<b>Prospect of declining competitiveness caused by inadequate services and tariffs</b>		
<b>CAUSES:</b>		
DISLOCATIONS CAUSED BY BREAKUP OF RAILWAYS INTO NATIONAL UNITS	MONOLITHIC RAILWAY ORGANISATION AND AGING EQUIPMENT	MARKETING AND TARIFF SETTING ARE NOT BASED ON COMPETITIVE CONDITIONS
- lack of track sharing agreements	- lack of competition in supply of railway services	- excessive tariffs for international traffic
- lack of joint planning of infrastructure investment	- lack of independent rolling stock maintenance service suppliers	- tariffs are not based on marginal cost analysis
- frequent changes of locomotives and crews at borders	- lack of open, regional procurement practices	- tariffs do not separate movement and terminal costs
- time consuming and expensive train remarshalling at borders	- unclear basis for commercial management and investment	- lack of convenient billing systems
- time-consuming border formalities	- lack of management information tools	- lack of consignment information for shippers
- complicated documentation requirements at borders	- obsolete rolling stock	
- inter-railway payment delays	- outdated internal telecommunications technology	

## **Towards an Action Plan for Improved Transport Systems**

### *Principles and strategic approach*

19. The IFIs stand ready to assist the CARs in the modernization of the transport sectors to reduce transport costs and increase the CARs international competitiveness. The review of the main obstacles to transport within and from the region underlines the key role of regional cooperation in addressing the sector's challenges. The road and railway networks of the region are closely linked and the CARs are mutually dependent on each other for national, regional and international traffic. Improved integration offers a cost-effective alternative to current efforts by national governments to construct new transport routes that reduce the need to transit through other countries. Although such projects may perhaps reduce transport costs within one country they reduce overall capacity utilization of regional transport infrastructure and increase overall regional transport costs. Cooperation is thus essential to improve integration of operations on the existing road and rail networks and to implement least cost solutions, including inter-modal solutions, to opening new trade and transit routes. The IFIs are willing to consider the development of an action plan for improved transport systems in the CARs, based on the principles of regional cooperation and the support of projects that have clear benefits for the region as a whole.

20. As in any other sector, efficiency in transportation can be enhanced by competition. This is true for competition among transport operators as much as for competition among transport routes. The latter is particularly important when considering alternatives for investments in the rehabilitation of existing and the construction of new transport infrastructure. An action plan for improved transport systems in the CARs would thus need to take into account the following considerations:

- Intra-regional transport within the Central Asia region, where competition between road rail can develop on many routes to promote efficiency, therefore reducing the need to regulate certain rail tariffs,
- extra regional transport between Central Asia and the outside world, where competition between alternative rail routes is important to promote efficiency in accessing world markets, and
- transit transport through Central Asia, where global competition between sea and other land routes is crucial.

21. As mentioned before transport and trade facilitation are closely linked. The economic return from large and expensive transport investments can be increased significantly if these investments are complemented by actions to reduce formal and informal barriers to cross-border movements of goods. The IFIs will pay close attention to these links in developing their investments in the transport systems of the region and will continue to press the authorities in the CARs to make progress in reducing barriers to regional and international trade.

### *Strategic priorities*

22. The following priorities would guide the implementation of an action plan for improved transport systems in Central Asia:

- (i) development of regional transport corridors: actions to identify and develop regional east-west and north-south transport corridors by using existing infrastructure to link the state capitals, local production centres, markets, and granaries to the ports, regional and international markets. Regional coordination of investment planning is also warranted to increase the trade facilitation impact along the corridor;
- (ii) harmonisation of the regulatory framework: actions to unify laws/regulations and the way they are enforced, to remove legal obstacles and promote efficiency. In this regard the European legal framework for transport and trade facilitation could be considered as a standard to follow;
- (iii) improving border controls: actions to reduce delays and transport costs caused by Customs, visa and other services;
- (iv) focussed restructuring and modernisation: actions to promote competition in supply of transport and support services;
- (v) marketing and tariff setting based on competition: actions to exploit the existing regional potential of the railways more fully.
- (vi) improving financing and management: actions to improve systems for financing maintenance and for improving efficiency and effectiveness of management;

In addition, the following priorities for trade facilitation would need to be addressed in the context of the action plan:

- (vii) simplifying and regularizing international road transport market access conditions (both in bilateral trade and in transit)
- (viii) enforcing the TIR carnet rules
- (ix) accelerating the modernization and reform of the customs administrations
- (x) setting up public-private consultation mechanisms
- (xi) mainstreaming the regional consultations among the border agencies focusing on the selected corridors.

### **The Role of the IFIs**

23. IFIs are well placed to assist in the regional transport sector in Central Asia with finance for rehabilitation of infrastructure, and assistance with reform in governance and promotion of the private sector. An inventory of their involvement, past and present, for lending and non-lending initiatives is included in the attached matrix (Annex 1). IFIs can add value by reducing the investment risks through promoting international agreements. IFIs can



complement each other, to co-finance projects and assist with planning studies, harmonization of international agreements and laws, project preparation, policy development and implementation. Co-financing arrangements are particularly effective where each agency has complementary interests and working together can also add much-needed leverage to the efforts to increase regional cooperation.

24. In working together, with the governments of the CARs and with private investors and stakeholders, the IFIs would seek to promote progress in the eleven strategic priority areas identified above. Based on this short paper, the IFIs will present a more detailed action plan and roadmap to the governments of the region. This could provide a reasonable basis for further discussion about the work program and the investment strategy between the IFIs and the governments, although in most cases further work is required to define in detail the optimum nature and timing of interventions. Making progress towards the strategic goals outlined in this note will require significant political commitment and support from all stakeholders. There is therefore a need for an effective mechanism to be put in place for (i) public-private sector consultations, (ii) inter-agency cooperation, (iii) cross country consultations and (iv) introduction of a system of monitoring and benchmarking. The discussion at the Ministerial Conference for which this paper was prepared can be a first step in putting in place such a mechanism.

Summary Matrix: Consolidated Donors' Pipeline Activities in Transport Sector, East and Central Asia 04 Sept. 03

	A. LENDING (US\$ M)					B. NON-LENDING (US\$ M)			
	2003	2004	2005	2006	Concept / Possible Projects	2003	2004	2005	2006
<b>I. Roads</b>									
a. Sector Studies						2(0.4)	5(1.52)	1(0.6)	1(0.4)
b. Policy Reform	X								1(0.6)
c. Infrastructure Development and Rehabilitation	2(70)	6(240)	5(89)	-	2 X				
d. Capacity/ Institution building							2(1.1)		
e. Private Sector Participation									
<b>II. Rails</b>									
a. Sector Studies							1(0.85)	1(0.6)	
b. Policy Reform									X
c. Infrastructure Development and Rehabilitation	-	2(50)		1(50)					
d. Capacity/ Institution building							X		
e. Private Sector Participation									
<b>III. Others (aviation, maritime, ports and multi-modal)</b>									
a. Sector Studies							1(0.25)		1(5)
b. Policy Reform									
c. Infrastructure Development and Rehabilitation		1(40)			1(7.4)				
d. Capacity/ Institution building									
e. Private Sector Participation									
<b>IV. Cross-Border Transit</b>									
a. Regional agreements								1(0.85)	X
b. Sector work									

## Consolidated Inventory Matrix: Donors' Pipeline Activities in the Transport Sector

04 Sept. 03

Name of Project/Study	Country	Donor Agency	Amount (US\$M)	Implementation Schedule	Cross Reference	Project Description
<b>A. Pipeline Projects (Lending)</b>						
A.1 Road Rehabilitation Project II (formerly Dushanbe-Kyrgyz Border Road Rehabilitation Project, Phase I)	Regional TAJ	ADB	15	2003	I c I b	The Project will rehabilitate a key transport corridor linking Tajikistan to Kyrgyz and onwards to PRC. The road will provide the primary link between the Pasht Valley and Dushanbe, and eventually to Sary Tash (KGZ), then to the Osh-Sary Tash-Irkeshtam road corridor which is being studied in an ADB TA 6024 "Regional Cooperation in Transport Projects in CA". The project will assist in infrastructure rehabilitation, support poverty reduction and economic growth, improve governance through policy reform and increase regional traffic and trade.
A.2 Aktau-Atyrau Road Rehabilitation	Regional KAZ	ADB	55	2003	I c	To upgrade about 900 Km of road from Atyrau and Aktau ports to link two major development centers in Kazakhstan and facilitate interregional trade by creating a transit corridor from the PRC to the Russian Federation via Kazakhstan, Kyrgyz and Uzbekistan.
<b>Total I c (2003)</b>			<b>70</b>			
A.3 Borovoe-Kokshetau-Petropavlovsk Road Rehabilitation Project	Regional KAZ	ADB	40	2004	I c	In 1996, ADB financed a road development project in Kazakhstan, part of the principal north-south road from Almaty to Petropavlovsk in the Russian Federation Border. The proposed loan will complete upgrading the main north-south road corridor which facilitate fast, reliable, and safe domestic and international passenger and freight transportation.
A.4 Kyrgyz Transport Corridor Road Project (Phase I)	Regional KGZ	ADB	25	2004	I c	The project will rehabilitate the sections of the Andizhan-Osk-Irkeshtam-Kashgar road which links PRC and Uzbekistan and passing through southern Kyrgyz. The rehabilitation is needed to allow effective use of this international transport corridor.
A.5 Central Corridor Road Improvement Project (Baku-Georgia)	Regional AZE	ADB	18	2004	I c	To follow.
A.6 Reconstruction of Borovoe-Petropavlovsk Road	Regional KAZ	IsDB	80	2004	I c	no information available.
A.7 Anjrobi-Pyongyang Road	Regional TAJ/PRC	IsDB	9.5	2004-2005	I c	no information available.
A.8 Turkmenbashi-Begdesh Road	Regional	IsDB	67	2004	I c	no information available.
<b>Total I c (2004)</b>			<b>240</b>			

## Consolidated Inventory Matrix: Donors' Pipeline Activities in the Transport Sector

04 Sept. 03

Name of Project/Study	Country	Donor Agency	Amount (US\$M)	Implementation Schedule	Cross Reference	Project Description
A.9 Reconstruction of Ust-Kamenogorsk-Almaty Road	Regional KAZ	IsDB	40	2005	I c	no information available.
A.10 Taraz-Talas-Suusamyр Road Phase II	Regional KGZ	IsDB	9.5	2005	I c	no information available.
A.11 Issyk-Kul Ring Road	Regional KGZ	IsDB	9.5	2005	I c	no information available.
A.12 Shagon-Zigar Phase II	Regional TAJ	IsDB	9.5	2005	I c	no information available.
A.13 Dushanbe-Kyrgyz Border Road Rehabilitation Project, Phase II (TAJ)	Regional TAJ	ADB	20	2005	I c	Same as A.1.
<b>Total I c ( 2005)</b>			<b>89</b>			
A.14 KAZ: Shynkent- Samara	KAZ	WB	-	Possible Project	I c	No information available.
A.15 KGZ: Osh-Isfana	KGZ	WB	-	Possible Project	I c	No information available.
<b>Total I c (Possible Projects)</b>			<b>2X</b>			
A.16 Telecommunication of Railways for Asbagat-Farab and Turkmenbashi-Asbagat	Regional TKM	IsDB	30	2004	II c	no information available.
A.17 Regional Railway Improvement/ North Tajik Railway Modernization and Improvement Project (TAJ)	Regional TAJ	ADB	20	2004	II c	No information available.
<b>Total II c ( 2004)</b>			<b>50</b>			
A.18 Regional Traffic Enhancement Project	Regional KAZ/UZB TAJ/TURK	ADB	50	2006	II c	
<b>Total II c ( 2006)</b>			<b>50</b>			
A.20 Improvement of Aktobe and Shynkent Airport	Regional KAZ	IsDB	40	2004	III c	no information available.
<b>Total III c ( 2004)</b>			<b>40</b>			
A.21 TSA Air Fleet Upgrade Project	Regional TAJ	EBRD	7.4*	Concept Review	III c	The project will provide financing to TSA for upgrading its passenger fleet through the leasing of western aircraft. This will allow TSA to compete more effectively with the growing number of Russian airlines serving routes to Tajikistan. A review of the licensing regime for landing and overfly rights in the Tajik airspace is part of the due diligence for this project.
<b>Total III c ( Concept Project)</b>			<b>7.4</b>			

\* Original project cost in Euros is 6.7 million: @1.1 US\$/Euro (Average rate from June-July 2003).

## Consolidated Inventory Matrix: Donors' Pipeline Activities in the Transport Sector

04 Sept. 03

Name of Project/Study	Country	Donor Agency	Amount \$US (M)	Implementation Schedule	Cross Reference	Project Description
<b>B. Pipeline Projects (Non-Lending)</b>						
B.1 Aktau-Atyrau Road Rehabilitation	Regional KAZ	ADB	0.15	2003	I a	no information available.
B.2 Turkmenbashi-Begdesh Road	Regional TKM	IsDB	0.25	2003	I a	no information available.
<b>Total I a (2003)</b>			<b>0.40</b>			
B.3 Dushanbe-Kyrgyz Border Road Rehabilitation Project, Phase II (TAJ)	Regional TAJ	ADB	0.50	2004	I a	The TA will prepare the second phase of the rehabilitation of the Dushanbe-Sary Tash road, a key transport corridor linking Tajikistan to Kyrgyz and onwards to PRC. The first phase will rehabilitate the Dushanbe-Darbandsection, and this PPTA will determine which of the remaining sections should be rehabilitated under the second phase.
B.4 Strategic Study on Cooperation in Road Transportation between PRC and Mongolia	Regional PRC/MON	ADB	0.46	2004	I a	The feasibility study will examine show a new strategic trunk road between PRC and Russian through western Mongolia could accelerate economic growth, particularly in the remote and isolated underdeveloped areas through regional cooperation that aims at providing an efficient policy and operational framework, basic infrastructures, and improved access to market for mutually beneficial development.
B.5 Economic Corridor Development Project	Regional KGZ/PRC UZB	ADB	0.60	2004	I a	This is a feasibility study aiming at exploring opportunities for economic development along the KGZ transport corridor so as to maximize potential benefits of the road project. The study will recommend project proposals towards this end.
B.6 Issyk-Kul Ring Road	Regional KGZ	IsDB	0.26	2004	I a	no information available.
B.7 Jirgital-Karamik Road	Regional TAJ	IsDB	0.20	2004	I a	no information available.
<b>Total I a (2004)</b>			<b>1.52</b>			
B.8 Regional Road Development, Phase I	Regional KAZ/KGZ TAJ/UZB/TKM	ADB	0.60	2005	I a	no information available.
<b>Total I a (2005)</b>			<b>0.60</b>			
B.9 Dushanbe-Kyrgyz Border Road Rehabilitation Project, Phase III TAJ	Regional TAJ	ADB	0.40	2006	I a	This is the feasibility study of the third phase of the project.
<b>Total I a (2006)</b>			<b>0.40</b>			

## Consolidated Inventory Matrix: Donors' Pipeline Activities in the Transport Sector

04 Sept. 03

Name of Project/Study	Country	Donor Agency	Amount \$US (M)	Implementation Schedule	Cross Reference	Project Description
B.10 Policy Reforms in the Transport Sector in Central Asia	Regional KAZ/KGZ TAJ/TKM/UZB	ADB	0.60	2006	I b II b	This project will examine how best to assist the CARs for further policy improvements in the transport sector.
<b>Total I b (2006)</b>			<b>0.60</b>			
B.11 Capacity Building for Regional Road Planning (piggy-backed to pipeline loan 36257-01 in A.4)	Regional KYZ	ADB	0.60	2004	I d	no information available.
B.12 Capacity Building in the Transport Sector (KAZ piggy-backed to pipeline loan in A.3)	Regional KAZ	ADB	0.50	2004	I d II d	no information available.
<b>Total I d (2004)</b>			<b>1.10</b>			
B.13 Regional Railway Development, Phase I	Regional KAZ/KGZ TAJ/TKM UZB/PRC	ADB	0.85	2004	II a	To study and analyze the railways in PRC, KAZ, KGZ, TKM and TAJ from the view of handling the regional rail traffic. The study would look at past, present and future regional traffic volumes and the available infrastructure, its compatibility, the need for standardization and customer friendly facilitation at the border.
<b>Total II a (2004)</b>			<b>0.85</b>			
B.14 Regional Traffic Enhancement Project	Regional KAZ/UZB TKM/TAJ	ADB	0.60	2005	II a	no information available.
<b>Total II a (2005)</b>			<b>0.60</b>			
B.15 Feasibility Study: Dushanbe Airport Terminal	Regional TAJ	IsDB	0.25	2004	III a	no information available.
<b>Total III a (2004)</b>			<b>0.25</b>			
B.16 Harmonization of Cross Border Initiatives for Transport Sector in Central Asia	Regional KAZ/KGZ TAJ/TKM UZB/PRC	ADB	0.85	2005	IV a	no information available.
<b>Total IV a (2005)</b>			<b>0.85</b>			
B.17 Trade and Transport Facilitation in SE Europe	Regional AZE	WB	5	2006	III a IV a	Components include (i) support for regional multi-modal transport development (equipment and TA); (ii) equipment to support integrated border management based on TRACECA recommendations; (iii) equipment to facilitate trade in a context of heightened security; and (iv) development of regional solutions for advance data transfer among border agencies.
<b>Total III a (2006)</b>			<b>5</b>			