

12Th CAREC Meeting - Astana June
2013

Midterm Review of the CAREC Strategy
and Implementation Plan



WORLD BANK

***INNOVATIONS IN TRANSPORT
OPERATIONS AND MANAGEMENT
JUNE 7, 2013***

WB Portfolio (Central Asia)

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Kazakhstan

Investment Lending

- South-West Road Project US\$2,125 million lending closing FY16, high risk project
- East-West Road Project US\$1,050 million lending closing FY17, high-risk project
- Central Asia Regional Road Link APL3 Expanding Central Asia Regional Road Project (Kyrgyz Republic APL1, Tajikistan APL2) USD ??? Million Proposed delivery FY15 or FY16

Joint Economic Research Program (85% financed Govnt / 15% financed WB)

- Logistics Improvement (delivered in FY13)
- PPP Advisory Services (ongoing)
- Transport Policy Advice: New programmatic engagement in support of National Transport Strategy including Railway: green logistics and sustainability and Urban poor's access to transport.

Institution Development Fund (grant)

- Procurement Audit Agency (delivery FY14)

WB Portfolio (Central Asia)



Kyrgyz Republic

- *Investment Lending*
- National Roads Project (US\$60 million) closing FY15
- Central Asia Road Link APL1 USD350 million (delivery FY14).

- *Institution Development Fund (grant)*
- Roads Sector Management (delivery FY14)

- *Other Technical Assistance*
- Kyrgyz Rail Trade Study (delivery FY14)

Tajikistan

- *Investment Lending*
- Regional Roads APL2 (delivery FY14).

WB Portfolio (Central Asia)



- **Uzbekistan**
- *Investment Lending*
- Transport Project US\$160 million tentative building upon FY13 Transport ESW: Urban Transport and/or Highway and/or Railway Projects. Discussion with GoU in June.
- *Other Technical Assistance*
- Tashkent Urban Transport TA (cancelled)
- **Regional**
- *Other Technical Assistance*
- Central Asia Trade and Transport TA (delivery FY13)
- Turkmenistan: Turkmenbashi Port Improvement (cancelled)
- CAREC Transport Ministerial Dialogue TA

What is not new

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- High transport costs (some of which can be addressed);
- Supply driven planning. At the same time rapid increase in motorization;
- Maintenance deficit;
- The low traffic / long distances combination ;
- Limited appetite for public-private partnership;
- Poor performance of services along transport corridors.

What is not new

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Limitations of the Corridor Approach

- Corridor initiatives not a substitute for a deeper cooperation and integration framework, within a region (e.g., border control, harmonized framework for the movement trucks).
- Corridor initiatives dependent upon generic facilitation instruments (e.g., TIR) that so far have not been conducive of deeper integration.
- More than 60 corridors in FSU being considered by the various agencies involved. It may distract the attention of policy makers on local and competing projects.
- In Central Asia, the corridor concept so far has not solved fundamental issues with institutional capacities and private sector competences.
- Cross-border integration of railway operations between national companies received much less attention than road corridors.

What is new

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- Trade facilitation receives more attention
- Private sector acknowledge that progress are made (e.g., processing at some borders; Custom Union)
- Better management of user requests by administrations
- Transport Policies trying to capture best practice
- ~~Supply driven~~ => Analysis of demand and requests by users

Innovations (Measuring Performance – Logistic - Ongoing)

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World Bank proposed concept of logistics performance widely accepted

A standard framework to analyze national supply chains with three pillars:

- Availability and quality of trade-related infrastructures;
- Friendliness and transparency of trade procedures;
- Development and quality of logistics services (trucking, warehousing, freight-forwarders, shipping and customs agents etc)

Priority areas for logistics performance:

- Regional integration and development of trade corridors;
- Customs reform and trade facilitation and related investments;
- Border management extending beyond customs;
- Port reform and related investments;
- Regulations and development of logistics services;
- Building public-private coalitions for reforms and investments.

Innovations

(New approach to transport strategies e.g., Kazakhstan)

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Instruction by the President (Strategy Kazakhstan 2050)

What for?

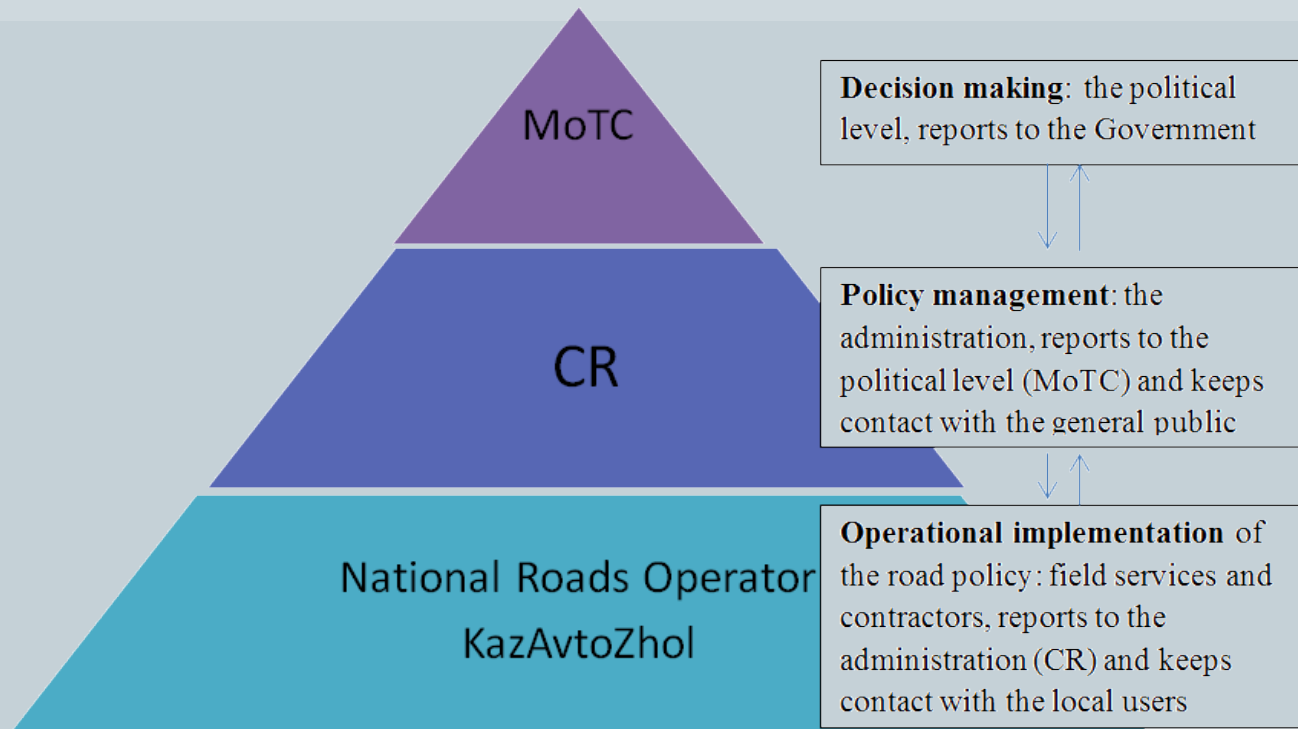
- **To adopt a new approach toward development of infrastructure**
 - (i) to reach the outside world;**
 - (ii) to serve remote regions of KZ;**
- **Create transport and logistic facilities “outside” KZ;**
- **Develop transit potential of KZ;**
- **Ensure that investments make sense economically;**

Innovations

(New approach to transport strategies e.g., Kazakhstan)

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Evolutionary steps by the MoTC



Innovations

(New approach to transport strategies e.g., Kazakhstan)

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Outcome

Roads

- Improve condition, capacity and operational performance of public roads
- Reform the management of the road sector
- Secure alternative funding sources for investment and maintenance
- Improve facilities for road users and reduce environment impact of road construction and vehicle operations
- Improve road safety
- Supply Driven : Demand driven and measuring user satisfaction, and meaningful/measurable indicators in transport strategy...

Innovations

(New approach to transport strategies e.g., Kazakhstan)

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Outcome

Transport of Passengers Focus on quality of the service to passengers:

- physical condition,
- service reliability,
- comfort and convenience,
- safety and security,
- accessibility,
- affordability.

Innovations

(New approach to transport strategies e.g., Kazakhstan)

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Outcome

Regional Growth areas

- **Urbanization:** promoting the development of a number of key urban areas around five growth poles referenced in the development strategy.
- **Territorial Development:** Helping lagging areas that are by definition economically distant from places doing well.
- **Regional integration:**
 - (i) Major transcontinental corridors (one rail only, two rail/road one road only);
 - (ii) Local opportunities to strengthen cross-border links with neighbouring countries (Almaty with Khorgos and Bishkek, Shymkent with Tashkent, Uralsk with Samara, Aktobe with Orsk/Orenburg)

Innovations

(Ideas for road investment and maintenance main network)

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Sample Actions for better designs and better maintenance

- ***Value Analysis***: properly assessing the various functions that a given infrastructure should fulfill. Finding the most valuable solution.
- ***Adjustment of design procedures***: procedures to evolve with time to adapt to changing environment (social consciousness, environment concerns, new directives).
- ***Focus on quality control***: Costs of non-conformance in civil works is very high. impose quality management systems to contractors – and to the national operator train engineers to quality assurance processes (ISO 9001-200 and ISO 9004-2000).
- ***Introduce technical audits***: to highlight systemic issues with local materials or plants, local equipment, or corporate management at a given work site.
- ***Review of SNIP norms***: SNIP norms for construction are generally sound. But it needs to be reviewed at a time when societies ask for value-for-money (“better roads for less money”).
- ***Safety audit of road designs and inspection at pre-opening stage***: costs of changes introduced as a result of safety audit are significantly outweighed by the safety benefits.

Innovations (Ideas for rail development)

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Sample Actions for better level of service for end-users

- ***Business Units***: (especially passenger/freight/infra) with objective of separating commercially-focused freight from (primarily) public service-focused passenger, where these do not already exist.
- ***Creation of cross-border freight operating companies***: objective is to provide 'one-stop shop' for international customers providing guaranteed schedules for freight – surveys have shown for many years that reliability is the one of the most important qualities in freight transport.
- ***Creation of sub-units for government-supported passenger services***: Experience has shown government support of rail passenger services is almost always associated with disputes on compensation, level of service actually provided and so on. Three essential elements of government support are specification of services required, a clear and verifiable basis for compensation and regular performance monitoring. These are all facilitated by creating a subunit, whose accounting is clearly separated from the commercial passenger business. Governments are often the most valuable customer for rail passenger services and deserve clear and unambiguous reporting arrangements
- ***Technical benchmarking***: to improve technical efficiency (and hence user value-for-money) by regular benchmarking of technical indicators such as unit maintenance cost (e.g. cost per loco-km etc), failure rates etc.

Innovation (Trade and Transport Facilitation – e.g., Pakistan)

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Project Design

- Support regional supply chains / production networks / transit operations (Pakistan with: China, India, Afghanistan, Iran)
- Development of standards across the logistics chains.
- Evaluate Performance against International Benchmarks.
- Support development of trade facilitation services sector (ecommerce; financial aspects of transactions)

Focus

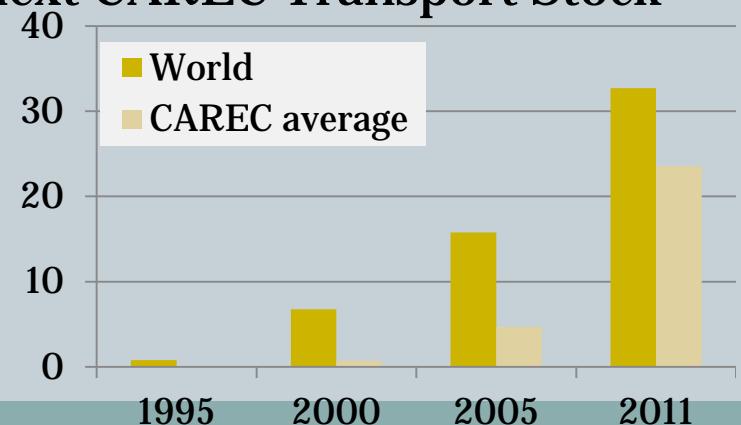
- Resolving TF issues : behind the border, beyond the border, and at the border
- Testing with Pilot projects, e.g. at Wahga (India-Pak)
- Promotion of regulatory frameworks for Freight Forwarding Industry.

Innovation (Telecommunications connectivity)

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Concepts

- Considering a new dimension of connectivity: enable virtual connectivity aligned with existing physical infrastructure
- Improved data transfer supports logistics and corridor management. Helps infrastructure services.
- Linear infrastructure helps accelerate broadband network expansion (e.g., fiber optical cable along Right of Way), closing CAREC's gap with the world
- Proposed as a topic for discussion in the next CAREC Transport Stock Tacking



Thank you