

# **CAREC Transport and Trade Facilitation Strategy Draft Refined Strategy**

**Various Presenters**  
(ADB Staff and Consultants)

**Joint CAREC Transport Sector Coordinating and  
Customs Cooperation Committees Meeting  
19-20 September 2013  
Astana, Kazakhstan**



# Stock-Take of CAREC Transport and Trade Facilitation

- The CAREC Transport and Trade Facilitation Strategy (TTFS) is being implemented since 2007.
- The TTFS stipulates a mid-term review (MTR) to be conducted during 2012–2013 to optimize its implementation in the remaining period (2014–2017).
- The MTR consisted of two parts:
  - Part 1- stock-taking report on the implementation progress of the Strategy and Implementation Action Plan, and
  - Part 2 – developing a Refined Transport and Trade Facilitation Strategy (the refined strategy) and action plan based on the findings of the stock-take report.

# Lessons Learned and Operational Imperatives

A clear lesson is that implementing infrastructure projects is easier than implementing the soft components, e.g.,

- Customs reforms
- Integrated Trade Facilitation
- Promoting private sector participation and developing PPP policies and procedures

# Lessons Learned and Operational Imperatives

- Non Linear Projects will need more focus, e.g., logistics centers
- Effective and sustainable road maintenance
- Strengthen the National Joint Transport and Trade Facilitation Committees (NJCcs)
- Robust Results Monitoring Framework
- Reliable Data Collection
- Financing Gap

# Global & Regional Challenges

- CAREC is operating in a rapidly changing global and regional environment.
- The rise of PRC economy has big impact on CAREC trade pattern.
- The dominance of the east-west corridors has been reduced.
- The Russia-led Customs Union has changed patterns of trade.

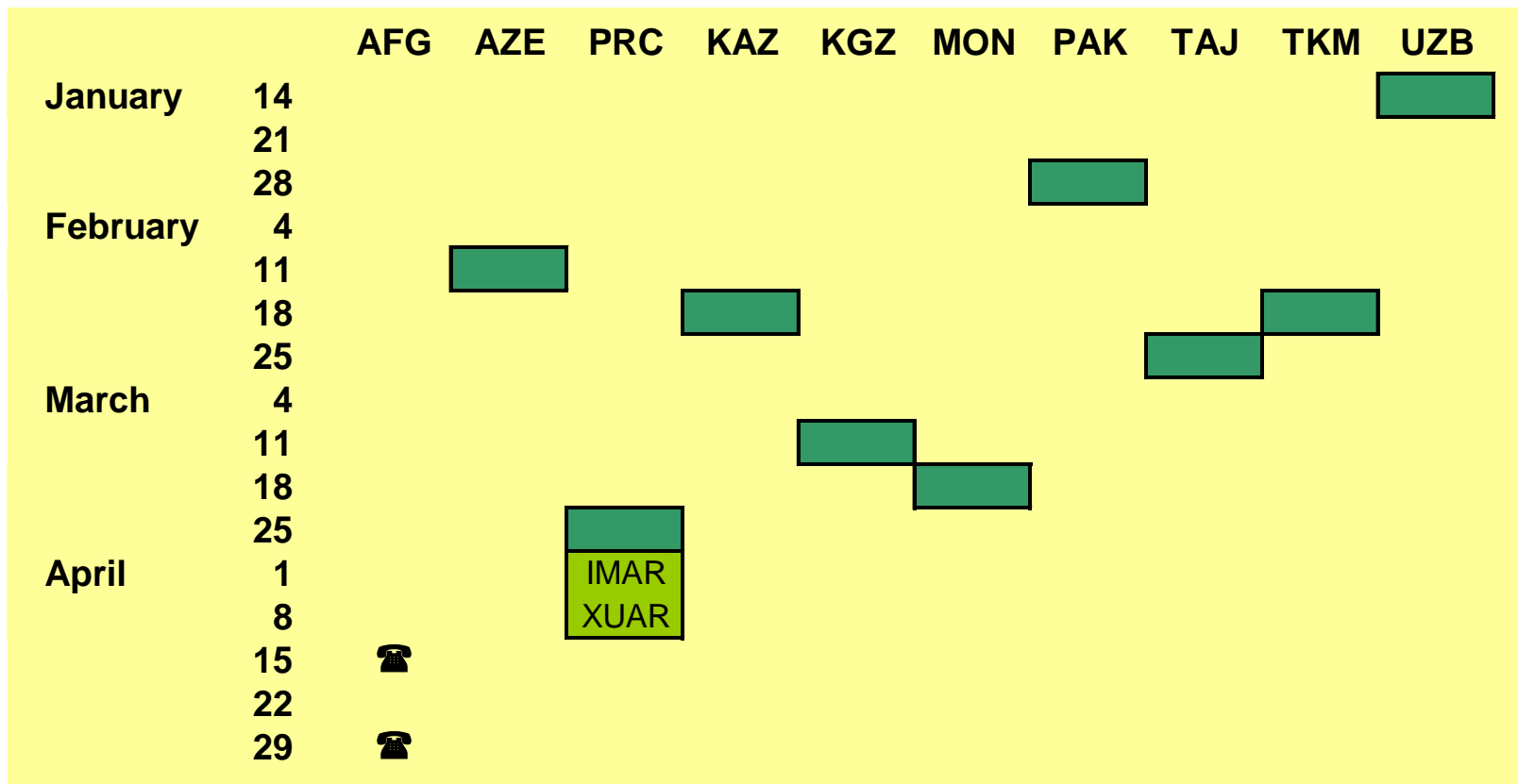
# Implications for TTFS

- More emphasis to north-south corridors, supported by the integration of PAK and TKM into CAREC.
- More emphasis on rail, as an inherently more efficient mode for long-haul freight transport.
- To promote intermodal transport and value chains, the region needs improved logistics.
- To be competitive, the corridors must be supported by efficient border management.
- 'Economic Corridors' are still the long-term goal.

# Key Issues for Discussions

- Does this represent a reasonable summary of the lessons learned
- Are there any other challenges that will have a major impact on the CAREC Transport and Trade Facilitation Strategy

# Consultations: Country Missions



Capital city .....



Provinces .....

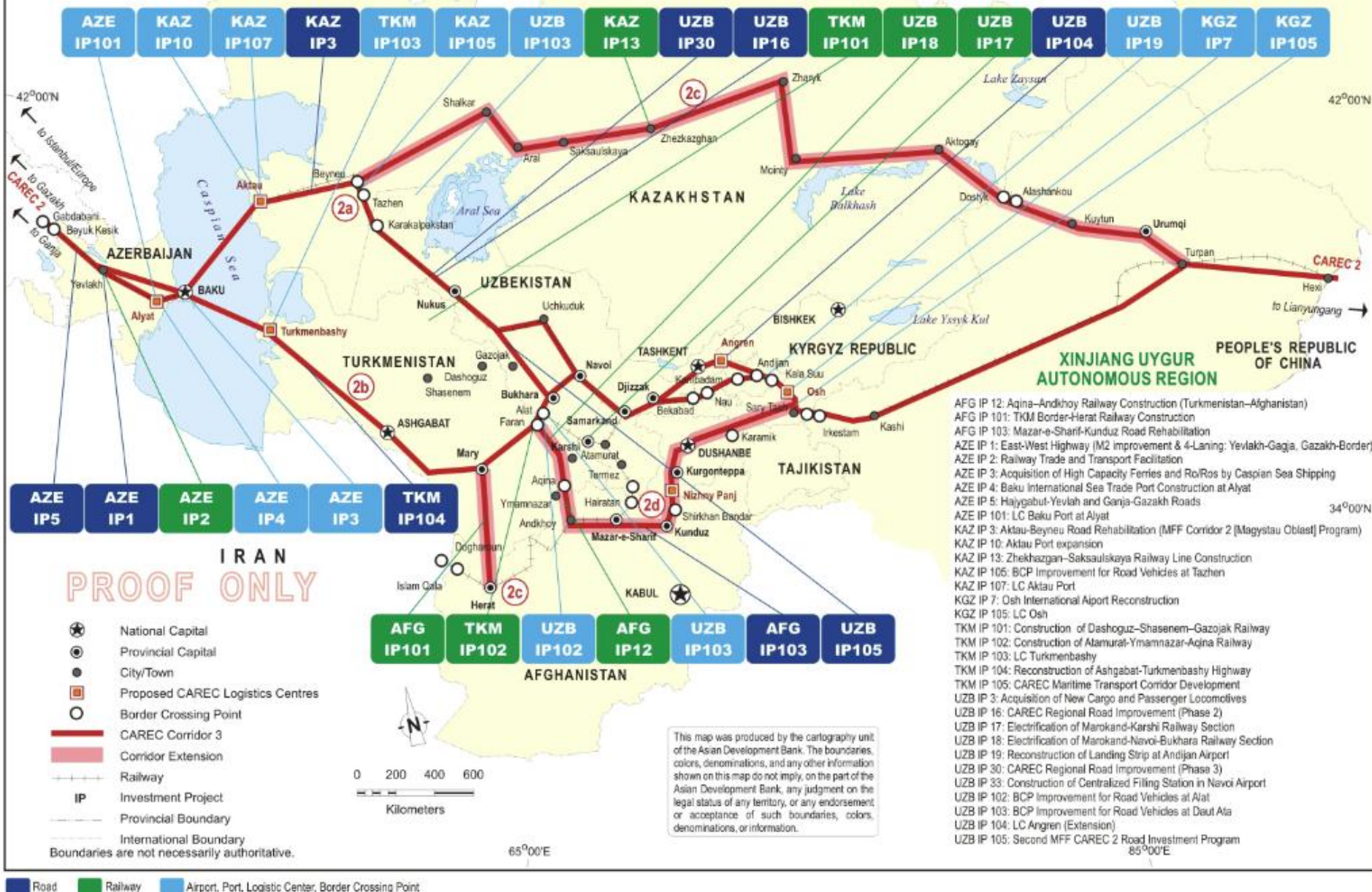


Videocon .....





# CENTRAL ASIA REGIONAL ECONOMIC COOPERATION CORRIDOR 2

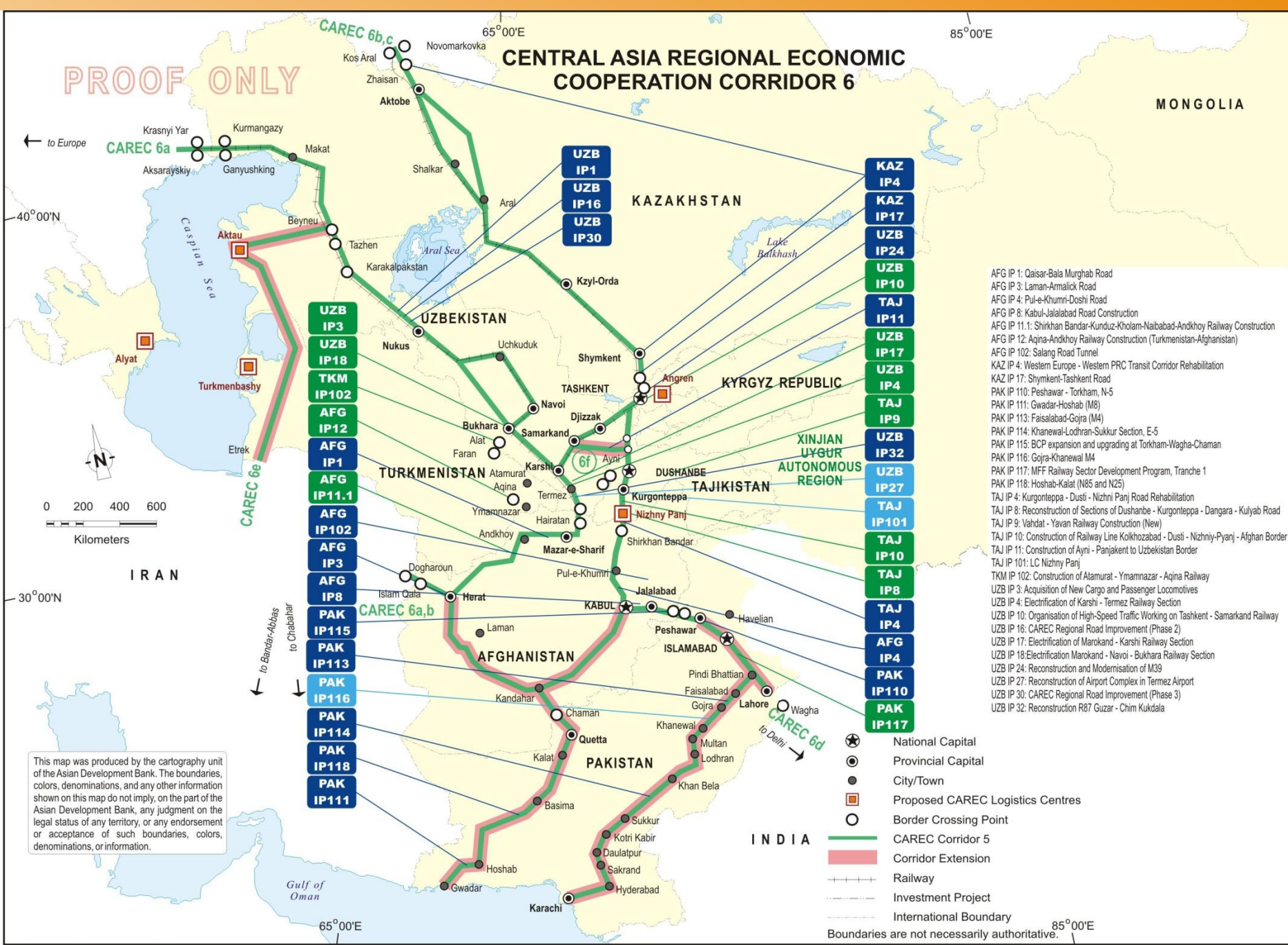




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# CENTRAL ASIA REGIONAL ECONOMIC COOPERATION CORRIDOR 6

MONGOLIA



- AFG IP 1: Qaisar-Bala Murghab Road
- AFG IP 3: Laman-Armalick Road
- AFG IP 4: Pul-e-Khumri-Doshi Road
- AFG IP 8: Kabul-Jalalabad Road Construction
- AFG IP 11.1: Shirkhan Bandar-Kunduz-Kholam-Naibabad-Andkhoy Railway Construction
- AFG IP 12: Aqina-Andkhoy Railway Construction (Turkmenistan-Afghanistan)
- AFG IP 102: Salang Road Tunnel
- KAZ IP 4: Western Europe - Western PRC Transit Corridor Rehabilitation
- KAZ IP 17: Shymkent-Tashkent Road
- PAK IP 110: Peshawar - Torkham, N-5
- PAK IP 111: Gwadar-Hoshab (M8)
- PAK IP 113: Faisalabad-Gojra (M4)
- PAK IP 114: Khanewal-Lodhran-Sukkur Section, E-5
- PAK IP 115: BCP expansion and upgrading at Torkham-Wagha-Chaman
- PAK IP 116: Gojra-Khanewal M4
- PAK IP 117: MFF Railway Sector Development Program, Tranche 1
- PAK IP 118: Hoshab-Kalat (N85 and N25)
- TAJ IP 4: Kurgonteppa - Dusti - Nizhni Panj Road Rehabilitation
- TAJ IP 8: Reconstruction of Sections of Dushanbe - Kurgonteppa - Dangara - Kulyab Road
- TAJ IP 9: Vahdat - Yavan Railway Construction (New)
- TAJ IP 10: Construction of Railway Line Kolkhozabad - Dusti - Nizhni-Pyanj - Afghan Border
- TAJ IP 11: Construction of Ayni - Panjakent to Uzbekistan Border
- TAJ IP 101: LC Nizhni Panj
- TKM IP 102: Construction of Atamurat - Ymamnazar - Aqina Railway
- UZB IP 3: Acquisition of New Cargo and Passenger Locomotives
- UZB IP 4: Electrification of Karshi - Termez Railway Section
- UZB IP 10: Organisation of High-Speed Traffic Working on Tashkent - Samarkand Railway
- UZB IP 16: CAREC Regional Road Improvement (Phase 2)
- UZB IP 17: Electrification of Marokand - Karshi Railway Section
- UZB IP 18: Electrification Marokand - Navoi - Bukhara Railway Section
- UZB IP 24: Reconstruction and Modernisation of M39
- UZB IP 27: Reconstruction of Airport Complex in Termez Airport
- UZB IP 30: CAREC Regional Road Improvement (Phase 3)
- UZB IP 32: Reconstruction R87 Guzar - Chim Kukdala

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# CENTRAL ASIA REGIONAL ECONOMIC COOPERATION CORRIDOR 4

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RUSSIAN FEDERATION

KAZAKHSTAN

XINJIANG UYGUR  
AUTONOMOUS REGION

MONGOLIA

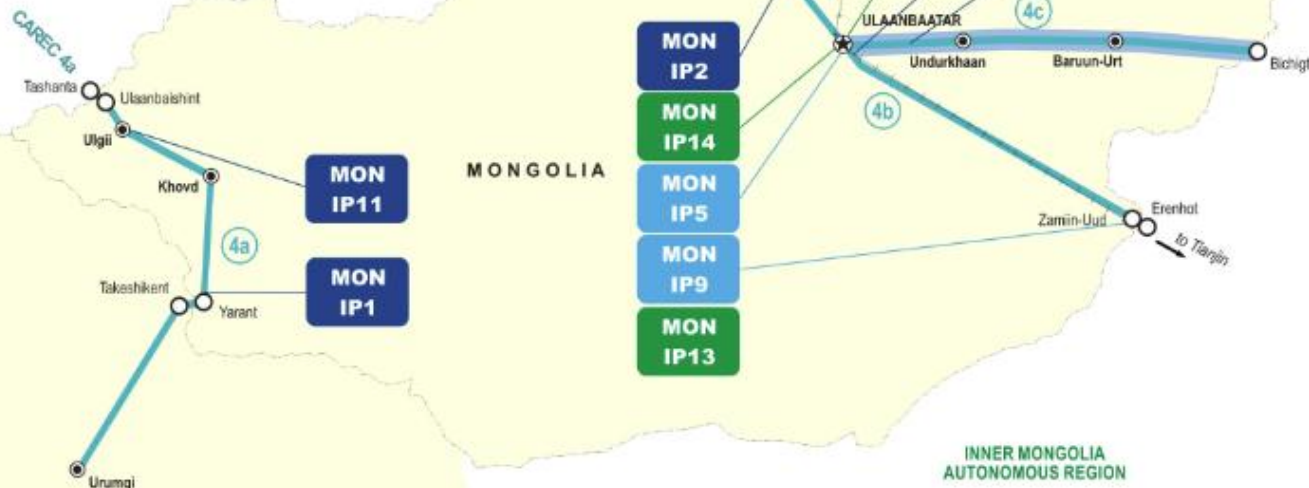
INNER MONGOLIA  
AUTONOMOUS REGIONPEOPLE'S REPUBLIC  
OF CHINA

42°00'N

34°00'N

85°00'E

100°00'E



- MON IP 1: Western Regional Road Development
- MON IP 2: Ulaanbaatar-Russian Border Road Rehabilitation
- MON IP 5: New International Airport Construction of Ulaanbaatar
- MON IP 9: Establishment of Zaimyn Uud Free Trade Zone
- MON IP 10: Access Road to New International Airport of Ulaanbaatar
- MON IP 11: Western Road Development (Phase 2) Bayan Ulgii / Khovd Aimag
- MON IP 12: Railway Track Maintenance Depot
- MON IP 13: Railway Train Control Centre
- MON IP 14: Extension of Railway Passenger Station
- MON IP 101: Ulan Baatar-Undurkhaan-Baruun Urt-Bichigt-Chirfeng-Huludao/Jinzhou Road

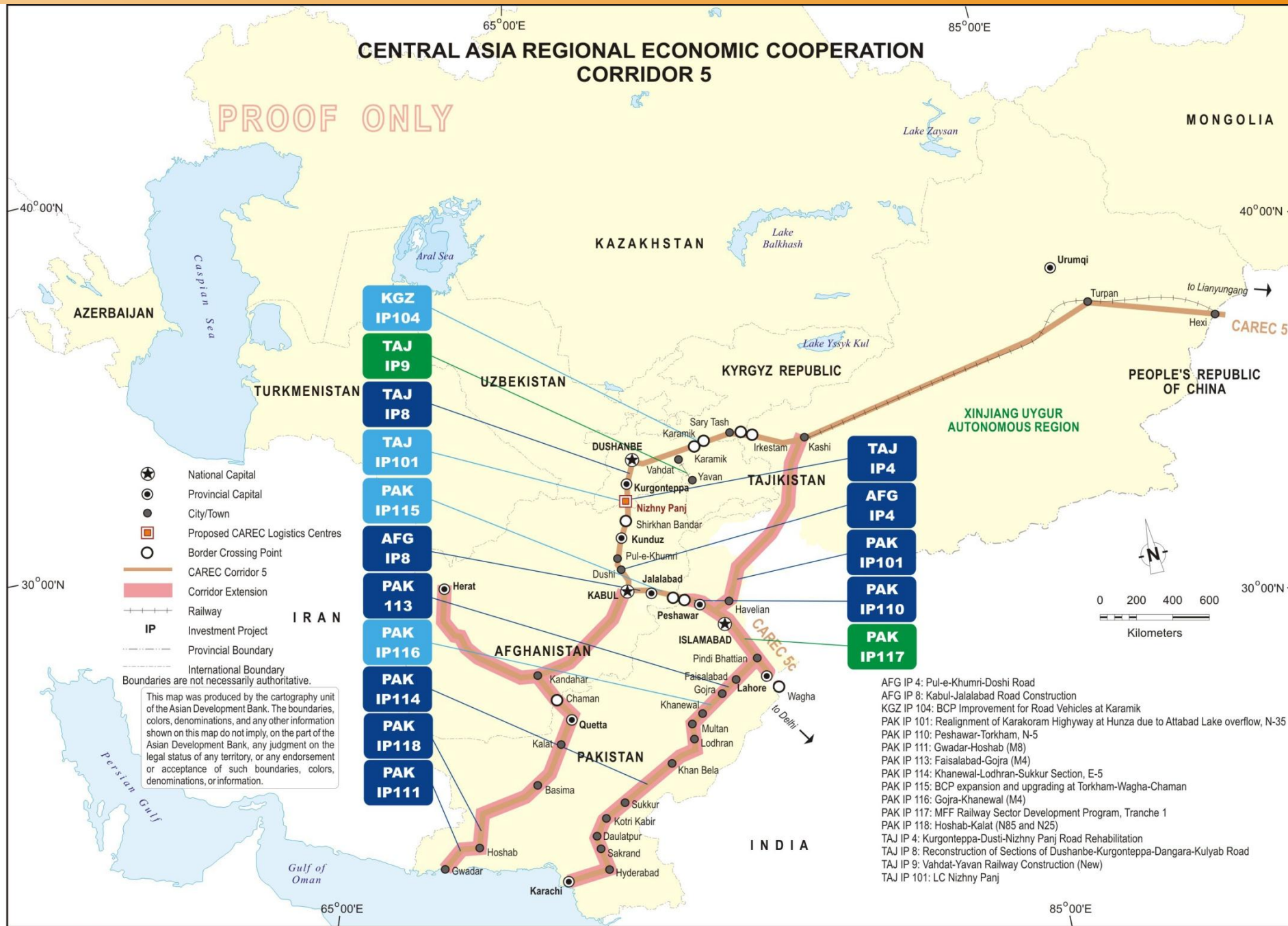
- National Capital
  - Provincial Capital
  - Border Crossing Point
  - CAREC Corridor 4
  - Corridor Extension
  - Railway
  - Investment Project
  - International Boundary
- Boundaries are not necessarily authoritative.

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# CENTRAL ASIA REGIONAL ECONOMIC COOPERATION CORRIDOR 5

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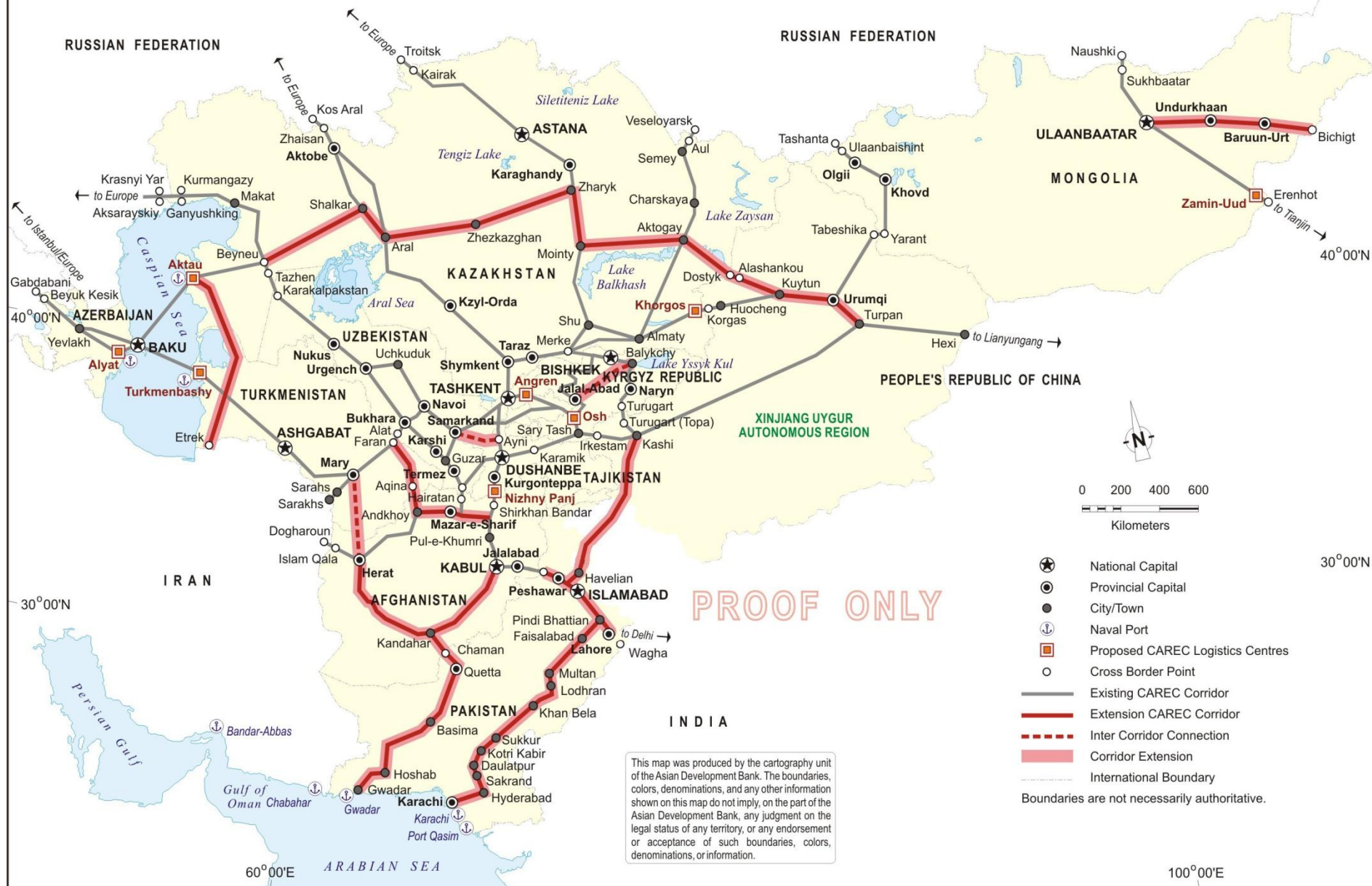
- ★ National Capital
- Provincial Capital
- City/Town
- Proposed CAREC Logistics Centres
- Border Crossing Point
- CAREC Corridor 5
- Corridor Extension
- Railway
- IP Investment Project
- Provincial Boundary
- International Boundary

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- AFG IP 8: Kabul-Jalalabad Road Construction
- KGZ IP 104: BCP Improvement for Road Vehicles at Karamik
- PAK IP 101: Realignment of Karakoram Highway at Hunza due to Attabad Lake overflow, N-35
- PAK IP 110: Peshawar-Torkham, N-5
- PAK IP 111: Gwadar-Hoshab (M8)
- PAK IP 113: Faisalabad-Gojra (M4)
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- TAJ IP 9: Vahdat-Yavan Railway Construction (New)
- TAJ IP 101: LC Nizhny Panj

# CENTRAL ASIA REGIONAL ECONOMIC COOPERATION CORRIDOR EXTENSIONS



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# Key Issues for Discussions

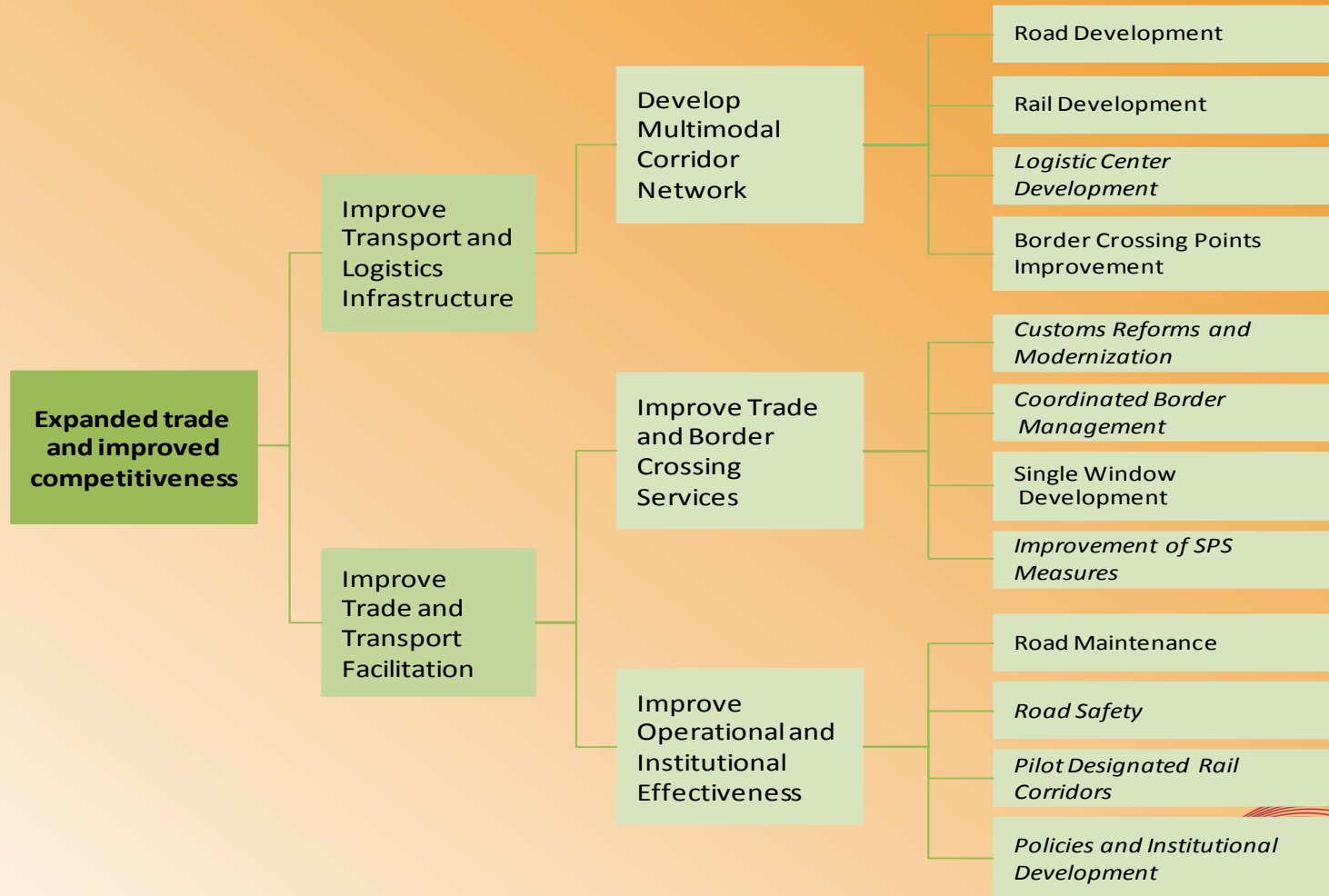
- Do you have any comments on the proposed corridors?

# Highlights of the Refined CAREC Transport and Trade Facilitation Strategy

- CAREC 2020 reaffirmed the strategic objectives: to expand trade and improve competitiveness.
- The broader vision of regional cooperation remains.
- The three original goals also remain:
  - Competitive corridors.
  - Efficient movement of goods and people.
  - Sustainable, safe, user-friendly networks.
- The logic of the TTFS Refined Strategy 2020 is described graphically.



# TTFS Refined Strategy 2020





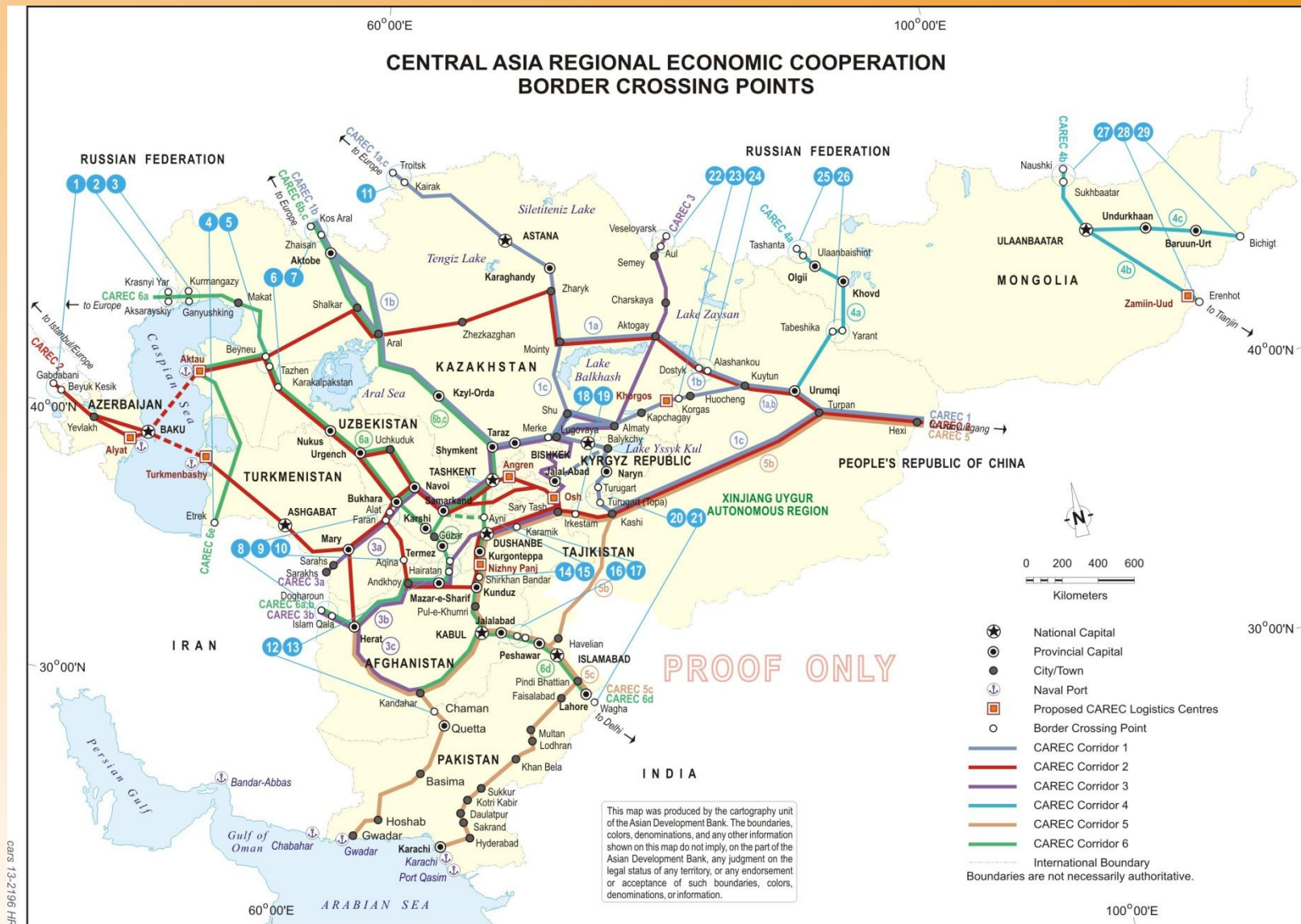
# Operational Priorities 1

- Roads: Ongoing effort to improve and maintain the whole network.
- Railways: New construction and upgrading, supplemented by institutional reforms and coordination to improve interoperability.
- Logistics: Development of major intermodal logistics centres, managed privately or by PPP.
- Border crossing points: Improved capacity, infrastructure , equipment and coordinated management.

## cars 13-2196 HR



# Border Crossing Points



# Operational Priorities 2

- Customs reforms and modernization, supported by TA and peer-to-peer assistance.
- Coordinated border management, including joint customs control, use of risk management to reduce physical inspections and accreditation of 'AEOs'.
- Development of national single windows, with regional interconnectivity of systems, information-sharing protocols and mutual recognition of test results.
- Beyond-customs trade facilitation, including SPS measures.



# Operational Priorities 3

- Two new concepts, both designed to enhance corridor efficiency through integration and coordination.
- DRCs will allow trains to operate across borders without stopping, reducing costs and journey times.
- CMUs will identify and resolve specific causes of inefficiency that reduce the competitiveness of a corridor.

# Key Issues for Discussions

- Do you agree with the transition, in the emphasis on operational areas?

# Multimodal Networks and Transport Services

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# Key Performance Indicators

- KPI's
  - Cost
  - Time
  - Reliability
  - Flexibility
- Viewpoint
  - Shipper [Delivery]
  - Corridor [End-to-End]
- Sources of Improvement
  - Choice of Mode – multimodal
  - Interconnections – International Transit Corridors
  - Intermodal connections – Logistics Hubs
  - Border connections - BCPs
  - Monitoring and Cooperation – Corridor Management Units

# Multimodal Transport (best-worst)

	Least Cost	Least Time	Most Reliability
Multimodal International	Rail/Sea Road/Rail/Sea Road/Sea Air/Sea Rail/Air Road/Air All Air	All Air Road/Air Rail/Air Air/Sea Road/Sea Road/Rail/Sea Rail/Sea	All Air Rail/Air Road/Air Air/Sea Rail/Sea Road/Rail/Sea Road/Sea

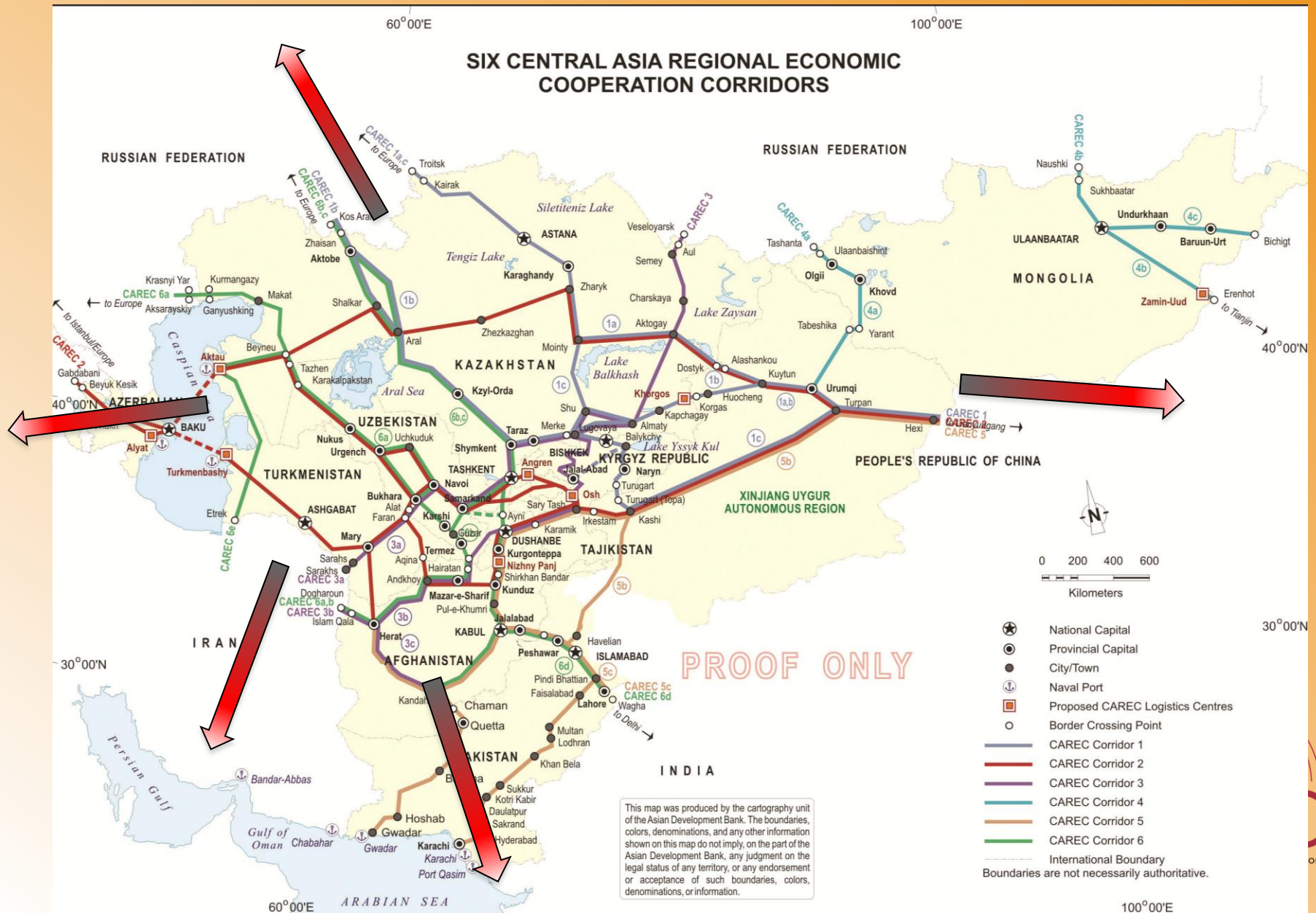
# Multimodal Transport Operators

- APL provided first such service to Pakistan in 1970s
- U.N. Convention on International Multimodal Transport of Goods not ratified
- Freight Forwarders and Container Shipping Lines can be MTOs
- D.B. Schenker is one of largest rail operators in Europe

# International Transit Corridors

- CAREC Network Primarily for Internal Distribution
- Need to Provide Connections to International Markets
- Transit Corridors For Landlocked Countries
  - Access to Sea Routes Through Efficient Ports
  - Rail Transport for Long Distances
  - Supporting International Agreements
- Trade Related Goals
  - Efficiency in delivery of imports
  - Competitiveness of exports

# International Transit Corridors



# Dedicated Rail Corridor Services

- Services rather than Infrastructure
- Container Services
- Block Trains
- Dedicated Rolling Stock
- Fixed Schedules End-to-End
- Seamless Transition between Railways
- Minimize Delays for Change in Locomotives
- Public Network, Public and Private Services

# DRC Services

- Regional Corridor
  - 2 Pilot Projects
- Transit Corridor
  - Seaport (Riga)
  - Manufacturers (GM)

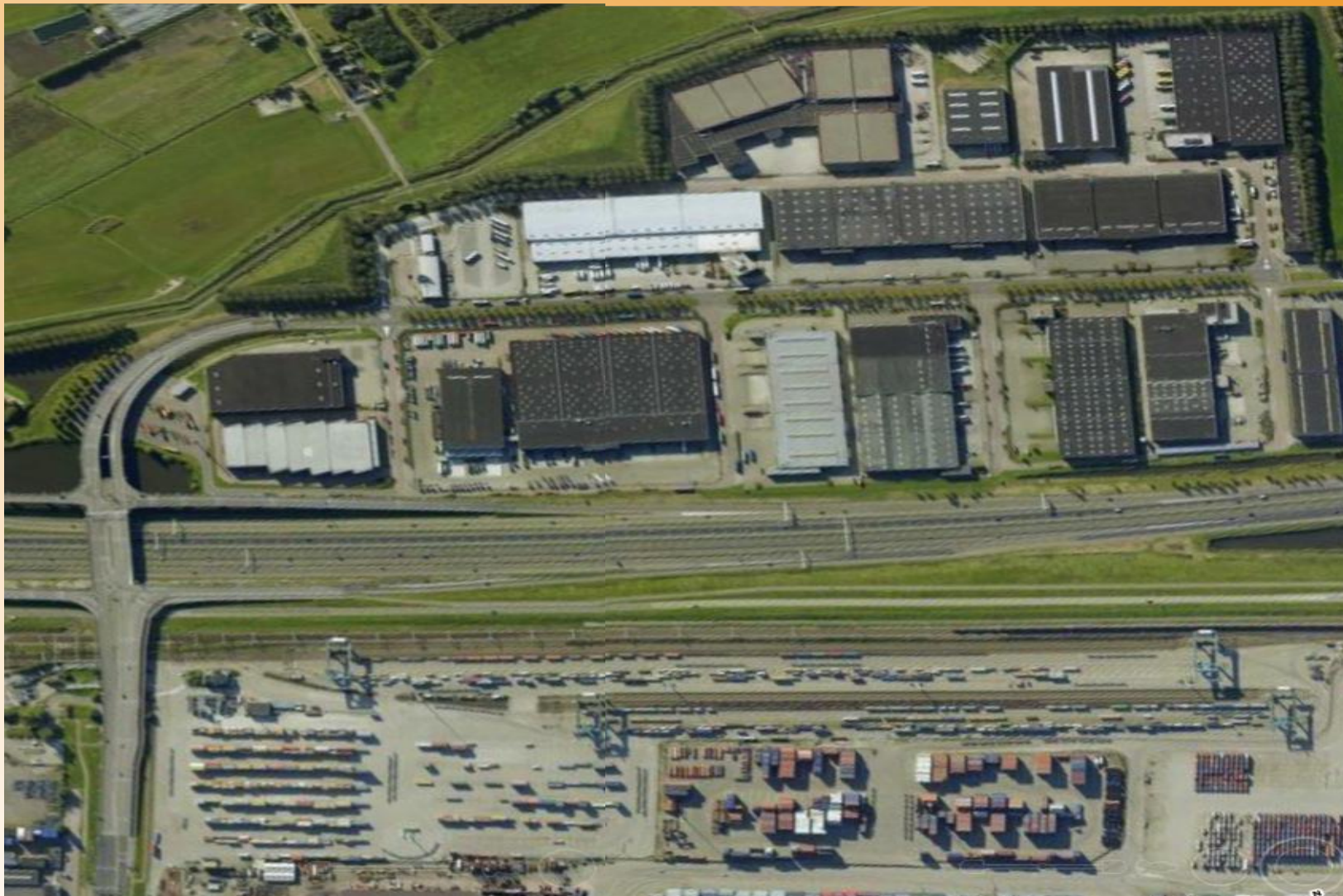


# Role of Logistics Hubs

1. Physical Transfer of Cargo Between Modes
2. Cargo Clearance
  - ICD, Dry Port
3. Equipment Storage
  - Rolling Stock
  - Empty Containers (ISO, Domestic)
4. Distribution/Collection of Regional Cargo
5. Value-added Logistics Services
6. Light Industry



# Modern Logistics Hub



# Participants in Logistics Hubs

- Modal Operators
  - Railways, Airlines, Road Transport Operators
- Storage Providers
  - Own account and 3<sup>rd</sup> Party
- Manufacturers, Distributors
- Facility Developers
- PPP

# Corridor Management Units

- Primary Role
  - To provide the information needed to improve the end-to-end performance of a Corridor*
- Participation
  - All countries along the Corridor
  - Public and Private Sector
- Would Not Be Directly Involved In
  - Investment in Corridor Infrastructure
  - Regulation of Logistics Services
  - Provision of Services in the Corridor

# CMU Levels of Responsibility

1. Monitoring, Analyzing and Reporting on Performance
2. Developing KPIs and Targets
3. Promotion
  - Development and Use of Corridor
4. Collaboration
  - Investment
  - Regulatory Reform
5. Introduction of Technology and Procedures to Improve Performance
6. Corridor Planning for Development and Maintenance of Infrastructure

# Establishing the CMU

- Level of Responsibility and Number of Countries
- Structure of Organization
  - Committees
  - Senior Management
  - Professional Staff
- Size of Full Time Staff
  - Level of Traffic in Corridor
  - Variety of Stakeholders
- Sustainable Financing of Operations
  - Earmarked public funds
  - User fees
- Physical Location of Unit



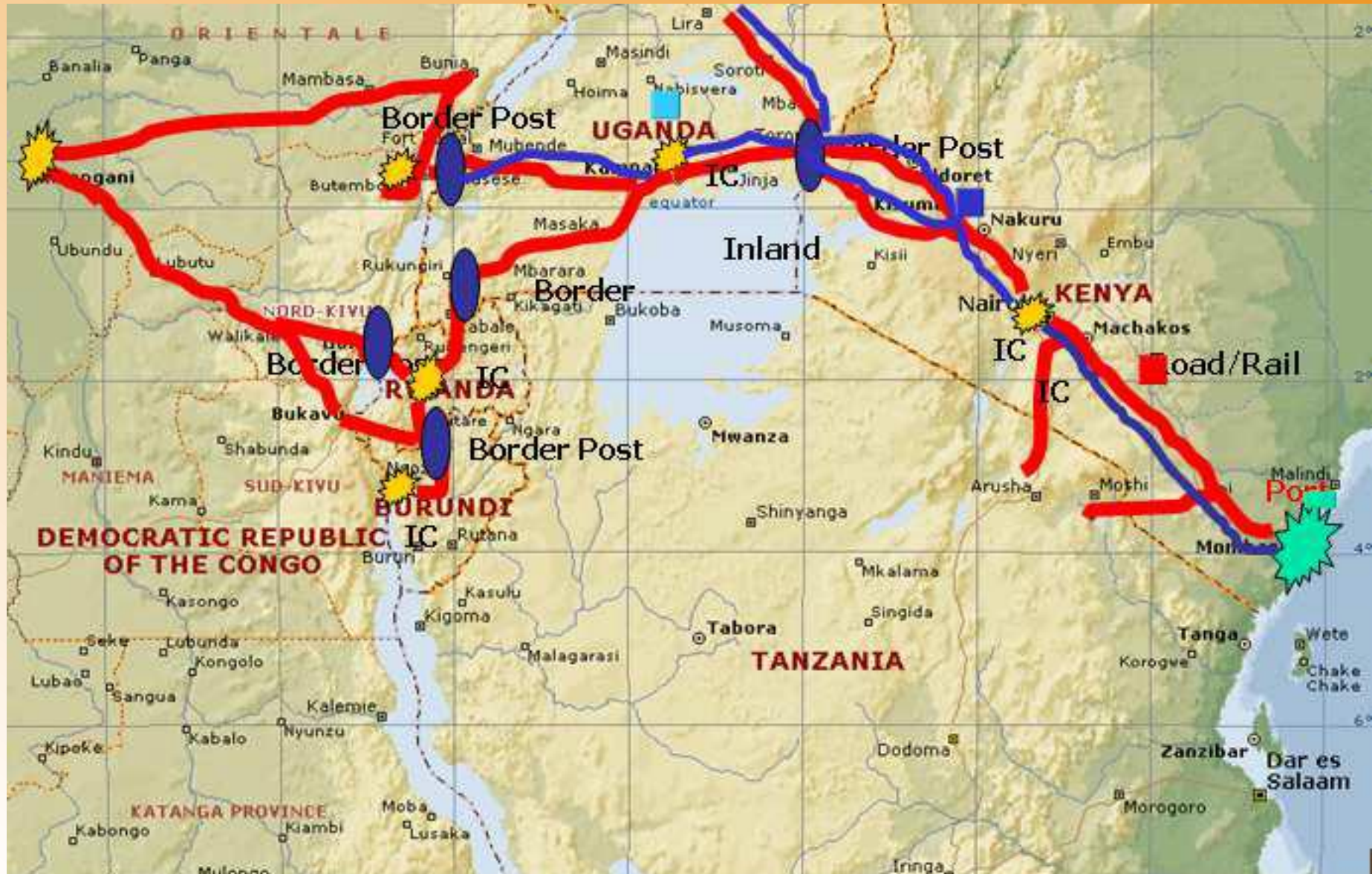


# TEN – T Network

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# Northern Corridor





# NCTTCA

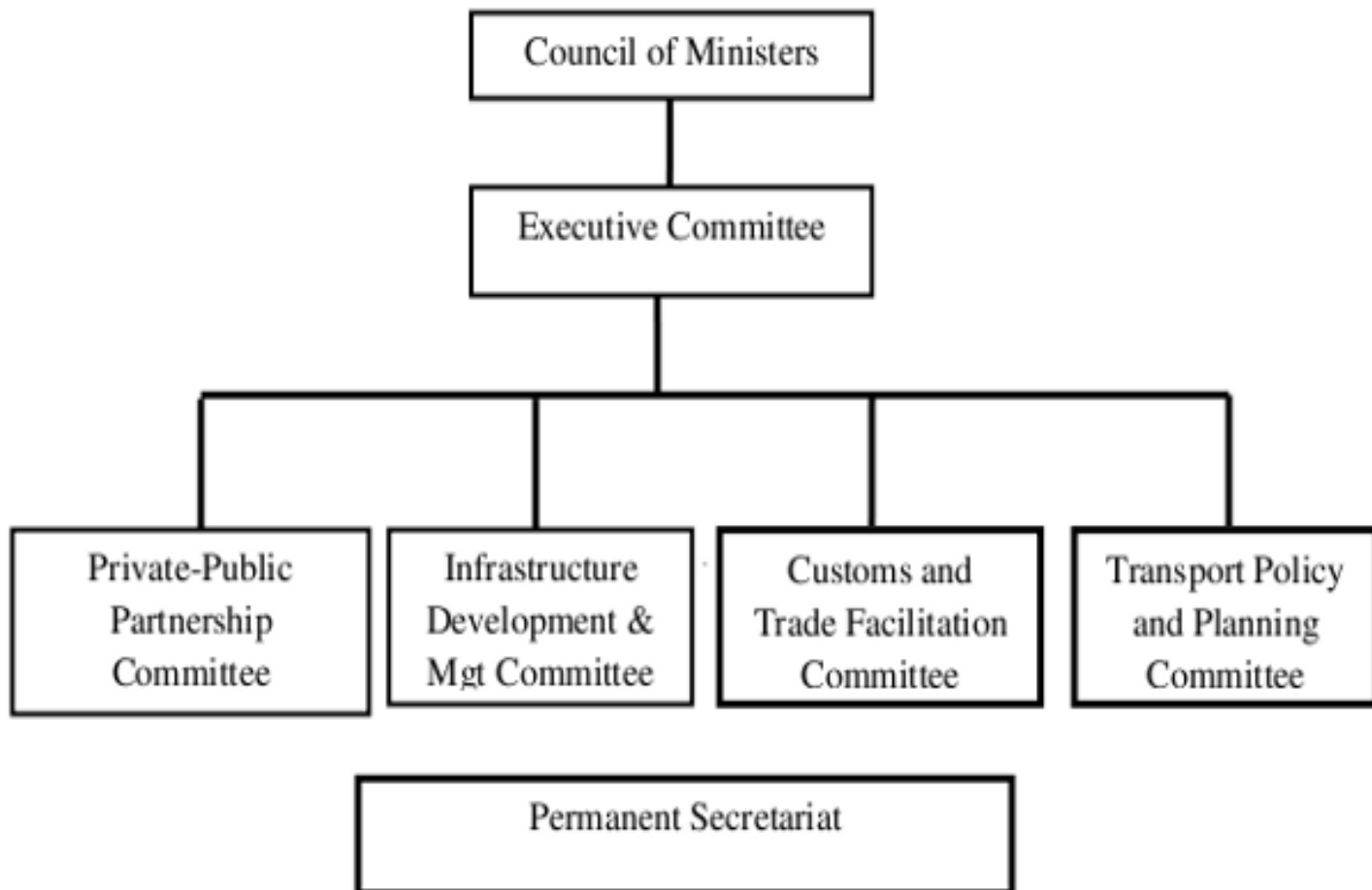
- Established in the Mid-1980s
- Northern Corridor Transit Agreement (5 countries)
- Mandate: Removal of all obstacles to the flow of trade and services along the Northern Corridor
- Corridor includes Road, Rail, Pipelines and Waterways
- 2005 Strategies
  - Transformation into Economic Development Corridor
  - Harmonisation of policies and legal framework
  - Improved transport and communications infrastructure and services on all modes and
  - Enhance knowledge management and performance monitoring.

# NCTTCA

- Initiatives
  - One-Stop Border Posts Projects (mid 1990s)
  - Regional Cargo Tracking System (early 2000s)
  - Transport Laboratory (recent)
- Financing
  - Continuing expenditures – locally funded
  - Research efforts – donor support

# Northern Corridor Transit Transportation Coordination Authority

Figure 2: Northern Corridor Authority Structure



# Trans-Kalahari Corridor

- Walvis Bay Corridor Group private partnership established in 2000 to coordinate and integrate the various public and private sector development efforts along the WBC
- Mission “To increase the utilization of the WBC and maximize the flow of traffic on the corridor routes; especially through marketing activities focusing on business development and on attracting Atlantic business from traditional routes.
- Established TKC Management Committee

# Key Issues for Discussions

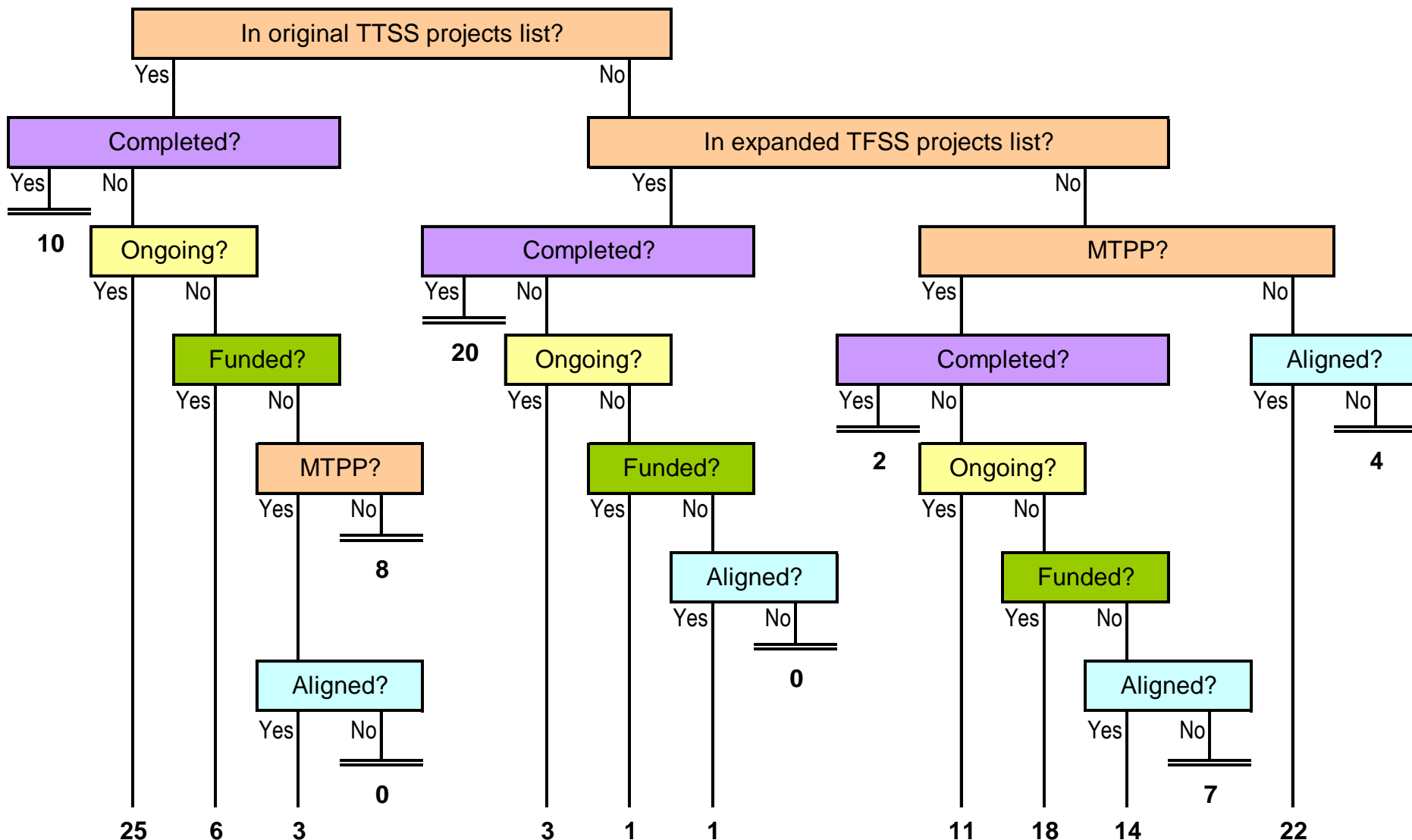
- Do you need any clarifications on the concepts presented earlier :
  - Designated Rail Corridor
  - Logistics Hubs
  - Corridor Management Unit(CMU)



# Action Plan

- **101 investment projects** of \$38.7 billion.
- Most of the program is ongoing and \$7 billion has already been expended.
- Road and rail projects account for 90% of the cost. Rail has a much bigger share of new projects than of ongoing projects.
- Trade facilitation projects less capital intensive, but yielding desired results to achieve outcome.
- Required annual rate of expenditure is \$4.6 billion, compared with \$3.2 billion in 2008-12.
- **50 TA projects** costing \$74.6 million.

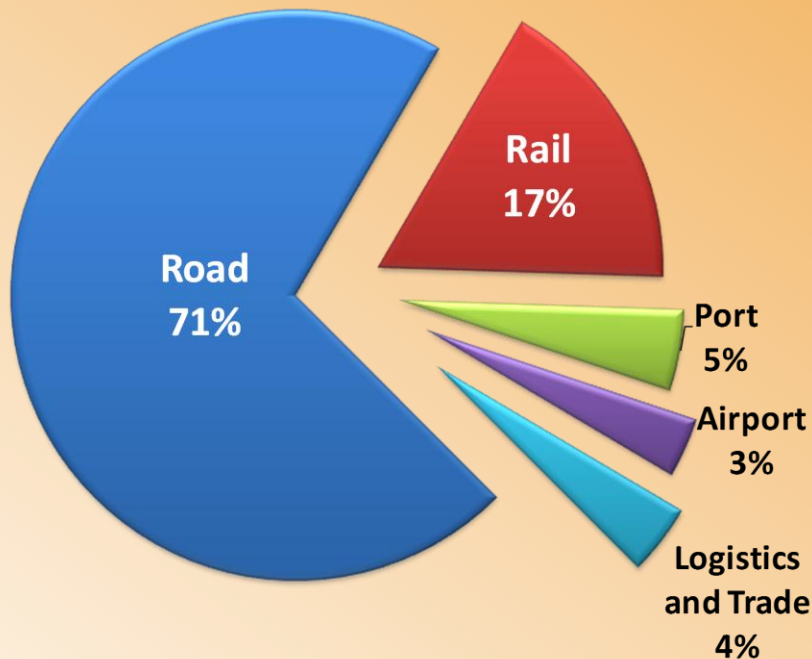
# Decision Tree for Investment Projects



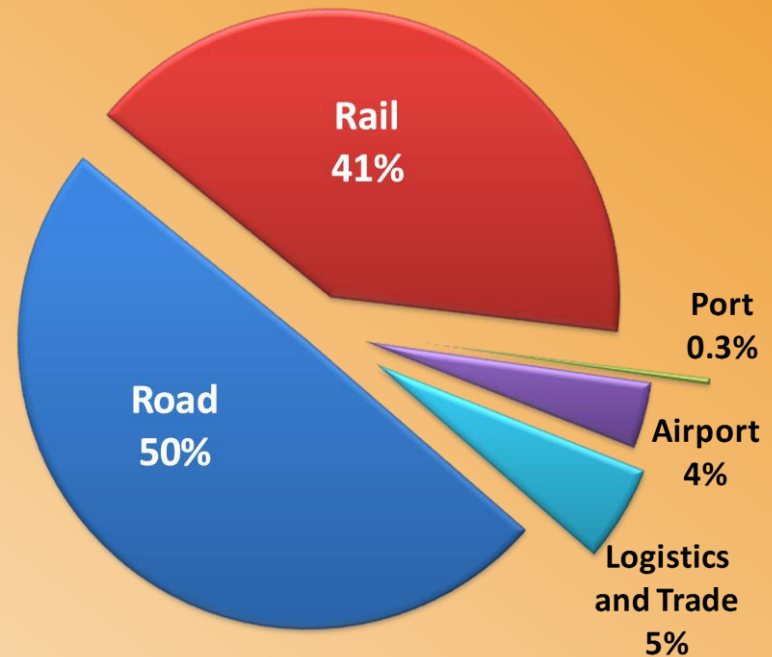
In Action Plan to 2020

# Investment Projects

Ongoing Infrastructure Investments (\$ billion)



New Infrastructure Investments (\$ billion)



Source: CAREC Secretariat.

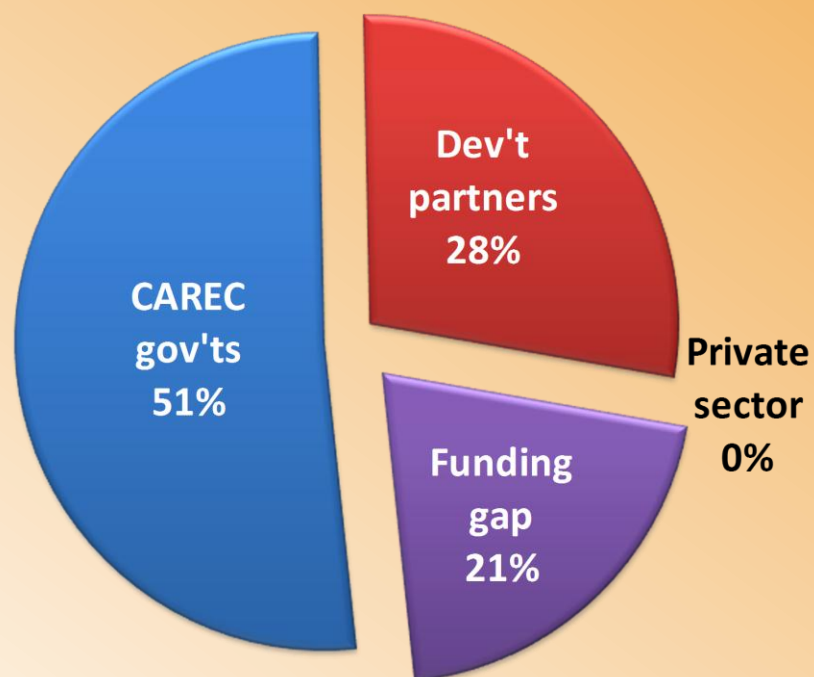
# TA Projects

	Ongoing	New	Total
<b>By Cost Estimates</b>			
Road	6.5	10.0	16.5
Railways	0.0	21.1	21.1
Airport and Civil Aviation	0.0	0.0	0.0
Port and Shipping	0.0	4.5	4.5
Logistics	0.0	0.0	0.0
Trade Facilitation	17.2	6.4	23.6
Public-Private Partnership	0.0	7.0	7.0
Social / Environmental	0.0	2.0	2.0
<b>Total</b>	<b>23.6</b>	<b>51.0</b>	<b>74.6</b>
<b>By Number of Projects</b>			
Road	7	4	11
Railways	0	12	12
Airport and Civil Aviation	0	0	0
Port and Shipping	0	3	3
Logistics	0	0	0
Trade Facilitation	14	6	20
Public-Private Partnership	0	2	2
Social / Environmental	0	2	2
<b>Total</b>	<b>21</b>	<b>29</b>	<b>50</b>

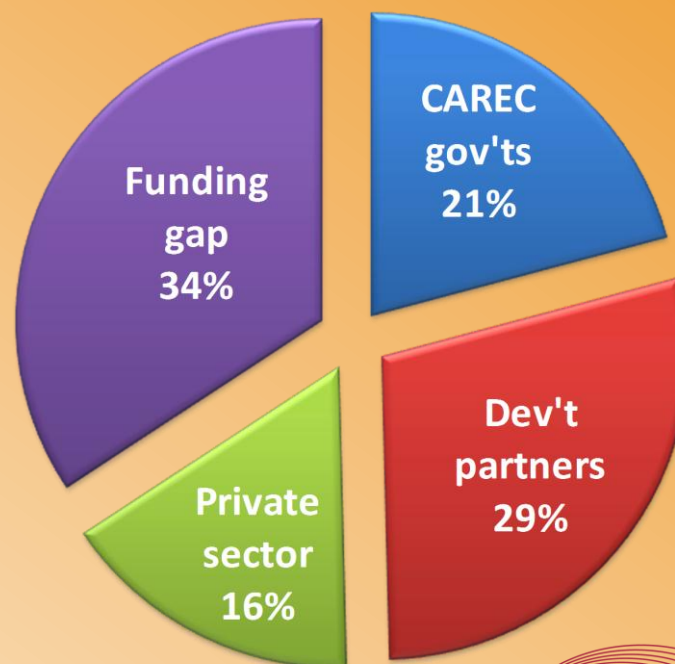
Source: CAREC Secretariat.

# Financing Plan

**Financing Plan for Ongoing Investments (\$ billion)**



**Financing Plan for New Investments (\$ billion)**



Source: CAREC Secretariat.



# Implementation: CAREC Arrangements

- In most countries, NJCs have either not been constituted or have not evolved as intended. Terms of reference will be better defined.
- Coordination between Transport and Trade Facilitation activities will be enhanced. 1 joint TSCC/CCC meeting will be held annually.
- To promote private sector involvement, private sector representation on NJCs will be encouraged and CFCFA will be invited to joint TSCC/CCC meetings.
- CAREC Institute should have a wider role.
- New CMU concept will be piloted.

# Implementation: Monitoring

- Project monitoring system has been ad hoc and inefficient, and too focused on linear progress (i.e., road and rail km).
- More attention to projects outcomes is needed. This requires data gathering and analysis.
- The CPMM system is good but requires further strengthening, especially in rail sector.
- For the program as a whole, the RBF is the basis for monitoring and assessing success.

# Results Framework

Impact	Outcome	Outcome/Milestones/Indicators	Data Sources	Outputs	Output Milestones / Indicators	Data Sources
Expanded trade and improved competitiveness	Competitive corridors established across the Central Asia Regional Economic Cooperation (CAREC) region	By 2020, inter-regional trade volume increases by five times (2005 baseline: \$7,961 million)	Direction of Trade Statistics, IMF	Multimodal corridor network developed	Expressways or national highways (built or improved) 7,800km by 2020	CAREC TSCC periodic reports
		Speed with delay (SWD) to travel 500 km on CAREC corridor section increases by 30% to 30 km per hour by 2020 (2010 baseline: 23.5 km per hour)	CAREC CPMM quarterly and annual reports		Proportion of total CAREC road corridor built or improved: 70%	
					Completed 1,800km (new constructions) for railways by 2020	
	Efficient movement of goods and people facilitated through CAREC corridors and across borders			Trade and border crossing services improved	Completed 2,000km of railway track renovation, electrification or signalization by 2020	
					Five (5) multimodal logistics center operational by 2020	
					At least 5 regional border cross border points improved by 2020	CAREC TSCC periodic reports
		Typical (defined as 'mean' in CPMM) time taken to clear a border crossing point decreases by 35% to 5.7 hours by 2020 (2010 baseline: 8.7 hours)	CAREC CPMM quarterly and annual reports		Eight CAREC countries acceded to Revised Kyoto Convention by 2020 (2010 Baseline: 5)	World Customs Organization reports
		Cost incurred at a border crossing point clearance decreases by 20% to \$149 by 2020 (2010 baseline: \$186)	National Customs service reports		Joint Customs Control and Coordinated Border Management (CBM) implemented at five pairs of BCPs along selected CAREC corridors by 2020 (2010 Baseline: 1 for JCC and 0 for CBM)	CAREC CCC periodic reports

# Results Framework

Impact	Outcome	Outcome/Milestones/Indicators	Data Sources	Outputs	Output Milestones / Indicators	Data Sources
					Three (3) national single window facilities established in CAREC countries by 2020 (2010 baseline: 1)	National Customs service reports
					Regional SPS cooperation programs in line with international standards implemented in five (5) CAREC countries by 2020 (2010 Baseline: 0)	
	Sustainable, safe, and user-friendly transport and trade networks developed for CAREC	60% of the 6 CAREC road corridors international roughness index less than 4 meters per km by 2020	Road condition survey	Enhanced operational and institutional effectiveness	CAREC road maintenance related investment and technical assistance projects successfully completed	Project Completion Reports
		A regional road safety strategy prepared by 2017 and its targets achieved by CAREC countries by 2020	CAREC TSCC periodic reports		Three (3) performance based maintenance contract programs initiated by 2020	Project Completion Reports
		NJCs established and functioning to support and sustain integrated transport and trade facilitation initiatives.	CAREC CCC and TSCC periodic reports		Successful integration road safety features under each CAREC road project	CAREC TSCC and CCC periodic reports
					NJC secretariats established in three CAREC countries (2010 baseline: 1)	
					One or more CMUs established using selected pilot corridors by 2020 (2010 baseline: 1)	
	Transport and trade facilitation capacity strengthened		CAREC Institute, CCC, CFCFA, and TSCC periodic reports		At least 6 transport and trade facilitation capacity-building activities conducted annually (2010 baseline: 5)	

BCP = border crossing point, CAREC = Central Asia Regional Economic Cooperation, CCC = Customs Cooperation Committee, CFCFA = CAREC Federation of Carrier and Forwarder Associations, CPMM = Corridor Performance Measurement and Monitoring, km = kilometer(s), DefR = Development Effectiveness Reviews, DRC = Designated Rail Corridor, NJC = National Joint transport and trade facilitation Committee, SPS = sanitary and phytosanitary, SWD = speed with delay, TSCC = Transport Sector Coordinating Committee.

Source: CAREC Secretariat.

# Implementation: Resource Mobilization

- CAREC strategy and projects are well aligned with national plans, so in-country resources will make the largest contribution to funding the Action Plan.
- To finance and coordinate more regional projects (often more challenging), including PPP projects, the idea of a Regional Project Development Facility will be explored.
- Coordination among development partners and with other regional cooperation organizations will continue. Results will be reported to SOMs via TSCC and CCC meetings.



# Q & A