



New Directions and Priorities of the Refined Transport and Trade Facilitation Strategy

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Senior Officials Meeting
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Part I: Stocktaking of the Existing Strategy

TTFS Strategic Approaches

This Mid-Term Review focuses on the Transport and Trade Facilitation Strategy (TTFS), adopted in 2008

- Development through regional cooperation.
- Accelerated economic growth and poverty reduction.
- Upgrading of identified key transport corridors.
- Simplifying and harmonizing regulations for cross-border trade.
- Results-based approach, with monitoring of time and cost indicators.

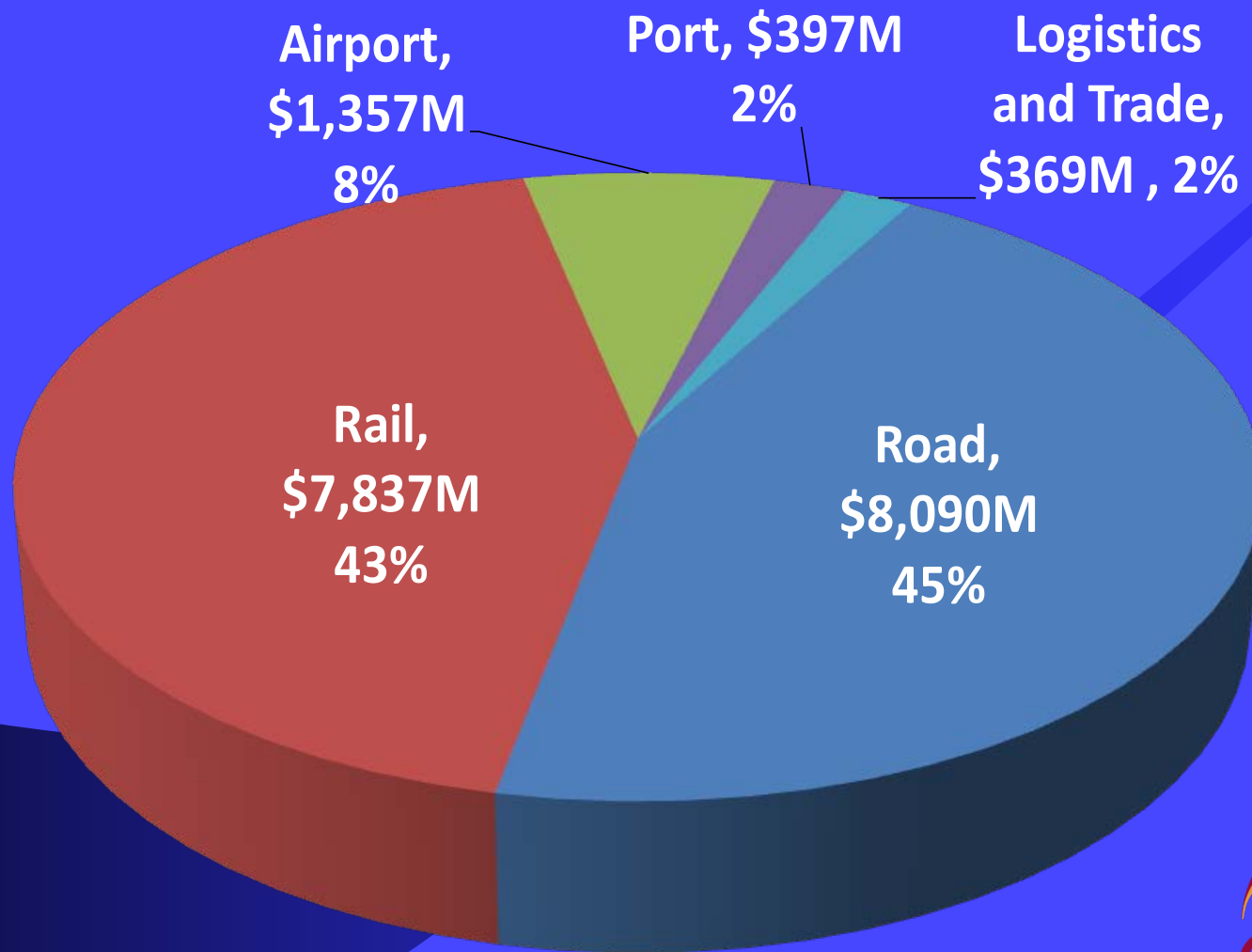
SIX CENTRAL ASIA REGIONAL ECONOMIC COOPERATION CORRIDORS



- ★ National Capital
 - Provincial Capital
 - City/Town
 - ⚓ Naval Port
 - Cross Border Point
 - CAREC Corridor 1
 - CAREC Corridor 2
 - CAREC Corridor 3
 - CAREC Corridor 4
 - CAREC Corridor 5
 - CAREC Corridor 6
 - International Boundary
- Boundaries are not necessarily authoritative.



TTFS Infrastructure Projects: Allocation of Investment (Total \$18 billion as of end 2012)



Investment Projects: Summary

Project Class	Number of Projects	Completed Projects	Total km	Completed km
Linear: Road	30	10	8,125	3,826
Linear: Rail	19	10	5,923	3,407
Non-linear	30	13	na	na
Total	79	33	14,048	7,233
		42%		51%

Transport

- Implementation of investment projects is generally well managed by PIUs and supervision consultants.
- Institutional capacity have been enhanced.
- However, monitoring of outcomes needs to be strengthened:
 - Traffic & trade volumes, monitoring after project completion; and
 - Other outcomes as defined in DMFs.
- Routine collection of road traffic data for asset management and road safety purposes is limited.

New Baku International Sea Trade Port at Alyat, with road and rail connections and adjacent logistics center.

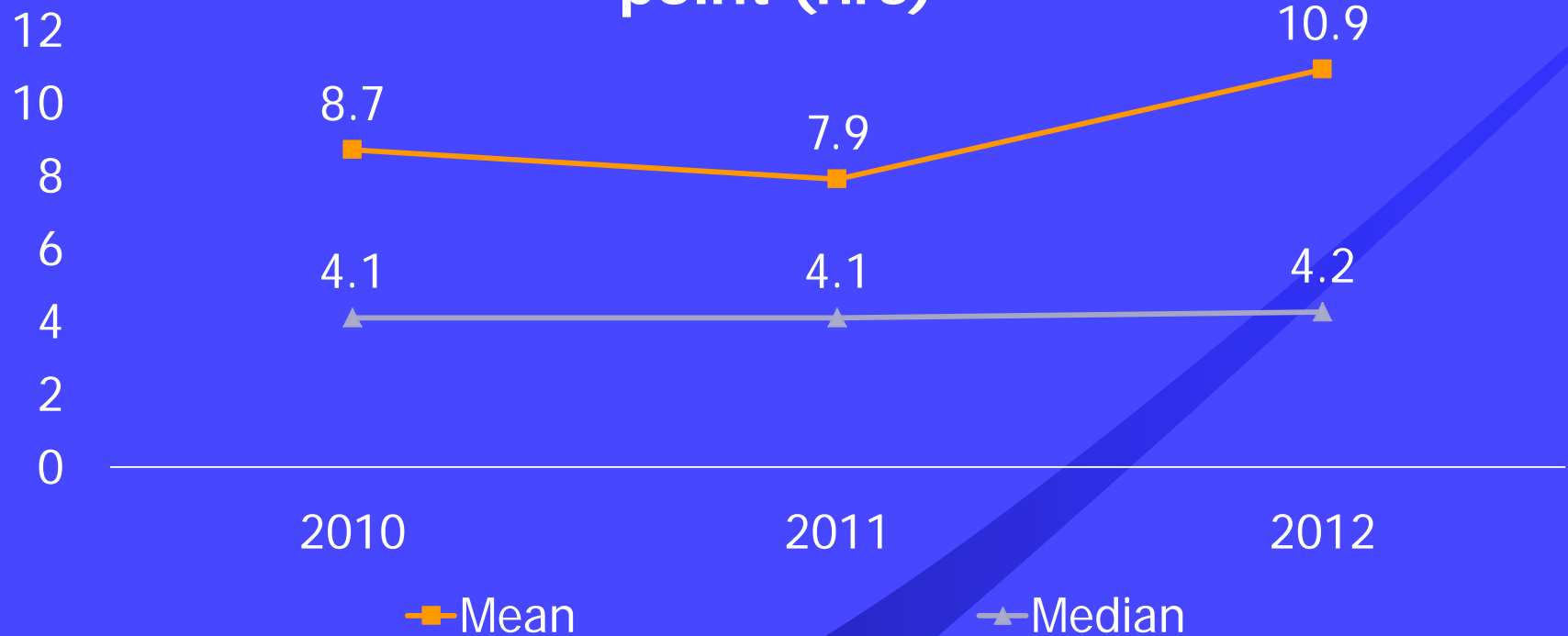


Trade Facilitation

- There have been substantial reforms to customs laws, procedures, and ICT capabilities.
- Single-window operation is accelerating.
- Joint customs control between PRC and MON at Zamyun-Uud expanding to other BCPs and may be replicated elsewhere in CAREC (TAJ-KGZ).
- However, the CPMM shows little improvement in border crossing times and costs, even when considering all the six corridors combined.

Key Indicators for Corridor Performance

TFI * 1: Time taken to clear a border crossing point (hrs)

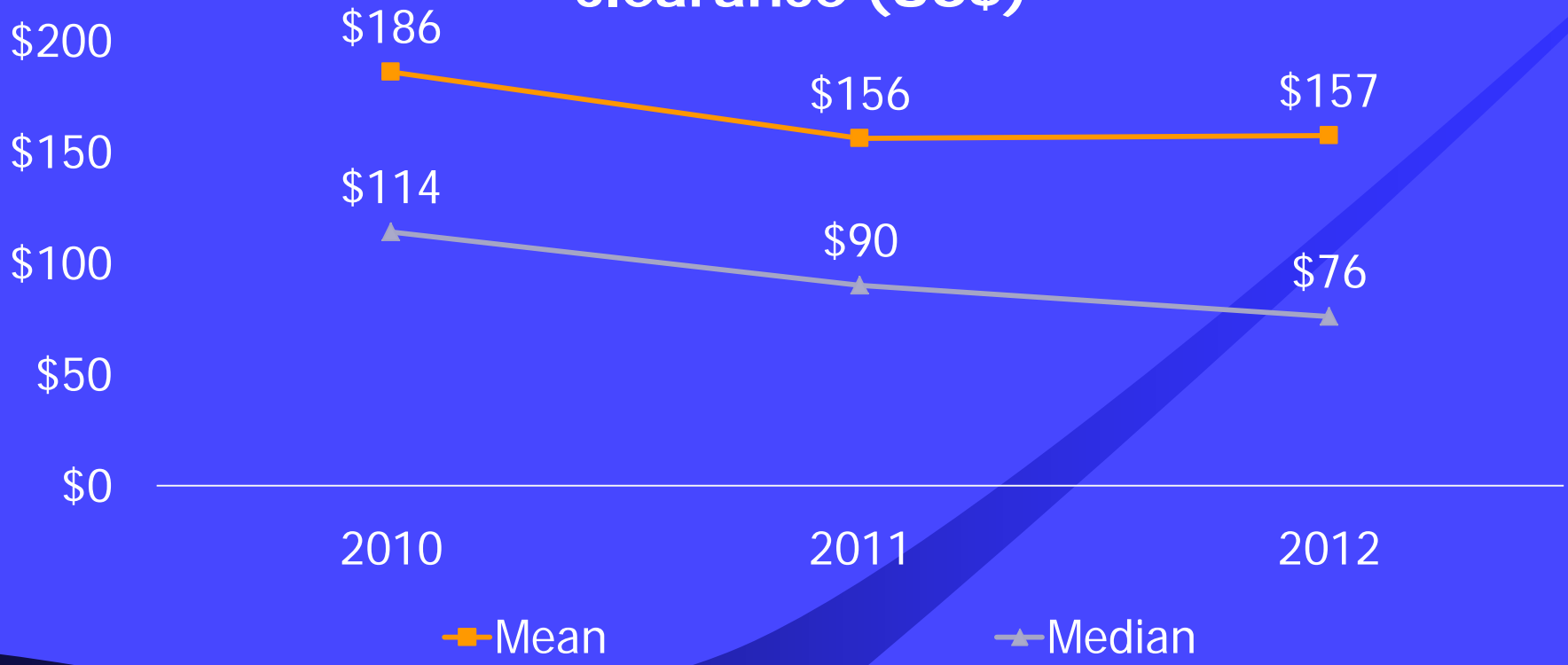


The average time lengthens but the median stays the same. This may result from more cases of very long crossing times.

* TFI = Trade Facilitation Indicator.

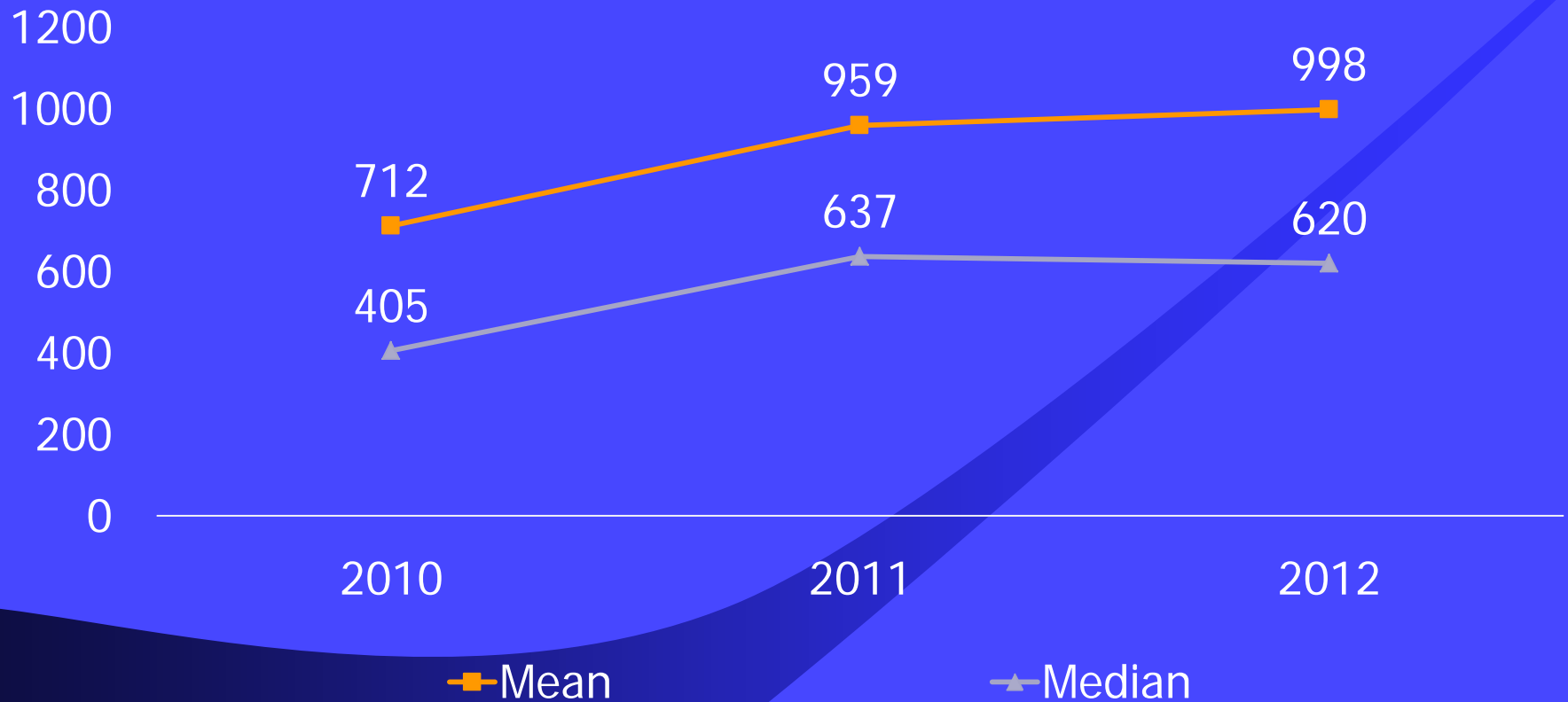
Key Indicators for Corridor Performance

TFI2: Cost incurred at border crossing clearance (US\$)



Key Indicators for Corridor Performance ^{Part I}

TFI3: Cost incurred to travel a corridor section



Key Indicators for Corridor Performance ^{Part I}

TFI4: Speed to travel on CAREC Corridors



SWOD = Speed Without Delay (excluding border crossing time); SWD is Speed With Delay.



Cross-Border Transport Agreement milestones

2008 - 2009

2010

2011-2012

2012

2013

CBTA negotiation, supported through RETA REG 39676-01

CBTA signed between Kyrgyz Republic and Tajikistan

Negotiations among Afghanistan, Kyrgyz Republic and Tajikistan

CBTA signed between Afghanistan and Tajikistan

All signatories ratified the Agreement

Cross Border Transport Arrangement

- Kyrgyz Republic and Tajikistan signed a Cross-Border Transport Agreement (CBTA) in 2010, covering sections of Corridor 5.
- Afghanistan signed a protocol for its accession to this agreement in 2011.
- The Kyrgyz Republic Parliament expressed 'no objection' to this protocol in April 2013, which will soon be ratified.



A long queue at Chaldobar.

Creation of Competitive Corridors (1)

Milestones Indicator	Assessment
<p>Increased transit trade volume via CAREC Corridors to 12% of trade between Europe and East Asia and 5% by 2017, from less than 1% (about 34 mt in 2005)</p>	<p>Partly achieved Limited available data suggest that the share is less than 0.5%.</p>
<p>Increased intra-regional trade volume by 25% by 2012 and by 50% by 2017, from the 2005 level (about 32 mt)</p>	<p>Achieved Intra-CAREC trade increased by 81%; or 49% excluding PRC energy imports.</p>

Creation of Competitive Corridors (2)

Milestones Indicator	Assessment
Reduced time for border crossing along CAREC corridors by 50% by 2012	<p>No baseline</p> <p>Hard to assess</p>
75% of the CAREC corridors improved by 2012, and 100% by 2017, compared with 64% in 2007	<p>Achieved</p> <p>80% improved*</p>

* Including 64% considered 'good' in 2007.

Creation of Competitive Corridors (3)

Milestones Indicator	Assessment
The condition of all CAREC road corridors lower than International Roughness Index (IRI) of 4	Not time-bound. Milestone needs to refined.
Increased routine maintenance budget to at least \$1,000/km/year in real terms by 2017	Not all countries classify their maintenance in a way that allows this to be assessed.
Increased private sector participation in maintenance by 20%	No baseline data. Progress made but private sector participation is minimal. Milestone needs to refined.

Facilitation of Movement

Milestones Indicator	Assessment
Effective functioning of the national transport committee or a similar organization in each CAREC country by 2012	Achieved in only a few countries
Increased number of logistics centers based on an integrated multimodal network by 50% by 2012	No baseline data and no agreed definition of 'logistics center'; but there is strong interest and activity in developing logistics centers.

Sustainable, Safe, User-friendly

Milestones Indicator	Assessment
Increased number of transport equipment with the international standards by 30% by 2012 and 50% by 2017, compared with 2007	No baseline or reliable source of data.
Reduced road accidents by 20% by 2012 and 50% by 2017 compared with 2007	No baseline

Sustainable, Safe, User-friendly

Milestones Indicator	Assessment
<p>Reduced air accidents and air control mistakes by 20% by 2012 and 50% by 2017, compared with 2007</p>	<p>Not achieved There were 5 accidents in 2007, 7 in 2012. No data were found on air traffic control mistakes.</p>
<p>Increased number of people crossing borders</p>	<p>Not time-bound and no baseline data Available data shows numbers are increasing. Need to establish more solid baseline</p>

Part II: Lessons Learned

Overall Lessons Learned

- 'Hard' projects have been implemented successfully; 'soft' parts of the Strategy have been less successful.
- Sustainable institutional changes require long-term commitment of CAREC goals.
- Private and public sectors have complementary roles, and both are important.
- Maintaining capital assets (road and rail) is as important as building them.
- National and regional level interests should converge.
- Monitoring Framework and milestones needs improving.

Transport

- After focusing on roads, interest is expanding to railways, ports and logistics facilities.
- State-owned enterprises still dominate railways and ports, and are less responsive to rapidly changing demands.
- Little progress has been made towards standardization:
 - Hard (e.g. vehicle weights, axle load limits, rail gauge differences, road classification)
 - Soft (e.g. driver documentation, insurance)

Trade Facilitation

- The focus has been on:
 - ✓ Promoting multilateral agreements and international best practices,
 - ✓ customs laws and procedures
 - ✓ integration of border services
- Intended results have not been fully met, Reasons include:
 - ✓ Protectionism
 - ✓ Limited coordination among government agencies
 - ✓ Vested interests
 - ✓ Weak capacity

Institutions

- Despite the designed intention of an institutional structure, it depends on people to make it function properly.
- Institutions need sustained capacity building assistance.
- National Joint Committees are not working as intended. Regional Joint Committee is yet to be established.
- Private stakeholders feel that their opinions and interests should be reflected.
- Need for closer coordination between multilateral development partners.

Part III:

New Directions and Priorities in the Refined Strategy

Rationale for Refinement

- Changes in the global and regional environments
- Adoption of *CAREC 2020*
- Extending CAREC Corridors to Turkmenistan and Pakistan
- Midterm review required by the Transport and Trade Facilitation Strategy approved in 2008

Approaches to Refinement

- Refining and improving the existing strategy
- Drawing lessons learned based on the stock take from 2008 to 2013
- Responding to stakeholder consultations
- Formulating a Design and Monitoring Framework (DMF)

Key Areas for Refinements

- Extend corridors to Pakistan through Afghanistan and Turkmenistan
- Refine the essential components of an effective and efficient corridor
- Realign existing corridors as required by CAREC countries
- Update the refined midterm priority projects with firm financing plans

New Directions and Priorities for Transport

- Promote Integrated transport modes
 - ✓ regional railways (infrastructure and related software)
 - ✓ ports and logistics centers
 - ✓ cross border infrastructure and related facilities
- Improve road asset management
 - ✓ adequate financing, effective execution of works, and an objective selection and planning of maintenance works
- Improve road safety
 - ✓ enhancing road safety management improvements, safer roads and safer road users
- Harmonize standards
 - ✓ promoting CAREC-wide standards for maximum vehicle weights, axle load limits and dimensions

New Priorities for Customs Cooperation

- Simplify and harmonize customs procedures with **most** countries acceding to the RKC.
- Promote use of ICT for customs modernization and data exchange, with customs automation system in place in **most** countries
- Replicate joint customs control in two pairs of countries
- Pilot regional customs transit system
- Apply risk management techniques and promote post-entry audit
- Strengthen capacity building programs in partnership with World Customs Organization regional training centers

New Priorities for Integrated Trade Facilitation

- Establish **single window system** in most countries.
- Improve border crossing points and promote **coordinated border management**
- Promote **sanitary and phyto-sanitary cooperation** in compliance with international standards
- Establish/strengthen national joint committee
- Engage CFCFA as a formal part of CAREC institutional framework
- Expand CPMM to cover more behind-border activities (such as logistics services) and new segment of corridors
- Conduct Time Release Studies to measure the performance of all agencies involved in cross border trade.

Cross Border Transport Agreements

- Formulate new bilateral/plurilateral agreements using corridor-based approach;
- Explore existing corridor-specific agreements that can pave the way for wider regional agreement; and
- Enhance and link existing transport facilitation agreements in the region

Cross Border Transport Agreements

Key issues to be addressed in existing and new agreements:

- ✓ Harmonization of vehicle technical standards
- ✓ Mutual recognition of controls
- ✓ Harmonization of documents and classifications
- ✓ Promoting fair competition between road operators
- ✓ Professional standards and safe driving

Institutional Arrangement for Refined Strategy

- Enhance program ownership by CAREC countries
- Improve coordination between transport and trade facilitation
- Strengthen national and regional joint committees
- Enhance coordination among development partners
- Engage the private sector more proactively
- Strengthen the role of CAREC Institute in knowledge generation and sharing

Next Steps

- Draft Refined Strategy (10 August 2013)
- Review by CAREC countries and development partners (11 August–5 September 2013)
- Submission of the Final Draft Refined Strategy (15 September)
- Review and endorsement of the Refined Strategy by sector committees in Bangkok (19 September)
- Submission of the Refined Strategy through SOM to Ministerial Conference for approval (23 October 2013)

Key Issues for Discussions

1. Do you agree to the proposed new transport priorities in the Refined Strategy? Or do you have additional suggestions?
2. Do you agree to the proposed new trade facilitation priorities in the Refined Strategy? Or do you have additional suggestions?
3. How will institutional arrangements and capacity building be strengthened to ensure successful implementation of the Refined Strategy?



Thank you

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