



**Summary Proceedings**  
**14th CAREC Transport Sector Coordination Committee Meeting**  
- Toward safe, reliable and sustainable CAREC corridors -

28–29 April 2015, Ulaanbaator, Mongolia

## **Introduction**

1. The 14<sup>th</sup> Meeting of the CAREC Transport Sector Coordination Committee (TSCC) (the Meeting) was held on 28-29 April 2015, Ulaanbaator, Mongolia. Delegations from all ten CAREC member countries<sup>1</sup> and representatives of the Asian Development Bank (ADB), European Bank for Reconstruction and Development (EBRD), Japan International Cooperation Agency (JICA), United Nations Development Programme (UNDP), United Nations Economic and Social Commission for Asia and the Pacific (UNESCAP), United States Agency for International Development (USAID), and the World Bank (WB) participated in the meeting. Additionally, the TSCC was attended by the International Road Transport Union (IRU) and the International Union of Railways (UIC). The Ministry of Road and Transport of Mongolia and ADB co-chaired the Meeting. The Meeting agenda and list of the participants are presented in Appendices 1 and 2.

## **Session 1: Implementing TTFS 2020 - Progress and Remaining Challenges**

2. The CAREC Secretariat presented the Transport Sector Progress Report and Work Plan (2015-2017), which specifically reports on progress and activities undertaken as of December 2014. At present, the priority investment program under TTFS 2020 includes 108 investment projects with a revised estimated cost of \$40.8 billion, and 49 technical assistance projects with an estimated cost of \$76 million. The TSCC confirmed that by the end of 2014, all five annual transport sector outputs exceeded the 2014 targets. Specifically, the estimated 1,480 km of expressways or national highways built, upgraded or improved in 2014 represent about 19% of the total 7,800 km of corridor length identified for improvement by 2020. Additionally, the 1,036 km of new railways built in Kazakhstan and 317 km of railways improved in Azerbaijan significantly contributed to the shift in transport mode advocated by the TTFS 2020. In general, the participants were generally satisfied with the descriptions of project implementation progress made since the 2014 Senior Officials Meeting (SOM) and the associated annual targets proposed for moving forward from 2015 to 2020 and related country action plans.

3. Of the priorities in the TTFS 2020, the following three priorities were emphasized during the TSCC: (i) continued development of multimodal corridor networks; (ii) improving trade and border crossing services through coordinated border management, customs modernization, single window development, and integrated trade facilitation including Sanitary and Phytosanitary (SPS) reform and modernization; and (iii) improving operational and institutional effectiveness through improved road safety and maintenance practices, piloting of designated rail corridors (DRCs), and various policy reforms to facilitate transport efficiency gains.

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<sup>1</sup> Afghanistan, Azerbaijan, the People's Republic of China, Kazakhstan, the Kyrgyz Republic, Mongolia, Pakistan, Tajikistan, Turkmenistan, and Uzbekistan.

4. Aligned with the TTFS 2020, the sector plan for 2015 to 2017 not only includes infrastructure improvements along the lengths of the CAREC corridors and border crossing points, but also complementary soft sector initiatives in the areas of cross border trade facilitation, modernization of railway operations, asset management, and road safety. The TSCC endorsed the following deliverables for 2015: (i) a ministerial declaration on road safety, (ii) development of a position/strategy paper on the future direction of CAREC railways, (iii) consolidation of knowledge on asset management best practices, and (iv) tangible progress in transport and trade facilitation. Related to these deliverables, the CAREC Secretariat announced two recently approved ADB financed regional technical assistance projects for the CAREC region: RETA 8789, CAREC Knowledge Sharing Services in Transport and Transport Facilitation; and RETA 8804, Enhancing Road Safety for CAREC Member Countries, to support the new initiatives from 2015 to 2017.

5. The CAREC Secretariat presented an overview of the work being undertaken to develop a Geographic Information System (GIS) to monitor progress on CAREC projects. It is envisaged that the GIS will not only track the measurement of physical outputs such as kilometers of road and railway constructed against expenditures, but also the outcomes along the CAREC corridors between locations such as annual tonnage transported, average transit speed, and trip times. The initial results from the pilot GIS applications in Afghanistan and Pakistan were presented. The Afghanistan delegation also suggested that the GIS could be used to track the Country Action Plans. The beta version of the CAREC database is available at <http://arcg.is/1LyL2v6>.

6. Each member country delegation provided a brief synopsis of the progress on implementation of TTFS 2020 in their country, including an update of their Country Action Plans outlining approved and proposed priority projects to be implemented over the 2015 to 2017 period, as well as their knowledge and capacity building needs. It was noted that financing gaps remain large. Progress measurement and coordination is becoming increasingly complex as the CAREC program continues to evolve. In order to address these issues, the TSCC agreed that each member country would appoint technical focal points for the following three specific areas: (i) roads (infrastructure investment, asset management, road safety); (ii) railways (railway investment, institutional changes, logistics); and (iii) transport and trade facilitation (border crossing points including airports, trade facilitation, knowledge management). The CAREC Secretariat also reminded the country delegations of the procedure pertaining to the inclusion of new projects adopted during the May 2014 TSCC, and requested updated project briefs, including maps for each project proposal (the updated procedure is available in Appendix 3). The names of the persons appointed to fill the three new focal point positions and updated project material should be submitted to the CAREC Secretariat by 22 May 2015.

7. The TSCC endorsed the 2014 Transport Sector Progress Report and Work Plan (2015-2017).

## **Session 2: Toward a Railways Renaissance in CAREC Countries**

8. As prioritized in TTFS 2020, a relative shift in transport modality from roads to railway in CAREC is envisaged to achieve the goals of more efficiently expanding trade and improving regional competitiveness. However, in order to achieve growth in the development and use of railways, existing problems in each member country need to be addressed in a consistent manner across the region. To initiate this discussion, the CAREC Secretariat has developed and presented a CAREC Railways Issues Paper that describes a future vision of CAREC railways in four areas, namely: (i) political/institutional, (ii) infrastructure, (iii) integration/interoperability; and (iv) technical. Additionally, a key recommendation made involves the formation of a Railways Working Group (RWG) dedicated to providing guidance on immediate and midterm actions to steer the development of railways within the TTFS 2020 framework. The TSCC agreed on the formation of the RWG, and its first meeting is

scheduled in 2015. Based on comments received from the country delegations by 22 May 2015 and appointed railways focal points, the railways issues paper will be revised prior to the first meeting of the RWG.

9. As described in the railways issues paper, one of the proposed short term actions recommended is the demonstration of potential freight rail service improvements using a pilot designated railway corridor (DRC) approach. The purpose of the demonstration project is to identify performance issues on existing railway lines, particularly involving cross border movements, and to use the findings to develop ideas on how to improve freight transport operations. The intent is not to evaluate future physical investment needs, but rather to promote change management in institutions and operations to facilitate efficiency gains from moving goods on railways as compared to roads. The TSCC discussed proposed routings for the pilot freight rail service over three potential DRCs. It was agreed that the proposed routings for the pilot DRC will be finalized by the first RWG.

10. Lessons learned from railway projects in: (i) Afghanistan, (ii) the People's Republic of China, (iii) Mongolia, (iv) Pakistan and (v) Greater Mekong Sub-region were presented. The representative from the International Union of Railways (UIC) provided information and proposals for improving CAREC railways. It was agreed that the RWG will invite the active participation of UIC and Organization for Cooperation of Railways (OSJD), among other related agencies.

### **Session 3: Road Safety – Strategy for Safer CAREC Corridors**

11. A review of the magnitude of the road safety issues across the region and the actions being undertaken to improve road safety through the ADB financed Road Safety Action Plan was presented to the TSCC. As noted above, ADB recently approved RETA 8804, Enhancing Road Safety for CAREC Member Countries to support delivery of the road safety commitments outlined in TTFS 2020. RETA 8804 is designed to: (i) develop a CAREC Road Safety Strategy, (ii) strengthen capacity, and (iii) integrate road safety evaluation tools into CAREC projects.

12. The TSCC participated in a brainstorming session on current road safety needs in CAREC member countries in which TSCC representatives identified areas of particular concerns in each country. Based on the noted needs in each country, several capacity development activities were identified as being particularly suitable for ADB intervention under RETA 8804 (Enhancing Road Safety in CAREC Member Countries).

13. To ensure high level political commitment for the CAREC Road Safety Strategy, which is scheduled to be delivered in 2016, ADB proposed a Ministerial Declaration on Road Safety to be tabled for endorsement at the Senior Officials Meeting in June 2015 and then for launching at the Ministerial Conference in September 2015. The TSCC agreed in principle with ADB's proposal for a Ministerial Declaration on Road Safety.

14. An initial draft of the declaration was presented to support improved road safety (Appendix 4). There was broad agreement on the intent and draft text of the declaration. Nonetheless, representatives of CAREC member governments were requested to make comments on the draft by 15 May 2015. The CAREC Secretariat will revise the draft declaration based on comments received.

### **Session 4: Sustaining Road Assets – Towards Durable CAREC Corridors**

15. The importance of high-level political support for road asset management (RAM) was discussed. Worldwide, it is acknowledged that many road authorities focus their priorities on new or upgraded assets rather than maintenance, especially under constrained budgets.

However, if asset management principles are applied, the priorities for the road authority should be the opposite: ensure sufficient maintenance for existing roads first; then the remaining budget can be made available for new or upgraded roads.

16. The building blocks for developing a successful RAM program were described. Key features of a RAM program is about knowing what is needed over a long term in order to set targets, budgets, and ensure performance of the transport network. Implementing a RAM is an organization wide activity, requiring a diverse skill set. There are clear guidelines and standards to follow, and implementation of a RAM on a permanent basis requires strong leadership.

17. Moving forward for improved sustainability in the road sector as per the approach of TTFS 2020, the TSCC endorsed, in principle, the idea of producing a compendium of good practices on RAM in the CAREC region and beyond.

### **Session 5: Transport and Trade Facilitation – Towards Efficient CAREC Corridors**

18. During the Cross-Border Transport Facilitation workshop, a detailed overview of bilateral and sub-regional road transport agreements and international transport agreements and conventions regulating road transport among the CAREC member countries was presented. It was illustrated that the full benefits of connectivity among the CAREC countries is not being realized due to differences in legal provisions governing transportation. For instance, even CAREC neighboring countries do not have road transport agreements with each other and not all CAREC member countries have acceded to or implemented important UN Transport Agreements and Conventions, such as the convention on international transport of goods under TIR carnets.

19. Furthermore, even when bilateral agreements on traffic rights exist, traders and transport operators face additional barriers due to restricted operating practices of transit states such as temporary border closures, restrictions on specific types of traffic, bilateral legal status of some CAREC border crossing points and other restrictive practices. As a result, transit traffic often has to divert from the most direct and convenient routes along CAREC corridors, which increases time and cost of transport and negatively impacts regional trade. Until now, such practices were not systematically recorded and reported by the CAREC Corridor Performance Measurement and Monitoring (CPMM), and additional reporting within CPMM should be introduced.

20. During the TSCC, the need for adopting and incorporating the international, sub-regional, and bilateral agreements in national laws and operating procedures was emphasized.

21. In order to increase efficiency on the CAREC corridors, the TSCC approved the following proposals as related to cross border transport facilitation: (i) CAREC countries will join at least one agreement on freedom of transit and implement freedom of transit provisions in bilateral agreements with other CAREC member countries and in national regulation; (ii) CAREC countries will join and implement key UN Cross-Border Transport Facilitation Agreements and Conventions, especially TIR Convention (1975), Convention on Harmonization of Frontier Control of Goods (1982) and CMR Agreement (1956); (iii) CAREC countries will consider accession to other UN Agreements and Conventions, recommended by the UNESCAP Resolution 48/11 and by Permanent Working Group on Transport and Border Crossings of the Special Program for the Economies of Central Asia (SPECA PWG-TBC); and (iv) the CAREC program will facilitate the signing of new bilateral road transport agreements, and the revision and operationalization of existing agreements based on sovereign priorities of CAREC member countries.

22. In response to the initiative of Pakistan to re-operationalize the Quadrilateral Traffic in Transit Agreement (QTTA), which has not been operational since a massive landslide on the Karakoram Highway (KKH) in 2010 and in anticipation of reopening the KKH in 2015 and operationalizing of TIR Customs Transit Guarantee System between Pakistan and PRC, the TSCC proposed to review provisions of the agreement. ADB offered to facilitate a consultative meeting between the four countries (Kyrgyz Republic, Kazakhstan, Pakistan, and the People's Republic of China), in Bangkok on 16 June 2015, a day before the Senior Officials Meeting. This was welcomed by all four countries.

23. The TSCC acknowledged the contribution of UNESCAP, IRU and other development partners in cross-border transport facilitation in CAREC, and recognized adequate capacity development needs from stakeholders. The TSCC proposed to feature knowledge products developed by such agencies and strengthen these partnerships further in terms of capacity development and private sector outreach activities.

### **Closing Session**

24. The Meeting participants expressed their appreciation to the Ministry of Road and Transport of Mongolia for hosting the 14<sup>th</sup> CAREC TSCC Meeting. The Meeting participants also expressed appreciation to ADB and the TSCC Secretariat for providing effective logistical and administrative support.

**Procedure of Submission of New Projects or  
Updates to the list of Priority Investment Projects**

By 22 May 2015, TSCC delegations will submit to CAREC Secretariat project proposals in accordance with the Project Profile template already made available to all CAREC governments in 2014, or documents containing equivalent information. Please also attach a project map. Note that there should be one proposal per each proposed project.

The Secretariat will review the proposals in line with the established criteria.

The projects to be included must be on the Refined Strategy CAREC Corridors (see pages 14, 15 and 58 of the TTFS 2020 document).

Further note that the corridors themselves are selected based on the following selection criteria agreed in the approved 2008 Strategy:

- The corridors reflect current and potential trade flow patterns.
- The selection of corridors is based on the inclusion rule of at least two CAREC countries and the following five criteria:
  - current traffic volume;
  - prospects for economic and traffic growth;
  - ability to increase connectivity between regional economic and population centers;
  - prospects of mitigating delays and other hindrances such as the number of cross-border points and the number of gauge changes; and
  - economic and financial sustainability of infrastructure, management, and technology improvements.

If the proposed project is evaluated as an eligible project for inclusion, the Secretariat will send it to the CAREC member countries for endorsement by 30 August 2015.

Based on the endorsement process, the overall priority project investment will be updated by 30 Sept 2015.