



Summary Proceedings 15th CAREC Transport Sector Coordination Committee Meeting

20–22 April 2016, Bangkok, Thailand

Introduction

1. The 15th Meeting of the CAREC Transport Sector Coordination Committee (TSCC) (the Meeting) was held on 20-22 April 2016, Bangkok, Thailand. The Meeting was attended by representatives from all ten CAREC member countries,¹ Georgia (as observers), the Asian Development Bank (ADB), the CAREC Institute (CI) the European Bank for Reconstruction and Development (EBRD), the European Investment Bank (EIB), the World Health Organization (WHO), International Road Transport Union (IRU), International Union of Railways (UIC), and the World Bank (WB). The Meeting agenda and list of participants are presented in Appendices 1 and 2. The Meeting was chaired by Pakistan, in its role as chair to the CAREC program in 2016. The Meeting was preceded by the 2nd Meeting of the CAREC Railway Working Group, and the CAREC Road Safety Workshop, both which took place on 18-19 April 2016 in Bangkok, Thailand.

Session 1: Implementing TTFS 2020 - Progress and Remaining Challenges

2. The CAREC Secretariat presented the Transport Sector Progress Report and Work Plan (2016-2018), which specifically reports on progress and activities undertaken as of December 2015. At present, the priority investment program under TTFS 2020 includes 108 investment projects with a revised estimated cost of \$43.7 billion, and 49 technical assistance projects with an estimated cost of \$76.2 million. Under the TTFS 2020, work continues on (i) development of multimodal corridor networks; (ii) improvement of trade and border crossing services; and (iii) improving operational and institutional effectiveness.

3. The Meeting was satisfied that the TTFS 2020 and Action Plan continue to be implemented satisfactorily. The [809] km of expressways or national highways built, upgraded or improved in 2015 bring the cumulative road infrastructure to [93%] of the total 7,800 km corridor length targeted for construction or improvement by 2020. No new railways were completed while [140 km] of railways in Uzbekistan were improved by electrification during 2015. Nonetheless, achievements in the railway projects have already surpassed the 2020 targets, well ahead of schedule. Thirteen projects in other transport subsectors (2 ports, 2 logistics centers, 3 border crossing points (BCP), and 6 civil aviation projects) are being implemented. One border crossing point has been improved in Dusti, Tajikistan within the scope of CAREC Corridor 3 (Dushanbe – Uzbekistan border) Improvement Project.

4. In addition to the abovementioned progress on infrastructure development, the Meeting also took note of progress by CAREC countries on soft-side measures, including (i)

¹ Afghanistan, Azerbaijan, People's Republic of China, Kazakhstan, Kyrgyz Republic, Mongolia, Pakistan, Tajikistan, Turkmenistan, and Uzbekistan.

the successful endorsement by the 14th Ministerial Conference in September 2015 of the Commitment to Road Safety; (ii) two workshops to reboot the Quadrilateral Traffic in Transit Agreement, and (iii) launch of the CAREC Railway Working Group.

5. 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 2016 to 2020 period, as well as their knowledge and capacity building needs. It was noted that financing gaps remain large. Moreover, trade and transport facilitation measures are crucial to reap full benefits from the physical investments.

6. The TSCC endorsed the 2015 Transport Sector Progress Report and Work Plan (2016-2018), which records the achievements as stated above.

Session 2: Looking beyond: The work of the TSCC in the wider context of the changing world

7. The session presented the relation between transport and infrastructure and several Sustainable Development Goals (SDG), and ways for CAREC to address SDGs in its work to improve transport. Most important aspects to be addressed are (i) access for all, (ii) road safety, (iii) fuel type, efficiency, subsidies and air pollution, (iv) sustainable infrastructure, (v) regional and cross-border transport, (vi) climate change mitigation and adaptation, (vii) rural logistics, and (viii) sustainable urban transport for all.

8. The CAREC secretariat presented the objectives and status of the Mid-Term Review (MTR) of CAREC 2020, the long-term strategic framework of the CAREC program. The MTR is being undertaken in a context quite different from when CAREC 2020 was endorsed, in terms of prices of commodities exported by the region, growth prospects regionally and globally, and the regional architecture for cooperation.

9. The strategic issues raised by the MTR related to the extent to which CAREC agenda remained relevant to national priorities of member countries, the need for refining and rebalancing priorities across different parts of the program, the institutional aspects of CAREC relative to other existing and emerging cooperation structures, and views about the next long term strategy of CAREC after 2020.

10. The discussion noted transport remained a comparative advantage of the CAREC program and addressed continuing infrastructure needs of member countries. The link between economic corridor development and diversification was noted though the direct role of transport would be only part of such multi-sector initiatives. Members underlined the increased need for coordination among more regional platforms. As an established regional program, CAREC should play a strong coordination role. CAREC could also increase its role in enhancing information flows in areas such as project monitoring and PPP development in the region.

Session 3: CAREC Railway Strategy

11. The Meeting reflected on the proposed draft CAREC Railway Strategy as prepared by the CAREC Railway Working Group, where each country indicated their priorities for improving railway infrastructure and operations, implementation of institutional reforms and improving customer service.

12. The Meeting noted strong support for the proposed draft Strategy. It was emphasized that the Strategy is expected to provide a balanced approach encompassing both

infrastructure investments and institutional and operational development. Also, it was noted that the overall approach to soft components should follow a phased approach, including obtaining further data and feasibility assessments at the initial stage and identifying components that can offer early prospects for progress as well as components that may require work over a longer period.

13. The Meeting discussed and endorsed a draft result-based framework, which includes (i) effective rail infrastructure developed, (ii) robust commercial capabilities developed, and (iii) legal and regulatory frameworks improved.

14. Comments raised by the delegates and development partners will be integrated in the revised draft CAREC Railway Strategy by the CAREC Secretariat and circulated to countries by end May 2016 for their review. Subsequent to successful endorsement by the Senior Officials' Meeting, the CAREC Railway Strategy 2030 is expected to be approved by the 15th CAREC Ministerial Conference to be held in Islamabad, Pakistan in October 2016.

15. The Meeting also confirmed the actions for the implementation of the CAREC Railway Strategy. Those include (i) formation of six sub-working groups, (ii) conduct of four bilateral meetings, (iii) development/sharing of analytical tools for project prioritization, and (iv) enhancement of partnerships with development partners such as UIC, TRACECA, OSJD and ECO, as well as with neighboring countries such as Russia and Iran.

Session 4: Road safety strategy for safer CAREC corridors

16. The Meeting recalled the agreement by all CAREC countries to develop a regional road safety strategy, as agreed in the Transport Sector Work Plan 2015-2017 and confirmed at high level through the Commitment to Road Safety endorsed by the 14th CAREC Ministerial Conference held in September 2015, in Ulaanbaatar, Mongolia. The Meeting congratulated Mongolia for its efforts as previous Chair of the CAREC program for its leadership in this regard, and for launching a comprehensive awareness raising campaign, implemented by the Global Shapers Ulaanbaatar Hub. The Meeting also received with gratitude a message of encouragement from the Observatorio Iberoamericano de Seguridad Vial (OISEVI), a cooperation among 21 Latin American countries to advance the road safety agenda, and recognized the tangible benefits of regional cooperation for road safety.

17. The Meeting reviewed the progress made by CAREC delegates at the CAREC Road Safety Workshop held on 18-19 April 2016 in Bangkok, Thailand as recorded in Appendix 3. The Meeting endorsed:

- The **vision** for the CAREC road safety strategy, namely *"Make CAREC international road corridors safe, efficient and attractive for all road users"*;
- The **pillars** for the CAREC road safety strategy, namely (i) road safety management, (ii) safer roads, (iii) safer vehicles, (iv) safer road users, and (v) post crash care;
- The **focus areas** under each pillar as reviewed and adjusted at the Road Safety Workshop and recorded in Appendix 4;
- The **overall timeline** for preparing the strategy and action plan, with (i) a first draft of the Strategy developed by the Secretariat by 12 May, (ii) for the countries to review the draft by 7 June, (iii) for a second draft to be completed by 7 July for review by countries ahead of the SOM (Islamabad 20-21 July), (iv) conduct of a second workshop to detail action plan, implementation arrangements and targets, (v) subject to progress, strategy (and action plan) to be tabled for endorsement by the 15th CAREC MC (Islamabad, October).

18. The Meeting also agreed on the benefits of benchmarking and annual monitoring of progress toward the Strategy and Action Plan, and for such information to be reported in the annual CAREC Transport Sector Progress Report.

19. The Meeting considered the need to further discuss and decide on key issues relating to road safety in particular in formulating the action plan at the second workshop.

Session 5: Sustaining road assets: Toward durable CAREC corridors

20. The Meeting recalled as one of the key priorities under the TTFS 2020 to improve road asset management practices. In this regard, the Meeting was updated on the findings of, and discussed the next steps required to complete, the work started in 2015 – the preparation of two knowledge products:

- A reference note on performance based road maintenance contracts (PBMC), will empower CAREC countries to utilize PBMCs as an effective starting point to develop institutions that can support effective road asset management. When finished the reference note will assist CAREC member countries to better understand the PBMC concept, and serve as guidance in the successful implementation of these contracts. The Secretariat will soon complete editing of this document and make this available to all CAREC countries upon completion.
- A compendium of best practices in road asset management showcases good examples of road asset management (RAM) practices in the CAREC region and beyond. Based on an initial desktop study, the Secretariat will make individual contact with each member country to present the findings for each country and seek feedback.

21. The Meeting recorded the interest of several CAREC countries to receive further support in improving RAM practices, and the Secretariat offered technical support of the same. The Secretariat will seek detailed requirements through a questionnaire and support the conceptualization of projects to improve RAMS. Potential external financiers may then be attracted for necessary project implementation support.

Session 6: Trade Logistics and Transport Facilitation: Toward efficient CAREC corridors

22. The Meeting reviewed status of the Transport and Trade Facilitation Strategy (TTFS) 2020 implementation. Implementation of Output level Results-based framework targets for trade facilitation infrastructure is on-track. Output level indicators for customs reforms need further changes to meet targets. Outcome-level indicators for cost and speed of transport along CAREC corridors significantly lag behind 2020 targets. CAREC Corridor Performance Measurement and Monitoring (CPMM) includes two types of speed monitoring: Speed with Delays (SWD), which measures average speed in the corridor and Speed without Delays (SWOD), which measures average speed of transport only during its movement. SWD did not show any improvement over 5-year monitoring period, while SWOD shown some improvement, which can be a result of investments into CAREC transport infrastructure and equipment. Furthermore, logistics performance of all CAREC countries according to the Logistics Performance Index (LPI) shows little or no improvement over the last decade.

23. CAREC countries continue harmonization of national transport facilitation regulation with international transport agreements and conventions. In 2015 Pakistan joined TIR Conventions and this international transit guarantee system is expected to become operational in Pakistan in 2016. PRC confirmed ongoing progress towards completion of internal government procedures for accession to the TIR Convention. Upon implementation of the TIR system in PRC, the TIR system will become common customs transit guarantee

mechanism across the entire CAREC region. The International Road Transport Union (IRU) informed delegates and development partners about further steps for improvement of the TIR customs guarantee mechanism through implementation of electronic data interchange applications and flexible customs guarantee products for different target markets.

24. Relevance of the Quadrilateral Traffic in Transit Agreement (QTTA) for facilitation of trade and transport among Kazakhstan, Kyrgyz Republic, PRC and Pakistan was confirmed. Pakistan encouraged QTTA contracting parties to make use of the upgraded Karakoram Highway (KKH) in 2016. Upon completion of the first transit shipments along the KKH corridor, a truck caravan is considered to be organized in August 2016. The IRU confirmed its technical support and cooperation with concerned parties such as providing the use of TIR customs guarantee in demonstration mode. The concerned parties thanked IRU for this support.

Closing Session

25. Participants expressed their appreciation to Pakistan for chairing the Meeting. The Meeting participants also expressed appreciation to the ADB and TSCC Secretariat for providing effective logistical and administrative support.