



Summary of Proceedings

17th CAREC Transport Sector Coordinating Committee Meeting

18-20 April 2018, Istanbul, Turkey

Introduction

1. The 17th Meeting of the Central Asia Regional Economic Cooperation (CAREC) Transport Sector Coordinating Committee (TSCC) (the Meeting) was held on 18-20 April 2018 in Istanbul, Turkey. The Meeting was attended by representatives from all eleven CAREC member countries, and was supported by development partners including the Asian Development Bank (ADB), Asian Development Bank Institute (ADBI), Asian Infrastructure Investment Bank (AIIB), CAREC Institute (CI), Economic Cooperation Organization (ECO), European Bank for Reconstruction and Development (EBRD), Gümrük ve Turizm İşletmeleri Ticaret A.Ş (GTI) [Customs and Tourism Enterprises Co. Inc.], International Road Transport Union (IRU), International Transport Forum (ITF), Türkiye Odalar ve Borsalar Birliği (TOBB) [Union of Chambers and Commodity Exchanges of Turkey], Transport Corridor Europe-Caucasus-Asia (TRACECA), United Nations Commission for Europe (UNECE), and the World Bank. The Meeting agenda and list of participants are in Appendices 1 and 2. The Meeting was chaired by Turkmenistan in its role as chair to the CAREC program in 2018, and was generously hosted by the Government of Turkey. The Meeting was preceded by the 4th Regional Road Safety Engineering Workshop, which took place on 16-17 April 2018, also in Istanbul, Turkey.

Meeting Objectives

2. The objectives of the 17th TSCC Meeting were to: (i) review the implementation progress of the TTFS 2020 and the Transport Sector Work Plan (2017-2019); (ii) discuss issues of key importance to the transport sector including railways, road safety, asset management, transport facilitation and aviation; and (iii) examine new opportunities for the transport sector under CAREC 2030.

Session 1: Implementing TTFS 2020 – progress and remaining challenges

3. **Progress to date.** Participants reviewed and endorsed the Transport Sector Progress Report (2017), which summarizes the collective progress of CAREC member countries against the goals enshrined in TTFS 2020, on both hard infrastructure development as well as soft-side measures. With regards to the physical development of multimodal corridors, CAREC countries have met or surpassed their implementation targets for the areas of roads, railways, logistics centers, and border crossing points. On the improvement of operational and institutional effectiveness, participants also confirmed concrete progress as follows:

- **Railways:** Ongoing efforts to operationalize the CAREC Railway Strategy approved in 2016, including through the creation of mechanisms for regular information exchange, and development of an online database of case studies, model agreements etc.
- **Road Safety:** Ongoing efforts to operationalize the CAREC Road Safety Strategy approved in 2016, including through completion of three CAREC manuals on road safety engineering, the conduct of two regional training workshops – one in Dushanbe in August 2017 and the second in Istanbul in April 2018.
- **Road Asset Management:** Completion of three knowledge products, namely: (i) Compendium of Best Practices in Road Asset Management; (ii) Performance Based Road Maintenance Contracts – Reference Note, and (iii) toll road toolkit
- **Transport facilitation:** Operationalization of the TIR Convention by Pakistan and the People’s Republic of China (PRC), as well as ongoing efforts to resume traffic under the Quadrilateral Traffic in Transit Agreement (QTTA) between PRC, Kazakhstan, Kyrgyz Republic and Pakistan.

4. **Country Transport Priority Programs.** Substantiating the above, CAREC countries were invited in groups to share recent trends, implementation progress, planned actions and support needs.

5. Cluster 1: Connecting Europe and Central Asia, consisting of Turkey, Georgia, Azerbaijan and Turkmenistan, highlighted among others the concerted, efforts being undertaken by these countries to improve the attractiveness of the Trans-Caspian transit corridor through a combination of infrastructure and soft-side improvements. Projects such as the Baku-Tbilisi-Kars railway project were noted as major initiatives to this end.

6. Cluster 2: Connecting East and Central Asia, consisting of Kazakhstan, Kyrgyz Republic, People’s Republic of China, and Mongolia highlighted the accelerated efforts being taken by these countries to maximize opportunities for transit traffic on the East-West axis. Countries also stressed the importance they place on improving the quality of these transit corridors, through better consideration of road safety, improvement of roadside facilities, use of intelligent transport systems, etc. Participants learnt of the many bilateral and multilateral transport agreements being developed to facilitate transit across these corridors.

7. Cluster 3: Connecting South and Central Asia, comprised of Afghanistan, Pakistan, Tajikistan and Uzbekistan. While diverse in their political, economic and geographic profiles, these countries pointed to a common determination to promote regional connectivity, for the mutual benefit of achieving access to the deep sea water ports on the Arabian Sea. Countries’ efforts to improve the sustainability of transport investments was highlighted through for example their efforts to promote sound asset management.

Session 2: Supporting Regional Connectivity in the CAREC Region Beyond 2020 – CAREC Development Partners

8. The new CAREC Strategy “CAREC 2030: Connecting the Region for Shared and Sustainable Development” calls for a more open approach to engaging development partners, both existing and new, taking into account their comparative advantages. Honoring this spirit, the Meeting was joined by existing development partners as well as new partners.

9. All development partners highlighted their ongoing efforts to support regional connectivity in CAREC member countries, and reiterated their strong interest to continue supporting CAREC countries in financing viable infrastructure and in providing technical assistance. The partners shared their rich experience in improving transport sector performance in CAREC countries, through (i) the provision of high-level policy studies in the case of ITF, (ii) promotion of transport agreements in the case of UNECE, (iii) conduct of research and capacity building tailored to CAREC member countries in the case of CI, and (iv) support for the improvement of sector governance in the case of EBRD. AIIB clarified their mandate as a multilateral development bank set up to help bridge the vast financing gap for infrastructure across the developing world, with the intention to provide “clean, lean and green” operations. ADB confirmed the strong link between its corporate mandate to support regional cooperation and integration, in a manner compatible with sustainable development principles, which is already evident in the work of CAREC through promotion of railways, and mainstreaming of road safety, climate resilience and asset management into road projects.

10. Participants noted the high level of complementarity between regional cooperation programs, for example with TRACECA providing the link between CAREC countries and Europe, and ECO offering the connection to the Middle East. To this end, participants welcomed the preparatory work being conducted for the signing of a Memorandum of Understanding between TRACECA and the CI.

Session 3: Promoting Sustainable Connectivity in Asia and the Pacific

11. **Sustainable Transport Development in Asia and the Pacific.** Participants utilized the second day of the Meeting to discuss and broadly agree on how the CAREC transport sector work may further evolve beyond the current CAREC TTFS 2020. A presentation by James Leather of ADB highlighted the importance of the transport sector for the development of Asia and the Pacific as a whole. Whilst transport enables economic and social activity, emerging challenges common across the region include congestion, air pollution, greenhouse gas emissions, and road crashes. A new paradigm of (i) avoiding the need to travel, (ii) shifting to sustainable modes, and (iii) improving the efficiency of all modes of transport was presented as a framework on which the ADB’s transport sector work is increasingly being built.

12. **Economic Effects of Infrastructure in Asia-Pacific: Needs, Impacts and Finance.** Through a presentation by Dr. Naoyuki Yoshino, Dean of ADBI, participants learnt of how the massive investment needs in the transport sector can be met through innovative financing mechanisms, which aim to convert the positive socio-economic spillover effects of such investments into predictable funding streams. Participants expressed interest in applying such mechanisms for future CAREC transport projects.

Session 4: Alignment of the Transport Results Framework with CAREC 2030 Strategy

13. **CAREC Strategy 2030.** Participants recalled the new CAREC Strategy 2030 which was approved by the 16th CAREC Ministerial Meeting in October 2017. Transport remains a major sector in the CAREC Strategy 2030, with deeper coverage of existing topics and subsectors, and expansion into new areas such as aviation. The new Strategy 2030 allows more flexibility for CAREC to engage with new multilateral institutions and relevant non-member countries.

14. **A new transport strategy for CAREC.** Participants confirmed in principle for the need of a new CAREC transport strategy (tentatively titled *CAREC Transport Strategy 2030*), which will be aligned with CAREC Strategy 2030, and will build on top of the success to date of TTFS 2020, as well as the deepening work on railways (through the CAREC Railway Strategy), road safety (through the CAREC Road Safety Strategy) and in new subsectors (especially aviation). A thorough review of the implementation status of TTFS 2020 shall be conducted first, to inform this exercise. Participants agreed in principle on the merit of having four sets of 3-year plans to augment the *CAREC Transport Strategy 2030*,¹ with more detail on projects and activities under a 3-year planning horizon.

15. Participants agreed in principle that the current CAREC multimodal corridors remain broadly relevant, subject to certain fine-tuning. Whereas hard infrastructure investment will remain important, additional emphasis shall be placed in improving the *quality* of these corridors. Participants agreed to work closely together to develop the CAREC Transport Strategy 2030 by mid 2019 for consideration by the 18th TSCC, with the facilitation of the CAREC Secretariat and the support of development partners.

16. **Results framework.** As a precursor to such work on the CAREC Transport Strategy 2030, and to ensure the consistency of this to the CAREC Strategy 2030, participants engaged in a preliminary discussion on a results framework for the CAREC transport sector work up to 2030, which will also be embedded in the *CAREC Transport Strategy 2030*.

17. It was agreed that a phased approach going over four phases from 2018 to 2030 will allow flexibility and be more responsive to CAREC member countries evolving needs and developments, in addition to confirming targets and taking stock from lessons learned. Progress will be reported at the end of each year, and the phased approach will also allow indicators to be more realistic and measurable.

Session 5: Progress in each Priority area

18. **Railways.** Participants recalled the progress made by the CAREC Railway Working Group (RWG) set up in April 2015, in developing the CAREC Railway Strategy, having it endorsed by the Ministerial Conference in October 2016, and initiating its implementation. Participants

¹ 2018-2020, 2021-2023, 2024-2026, 2027-2029.

confirmed the first steps taken in the implementation of the CAREC Railway Strategy, through (i) the development of a compendium of case studies on emerging best practices such as the use of information technology, unified bills, automatic management systems, and environmental issues, (ii) development of a compendium of model agreements on tariffs, customer feedback, cross-border processes, and safety and security, (iii) literature review of existing traffic/demand studies, (iv) and set-up of social communication channels to facilitate regular information exchange. Participants considered the ongoing challenges facing railways in the region, including the generation and capturing of traffic to ensure economic and financial sustainability of investments, and the need to explore new financing modalities to match the vast financing requirements.

19. To help move the work of the RWG further forward in a way that addresses these common challenges, participants agreed to seek regional technical assistance which would (i) develop and upkeep a regional traffic model, support project preparation (screening, pre-feasibility), (iii) support development/diffusion of knowledge in common areas such as state owned enterprise reform, financing, asset management, railway safety, etc., (iv) capacity development of executing agencies on common challenges surrounding procurement, gender mainstreaming, safeguard compliance, etc. Such regional technical assistance may initially be implemented in the period of 2018-2020. ADB, serving as the CAREC Secretariat, will lead the processing of the regional technical assistance, and would welcome cofinancing and technical inputs from all CAREC development partners. Details of this regional technical assistance shall be discussed in the next RWG meeting, tentatively scheduled for later in 2018.

20. **Road Asset Management.** Participants were updated on the work conducted to date on road asset management (RAM), which is one of the key priorities under the TTFS 2020. Participants confirmed with satisfaction the three knowledge products which have been prepared to address this priority area, namely (i) Compendium of Best Practices in Road Asset Management, (ii) A Reference Note on Performance Based Road Maintenance (PBM) Contracts, and (iii) Decision Maker's Guide to Tolling Roads in CAREC Countries. The main findings of these publications, together with basic principles of RAM, were discussed. Participants noted the progress of RAM and PBM related activities in each member country. Further, the results of the assessment survey (conducted as an outcome of the previous TSCC meeting) were presented and discussed.

21. Given the fact that many member countries are at stage of completing the upgradation of their main transport network, participants agreed that RAM will play an increasingly important role in the proposed new *CAREC Transport Strategy 2030*. Moving forward, participants agreed that (i) there is an increasing need to implement maintenance reforms and to strengthen the RAM related institutional capacity (ii) there are several development needs covering wide spread of technical requirements related to RAM, and (iii) as the first step of harmonization of the RAM, a unified road reference location system covering member countries will be developed. It was confirmed that improvement of RAM requires deeper coordination between CAREC member countries, as well as international support and assistance using different instruments/modalities available by international financing institutions and development partners.

22. **Aviation.** The participants engaged in an inter-active session on the recently-completed CAREC Aviation Scoping Study. Appreciation was expressed to all countries for the review and comments received on the Study. The hard-copy version of the Study is expected to be published and available by August 2018. The successful regional case studies of Georgia and Azerbaijan, along with international examples from Cambodia, Malaysia, and Singapore, all emphasized the economic benefits from aviation market reforms. The participants helped lead an inter-active exercise to identify air routes that could spur tourism growth in the region. The CAREC country representatives were requested to indicate interest in hosting knowledge workshops in their countries on aviation market development.

23. **Cross-border Transport and Logistics Facilitation.** The participants noted low average speed of transport along CAREC corridors. Road and rail traffic is significantly delayed by border crossing procedures. Transport authorities of CAREC countries understand importance of controlling border crossing times and procedures and are gradually becoming more involved in the border crossing point infrastructure development projects. Next step for improving speed along the CAREC corridors is stronger involvement of Transport authorities in monitoring performance of their key border crossing points through setting the time performance targets for national border security authorities.

24. CAREC Transport sector will continue supporting implementation of international transport conventions, particularly TIR Convention and CMR Agreement, and Harmonization Convention. IRU and other development partners continue supporting implementation of the TIR Convention in Pakistan and PRC, including with respect to use of electronic systems and making border crossings paperless. CAREC member countries are expected to benefit from the UNECE legal expertise in acceding to the key Transport Agreements and Conventions.

25. CAREC member countries expressed interest in knowledge products and capacity development activities in cross-border transport and logistics facilitation. CAREC Secretariat will prepare at least one knowledge product in this field during 2018.

26. **Road Safety.** Participants recalled the progress made in developing the CAREC Road Safety Strategy (RSS), having it endorsed by the Ministerial Conference in October 2016, and laying the groundwork for its implementation. Initial efforts have been focused on pillar 2 of the RSS (safer road infrastructure) through (i) the conduct of two regional workshops in Dushanbe (August 2017) and Istanbul (April 2018), (ii) the development of a series of three manuals on road safety audits, roadside hazard management, and safer road sites (all available online).

27. In the regional workshop preceding the TSCC, participants agreed on developing priority action plans focused on pillar 2 for their respective country. Road safety audits, standards and specifications, blackspot programs, and crash database have been identified as the main focus areas across the region. The CAREC Secretariat will help develop a template for these priority national action plans. Achievements and progress made will be reviewed at the next TSCC.

28. Participants highlighted a number of road safety initiatives that are being implemented at the national level guided by the RSS. Senior representatives from Pakistan and Tajikistan shared insights and lessons on their ongoing efforts in making their roads safer. Participants requested the CAREC Secretariat and development partners to continue to support knowledge development and capacity building activities to fast-track the CAREC RSS implementation.

Field visit in Istanbul

29. Generously facilitated by the Government and private sector of Turkey, participants undertook a field visit of strategic facilities and projects in Istanbul, supporting regional connectivity. These included the Roll-on Roll-off (Ro-Ro) facilities and TIR customs terminal at the Port of Pendik which was opened in 2006. Participants learned of how transporters have gained 3 hours of driving time due to the port.

Conclusion and Appreciation

30. Participants expressed their satisfaction with the consensus reached during the TSCC meeting, which will be presented to the CAREC Senior Officials' Meeting in June 2018.

31. Participants thanked the Government of Turkmenistan for its active role in chairing the meeting. Participants further expressed their gratitude to the Government of Turkey for its warm hosting of the event. An idea was raised for Turkey to become a member of the CAREC program subject to procedures related to membership of the CAREC program. The delegates also expressed appreciation for the efforts of the CAREC Secretariat and the development partners for organizing and facilitating the meeting.