

Summary of Proceedings
20th CAREC Transport Sector Coordinating Committee Meeting
24-25 May 2023, Tbilisi, Georgia

Introduction

1. The Central Asia Regional Economic Cooperation (CAREC) Transport Sector Coordinating Committee (TSCC) convened for its 20th meeting on 24-25 May 2023 in Tbilisi, Georgia. Delegates from ten CAREC Developing Member Countries (DMC) and CAREC development partners, including the Asian Development Bank (ADB), CAREC Institute (CI), Eurasian Fund for Stabilization and Development (EFSD), European Bank for Reconstruction and Development (EBRD), International Road Transport Union (IRU), and the World Bank (WB) attended the Meeting. The Meeting was chaired and hosted by Georgia in its role as chair of the CAREC program in 2023. The Meeting agenda and the list of participants are in Appendices 1 and 2.

Objectives and Discussions

2. The Meeting discussed the achievements and challenges of all transport pillars under the CAREC Transport Strategy 2030, alongside CAREC DMCs' respective Transport Priority Programs. CAREC Development Partners also shared updates on their respective transport initiatives within the CAREC region, including their respective responses to the regional transport and logistics challenges that were raised during the Meeting. Following discussions, the meeting approved key priorities for the CAREC Transport sector in 2023-2024.

3. **Transport pillars.** The CAREC Transport Strategy 2030, which was adopted in 2019 by the CAREC Ministerial Conference, prioritizes activities under five main pillars: (i) cross-border transport and logistics, (ii) road safety; (iii) road asset management; (iv) railways and (v) aviation. The Strategy places a strong emphasis on the quality and sustainability of transport projects and ensures that transport projects are aligned with international standards on procurement and safeguard practices, as well as the climate goals of the Paris Agreement, among others.

4. **Railways.** The 7th CAREC Railway Working Group (RWG) Meeting was held in Tbilisi, Georgia on 22–23 May 2023. Representatives from CAREC DMCs and development partners, including the Asian Development Bank (ADB), Agence Française de Développement (AFD), European Bank for Reconstruction and Development (EBRD), International Union of Railways (UIC), and the World Bank (WB) attended the meeting to: (i) report on progress achieved in the implementation of the CAREC Railway Strategy; (ii) share knowledge and experience on railway commercialization, reform and investment; and (iii) agree on next steps in the CAREC Railway Strategy implementation. The Meeting agenda, list of participants, presentation materials, and summary of proceedings for the 7th CAREC RWG are posted on the CAREC program website.

5. The RWG discussed progress made in ongoing TA activities including the traffic study for the proposed PRC – Kyrgyz Republic – Uzbekistan railway, as well as undertakings proposed to be carried out within 2023. These include the new prefeasibility studies on (i) the establishment of Uzbekistan–Turkmenbashi Block Trains and Ferry Services, and (ii) the development of the Uzbekistan Northwestern International Freight Corridor. Study-related activities are expected to commence in September 2023. Knowledge and capacity development (KCD) support will also be provided for: (i) Establishing and Operating a Railway Sales and Marketing Function; (ii) Improving Competitiveness of the Trans-Caspian International Transport Route; (iii) Railway

Containerization Study; and (iv) Accounting Standards and Systems for Railway Commercialization.

6. The 7th RWG Meeting covered important topics on railway commercialization and investment, including discussions on how to motivate financially sustainable rail corridor development, the current sales and marketing functions of CAREC railways and good practices, as well as approaches and impediments for rolling stock financing from the private sector, and regional leasing scheme as a potential response to CAREC railways' rolling stock renewal needs. A separate session was dedicated to showcasing the reforms and commercialization measures that were implemented by the Azerbaijan Railways (ADY) to improve its efficiency and strengthen its financial performance. The RWG Meeting also conducted a workshop on (i) Infrastructure maintenance management which examined the requirements for infrastructure maintenance and options for improvement; and on (ii) Rail Asset Management, which introduced the International Asset Management Standards (IAMS) and the Railway Asset Management Framework developed by UIC.

7. Ongoing and new studies and reports will be presented and discussed during the 8th CAREC RWG, tentatively planned for December 2023.

8. Cross-border Transport and Logistics Facilitation. The CAREC Regional Improvement of Border Services (RIBS) project supported the establishment of the National Single Window (NSW) of the Kyrgyz Republic, which was launched in February 2023, as well as Tajikistan's NSW which became fully operational in 2021. Deployment of the ICT hardware and software for the Pakistan Single Window (PSW) is ongoing under the Pakistan RIBS project.

9. Full modernization of the border crossing points (BCP) facilities in Torkham and Chaman (Pakistan, border with Afghanistan) is ongoing, while preparation of the project to modernize BCP facilities at Ak-Tilek, Karkyra, Kichi-Kapka (the Kyrgyz Republic, border with Kazakhstan) are also underway. Development of three BCPs on the Mongolia – PRC border, and the Joint BCP Abreshumis Gza – Ipek Yolu (Georgia/Azerbaijan) are also under preparation.

10. The Cross-border Transport and Logistics pillar also supported the development of a logistics center in Zamiin-Uud, as well as feasibility studies for the Kazakhstan – Uzbekistan Industrial Cooperation Center and a Logistics Center in Sughd oblast under the Shymkent-Tashkent-Khujand Economic Corridor development program. The Developers' Guide on Planning and Design of Logistics Centers has been completed, along with the detailed assessment of the border crossing procedures between Kazakhstan and the Kyrgyz Republic. The scoping study for the Joint Border Crossing Point between Kazakhstan and Kyrgyz Republic as part of the new alternative Almaty – Issyk-Kul road is planned for 2023.

11. The Middle Corridor. Russian invasion of Ukraine has disrupted trade through the Northern Corridor, prompting countries to reorient their trade and transit routes to avoid crossing the Russian Federation borders. This created opportunities for the Middle Corridor to provide additional capacity for transcontinental transport. Initial findings of an EBRD study suggest that existing Caspian Sea infrastructure may become a real bottleneck, and that large investment across the entire corridor would be required if the Middle Corridor is to become a viable alternative trade route.

12. A rapid assessment was carried out by the CAREC Transport Program to examine the impact of COVID-19 and Russian invasion of Ukraine on the deep ocean freight and on the traffic and

rates of the multimodal Middle Corridor. The study, presented at the Meeting, found that soft measures to improve the corridor efficiency can significantly improve the corridor capacity in the short term, while the long-term investment decisions shall be properly aligned with the long-term demand for the traffic along the corridor. Procedural alignment among different transport operators and modes of transport is deemed the most important way to increase the capacity of the corridor in the short-term horizon. The CAREC Transport program will continue to monitor developments on the Middle Corridor and will facilitate the dissemination of findings of completed or ongoing studies on the Middle Corridor among CAREC DMCs to guide them in prioritizing future actions.

13. EBRD presented the findings of the **Sustainable Transport Connections between Europe and Central Asia Study**, which sought to identify the most sustainable transport corridors connecting the five Central Asian countries with the extended Trans-European Transport Network (TEN-T). The Study finds that the Central Asian network can play a more prominent role in Eurasian connectivity given its strategic advantages. Development of the Central Trans-Caspian Network would entail low-cost, but high-benefit soft connectivity measures that would translate into significant operational efficiency gains. The study also finds that soft measures in the medium term can motivate private sector investments and help ease pressure on national budgets.

14. **Azerbaijan-Georgia JBCP Project.** The diversion of traffic to the Middle Corridor has resulted in a significant increase in cross-border traffic between Azerbaijan and Georgia, causing the BCP Red Bridge and others to operate above their capacity. This has prompted Azerbaijan and Georgia to initiate a project to develop the Joint BCP Silk Road (BCP Ipek-Yolu – Abreshumis Gza). The results of the concept design phase for the Joint BCP Silk Road were presented at the Meeting. Initial findings suggest that the JBCP will result in a significant increase in BCP throughput capacity through improved procedures under the one-stop approach. The suggested harmonized risk-based process will reduce cross-border time to its minimum, eliminate duplicating paper-based procedures, and enable real-time tracking of transit goods.

15. **Aviation.** A brief presentation was made on the CAREC aviation sector, which included an introduction of the **CAREC Aviation Program**, alongside its objectives and the completed and ongoing initiatives that the Program has supported. Recent developments in the CAREC aviation sector were also discussed, covering in detail key topics such as post-pandemic recovery, the recent growth of Low-Cost Carriers (LCCs), intra-CAREC connectivity, and the rapid expansion of the aviation sector, particularly in Uzbekistan, resulting from its more liberal aviation policy. As well as airport expansion and new airport projects across the CAREC region, the presentation also discussed the role of private sector participation in airport infrastructure development, and the importance of adopting sustainable solutions for a more environment- and climate-friendly aviation industry. In following up with LCC studies, VC meetings with the member countries are being planned, to determine the country specific support that would be needed. This could help in formulating ideas/proposals for knowledge support and laying the foundation for potential projects to assist these countries.

16. The initial findings of the **CAREC Aviation Cargo Study** were also presented at the Meeting. The study takes a detailed look at the CAREC Air Freight Market and provides an overview of the current state of the region's air freight industry, including opportunities and constraints, and market trends. Initial findings of the study suggest that the CAREC air cargo market has yet to achieve its full potential. The study cites that the primary challenge for landlocked CAREC DMCs is to generate enough traffic that will attract frequent and competitively priced recurrent air freight services. Another key message is the importance of an expanded role for the private sector (PPPs

and/or joint ventures) especially with respect to infrastructure development. Since many of the issues confronting the air cargo industry are country-specific, the forthcoming report will outline country-specific findings and recommendations.

17. Highways Workshop. CAREC Transport held its first Highways Workshop on 22-23 May 2023 in Tbilisi, Georgia. Representatives from CAREC DMCs attended the Meeting and were joined by delegates from CAREC development partners including the Asian Development Bank (ADB), Eurasian Fund for Stabilization and Development (EFSD), European Bank for Reconstruction and Development (EBRD), and the World Health Organization (WHO). The Workshop reported on progress achieved in the road asset management and road safety transport pillars. Knowledge-sharing sessions were conducted to help guide CAREC DMCs in improving road safety, and road infrastructure financing, management, and maintenance.

18. Road Safety. The CAREC DMCs continue to operationalize the Safely Connected CAREC Road Safety Strategy 2030. Five CAREC Road Safety Engineering (RSE) Manuals have been published, along with the CAREC Road Safety Report Card which tracks CAREC DMCs' progress on their road safety initiatives and includes a road safety assessment for each DMC. New RSE manuals are under preparation: Speed Management; and Black Spot Investigation, Analysis, and Treatment.

19. National and regional workshops have been conducted to improve DMCs' competencies in (i) road safety data systems and research; (ii) road safety engineering; (iii) road safety education and awareness; (iv) road safety enforcement; (v) pedestrian safety; (vi) crash data investigation and analysis; and (vii) road safety audits. Upcoming activities for 2023 include national training workshops on Pedestrian safety, and on Blackspot investigation, analysis, and treatment for Kazakhstan, the Kyrgyz Republic and Georgia.

20. National training workshops in crash data reporting and analysis are also being planned. A road crash data review and analysis for CAREC countries is in the pipeline, which will assess road crash data management practices of CAREC DMCs and develop guidance to improve crash data management and harmonize crash data across the region. In-person training on improvement to crash data management will also be organized for CAREC DMCs.

21. The completed and ongoing CAREC RSE manuals were briefly introduced to the TSCC Meeting participants, emphasizing that these manuals aim to raise awareness of the importance of making roads safer for all. Other key points raised were the importance of building capacity in road safety engineering (especially in blackspots and audits), embedding the road safety audit process into the design process, upgrading national standards and regulations on road safety, launching an annual Blackspot removal program, and crash data-sharing. The RSE Manual on Speed Management, which is under preparation, was also introduced at the Meeting. This manual proposes cost-effective interventions on speed management for use in CAREC DMCs across roads, vehicles, and modal shift, and provides overall guidance on processes for intervention, selection, and implementation.

22. Road Asset Management. DMCs actively participated in the discussions on RAMS at the Highways Workshop. Key issues/suggestions raised during the discussions included: (i) improving RAMS beyond data collection and roughness assessments, (ii) assessing PPP options to address the funding gap in road maintenance, (iii) evaluating the impact of corruption on road and road asset management investments; (iv) using new technologies in road construction and

maintenance, particularly in mountainous countries; and (v) assessing the effects of long term international loans on road network development, among others.

23. Performance Based Road Maintenance Contracts (PBC). The presentation on PBCs introduced the concept of performance-based contracting and discussed key relevant topics including contract scope, performance standards, response times, contract cost, procurement and contract award, among other things. Initial findings of the study indicate that no country in the CAREC region has adopted PBCs beyond the pilot stage, and that legislation relating to procurement and multiannual contracting, as well as norms and standards relating to maintenance implementation, often hamper the full adoption of PBCs. That said, country-specific legal assessments to identify necessary legal amendments and preparation of a comprehensive Performance-Based Road Maintenance Action Program are recommended to encourage a greater uptake of PBCs among CAREC DMCs.

24. Other Studies. An initial set of proposed Key Performance Indicators (KPIs) has been developed to help monitor and measure achievements on road asset management in the CAREC Region against the CAREC Transport Strategy 2030 Road Asset Management objectives. The proposed KPIs were briefly introduced at the TSCC Meeting. To finalize the KPIs, the next steps include consultation and pilot testing in selected countries, finalizing the KPI definitions, and preparation of baseline reports. Another study proposal will take a detailed look at the current funding approaches to road user charges and technology options for collecting road user charges and incentivizing decarbonization for more sustainable roads. The study will also include a Transition Roadmap for ten countries covering Asia and the Pacific.

25. Special Session on Decarbonization. CAREC Transport has initiated a quick assessment of plans and approaches to Decarbonization of the Transport Sector in CAREC Countries; a brief overview of the proposed study was presented at the Meeting. The study will examine possible policy scenarios for decarbonization (modal shift [road to rail, cars to public transport], pivot to EVs, etc.) and how the shift to low-carbon transportation can impact the CAREC transport sector. The results of the assessment will help inform CAREC DMCs and Development Partners as they prioritize the Paris Agreement Alignment (PAA) agenda in their transport programs.

26. Country Transport Priority Programs. CAREC countries were invited to present their respective transport priority programs, with focus on implementation progress, and initiatives and actions adopted and planned under the five strategic pillars of the CAREC Transport Strategy 2030. Country presentations were divided into three clusters: (i) Cluster 1 “Caucasus and Caspian Region”, consisting of Georgia, Azerbaijan, and Turkmenistan; (ii) Cluster 2 “Connecting East and Central Asia”, consisting of Kazakhstan, Kyrgyz Republic, People’s Republic of China, and Mongolia; and (iii) Cluster 3 “Connecting South and Central Asia”, comprised of Pakistan, Tajikistan, and Uzbekistan.

27. The country presentations indicate that the transport initiatives of CAREC DMCs are aligned generally with the focus areas discussed at the 20th CAREC TSCC meeting. Key observations include the wide agreement among DMCs on the importance of supporting the shift to a more sustainable transport sector, and on adopting innovative solutions (e.g., digitalization) for enhanced transport efficiency.

28. CAREC DMCs appear to be making steady progress in implementing their respective transport priority programs. Likewise, bilateral/multilateral agreements to develop new corridors and transport routes have been actively pursued, indicating DMCs’ readiness to work together to

improve regional connectivity. Such cooperation, however, is sometimes hampered by misaligned or incompatible procedures, and inadequate resources and institutional capacities. This is one of the issues that emerged during discussions, and support from the CAREC Program and CAREC DPs in this regard is sought. Suggestions were also made to study the impact of long-term loans within the CAREC transport sector on safety, performance, etc., explore the use of new technologies on road construction, and assist in undertaking green procurement.

29. After the country presentations, CAREC Development Partners (EBRD, IRU, EFSD, and the CAREC Institute) also shared a brief overview of their respective completed and ongoing transport initiatives and projects in the CAREC region, encompassing construction or rehabilitation of road and rail infrastructure, airport and sea port facilities construction, and technical assistance to build institutional capacities, among others.

Conclusion and Appreciation

30. Following the discussions, the Meeting outlined the proposed initiatives and priorities for the CAREC Transport sector in 2023-2024. The program will significantly upscale training and capacity development activities under all five pillars to support implementation of actions, recommended by the Meeting. The CAREC Transport program will prioritize transport corridor initiatives to tap the full potential of the Middle Corridor (CAREC Corridor 2) and other CAREC Corridors through improved operational coordination and digitalization. The Paris Agreement Alignment (PAA) theme will become an integrated part of the CAREC Transport platform to enable expeditious and effective scoping, preparation and implementation of new PAA transport investment projects and regional initiatives. The topics discussed during the Meeting and plans for the CAREC Transport sector work will be relayed at the forthcoming CAREC Senior Officials' Meeting (SOM) for review and endorsement. The discussion was thereafter concluded with unanimous support from the participants for the activities and initiatives that were proposed.

31. Participants expressed their satisfaction with the consensus reached during the TSCC meeting. Participants thanked the Government of Georgia for chairing and hosting the meeting. The delegates also congratulated the CAREC Secretariat and the CAREC development partners for the organization and successful conclusion of the meeting.