



The Central Asia Regional Economic Cooperation Program: Focus on **Transport**

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21st CAREC Transport Sector Coordinating Committee Meeting

CAREC 2030 Strategy

Operational Clusters



Economic and Financial Stability



Trade, Tourism and Economic Corridors



Infrastructure and Economic Connectivity



Agriculture and Water

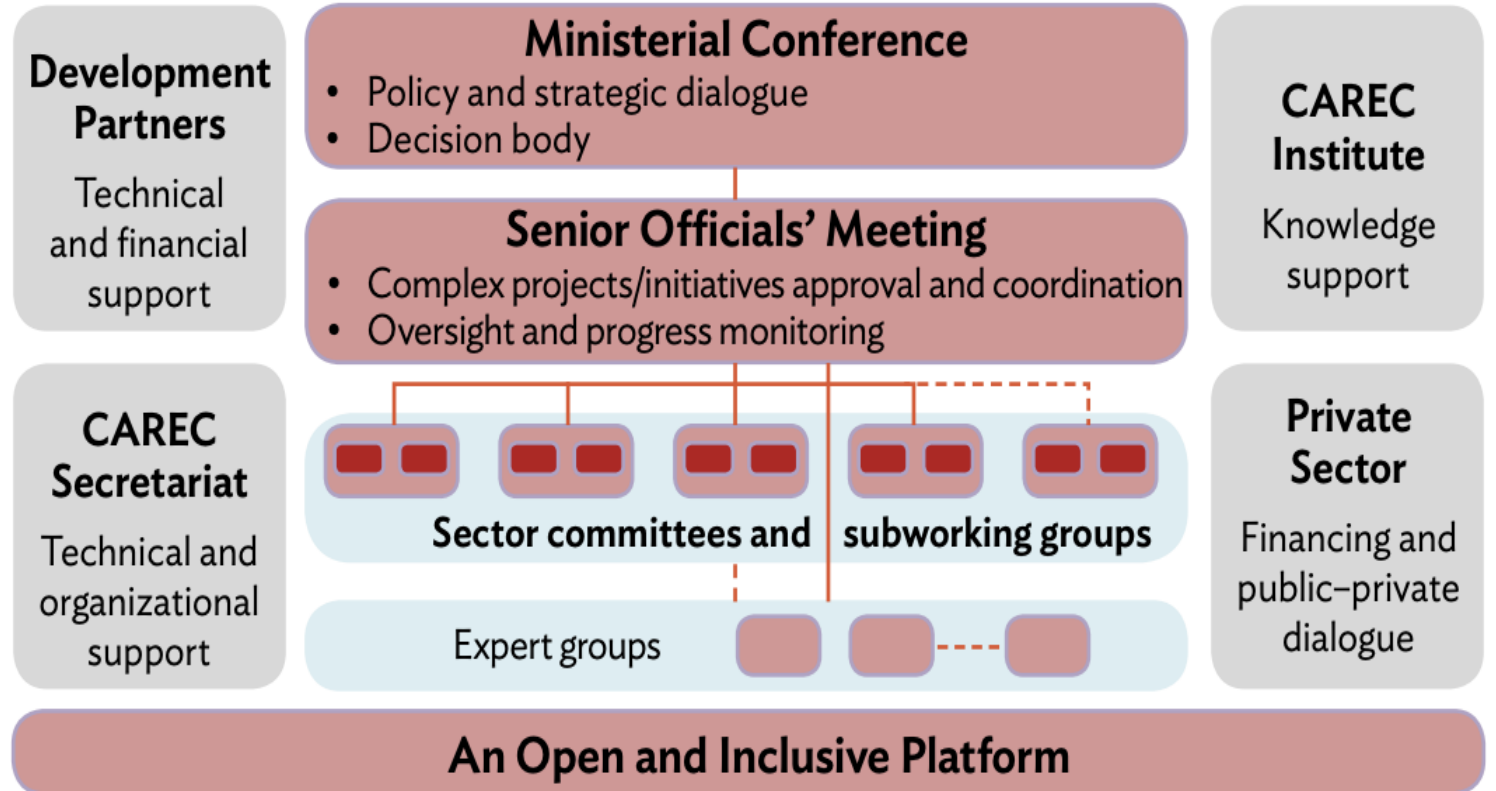


Human Development



Cross-cutting Themes

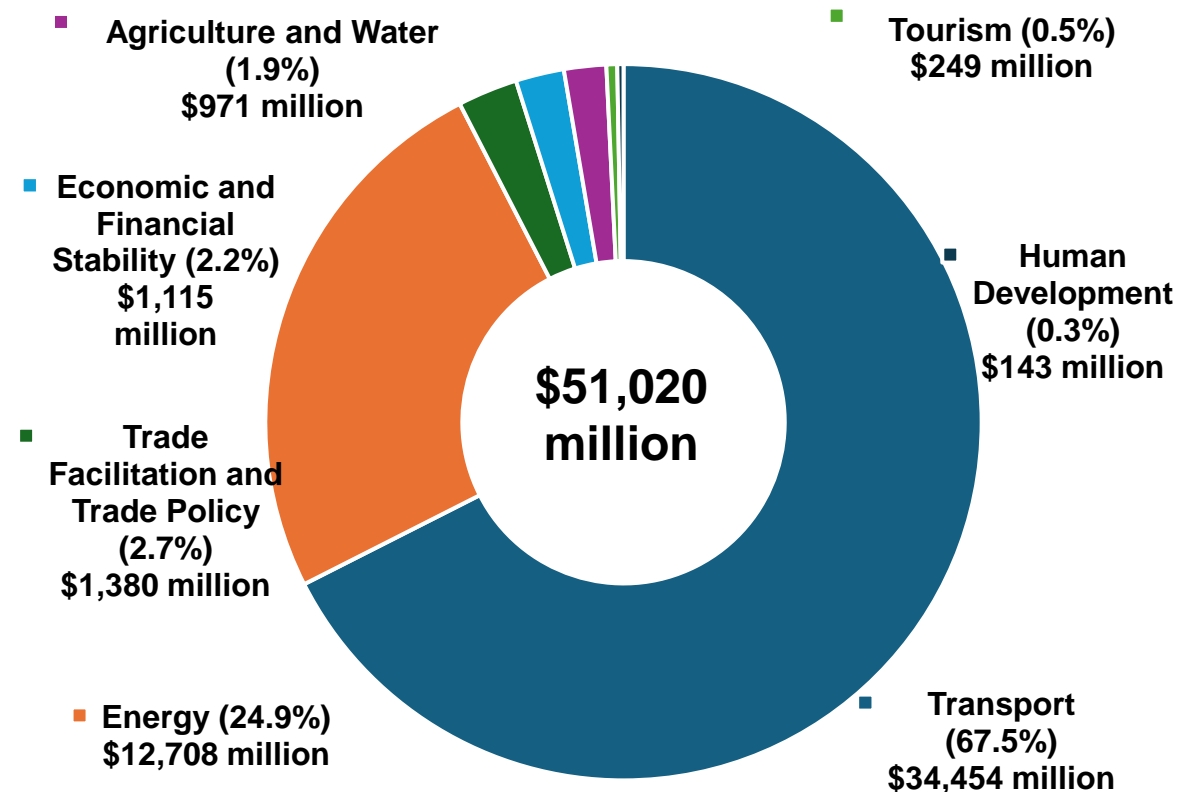
Institutional Framework



CAREC Investment Portfolio (2001-2023)

- From 2001 to 2023, **\$51.02 billion** worth of CAREC-related investments have been made covering **276** projects.
- **67.5% (\$34 billion)** of the total CAREC investments is on **Transport**.
- Of this, more than **\$17.6 billion** has been financed by ADB, around **\$23.37 billion** by other development partners, and **\$10.05 billion** from CAREC governments.

CAREC Investment by Sectors
(as of December 2023)



**The amount of CAREC investments may still change following the ongoing review of the CAREC portfolio database in consultation with development partners.*



CAREC Plans and Priorities in 2024

1. Kazakhstan as the CAREC Chair in 2024; coincides with ADB-Kazakhstan's 30 Years of Partnership and ABEC's 10th years
2. Implementation of **CAREC Climate Change Vision**
3. Midterm Review of CAREC 2030 Strategy
4. Establishment of **CAREC Climate and Sustainability Project Preparatory Fund**
5. Proposed **CAREC Infrastructure Investment Forum**
6. Development of pipeline of innovative regional projects

Key Events in 2024

CAREC Meetings Chaired by Kazakhstan

- Senior Officials' Meeting, with DP session (30-31 May, Astana)
- National Focal Points' Meeting (September, virtual)
- 23rd CAREC Ministerial Conference (8 November, Astana)

Others

- * CAREC Session at the ADB Annual Meeting (2 May, Tbilisi)
- * COP29 Summit (11–24 November, Baku) → *potential CAREC session*
- * 1st CAREC Water Working Group Meeting
- * Energy Sector Coordinating Committee
- * CAREC Labor Skills work
- * Regional Tourism
- * Trade and Trade Facilitation [Customs, e-commerce and others]
- * Regional Health work
- * Gender Strategy
- * Digital Strategy
- * Other knowledge events
- * CAREC Institute



ADB's Independent Evaluation of CAREC Program:

Focus on Transport

- The CAREC program significantly improved region's connectivity and contributed to increased economic activity. But the CAREC region remains to be the least integrated region in the world.
- Hence the following actions in **transport** are needed:
 - ✓ Increase support to modernize **Border Crossing Points** and **customs processes**. strengthen the coordination between the trade and transport sectors. For example, developing transport operations should consider the need for BCP improvement.
 - ✓ Develop a **multimodal corridor network** by increasing the railway network and aviation. Prioritize **Middle Corridor** upgrade to mitigate risks in the northern corridor
 - ✓ Strengthen CAREC support for **climate change**. In transport: climate proofing road construction and improvements (adaptation) and policy changes to reduce vehicle emissions, effect transport modal shift and promote renewable energy vehicles (mitigation)
 - ✓ Strengthen the CAREC Program's **results monitoring system** and tools. Develop a system for countries to gather and share customs and trade related data to assess impacts of transport and trade facilitation investments and to better identify border-crossing bottlenecks. **CPMM**.
- **The 2024 CAREC Deliverables are responsive to these action points:**
 - ✓ **CAREC Climate and Sustainability Project Preparatory Fund** to fill financing gaps for climate change goals through preparation of bankable climate-related regional projects
 - ✓ **CAREC Climate Change Vision Early Action Plan** to promote regional actions for energy transition, decarbonization, innovative financing solutions, and climate-resilient infrastructure and policies
 - ✓ **Proposed CAREC Infrastructure Investment Forum**. May cover transport, energy & water. Either during the CAREC MC (November) or International Transport and Logistics Business Forum (the New Silk Way), by the Ministry of Transport, Kazakhstan (October)
 - ✓ **Middle Corridor Strategy**



ADB Analysis of the Middle Corridor

- Recent papers of the World Bank, EBRD, OECD etc.
- ADB paper “**Trade flows and transport routes in the CAREC region amid external shocks**” (to be published soon)
- Key findings:
 - ✓ Middle Corridor will serve mostly **regional** traffic, but could also contribute to the PRC-Europe transit;
 - ✓ Road transport is important for the regional traffic, hence it should be considered as an integral part of the corridor

Asymmetry of regional flows →

Lower price-to-weight ratios →

Competition with other corridors →

Many SMEs among the corridor users →

Trade costs ↑ [born by clients]

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Trade costs ↑ [born by transport sector]

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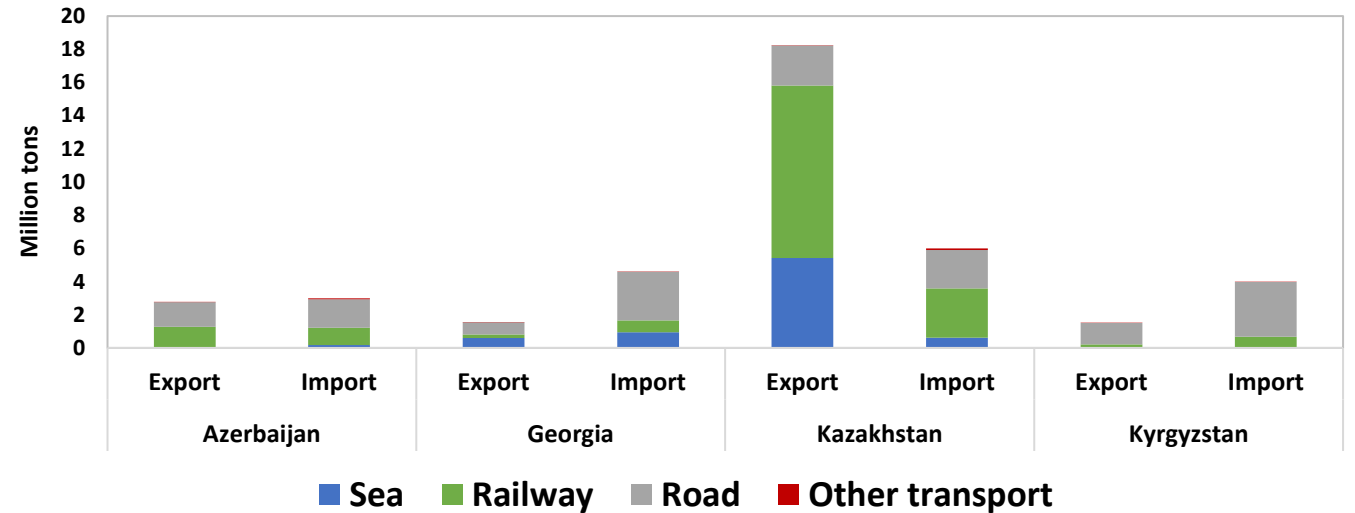
Acute need in **reducing trade costs through better logistics and trade facilitation** which are the pre-condition for massive infrastructure investments



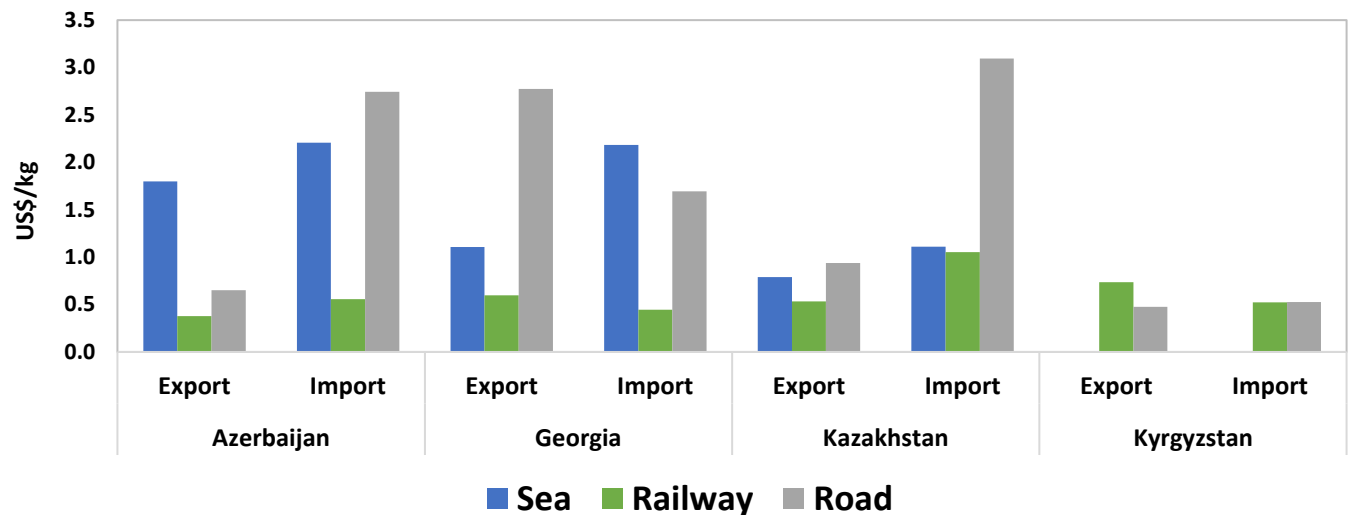
Selected Findings

- Asymmetries between exports and imports by volume and by type of goods (containerized vs. non-containerized)
- Imported goods are usually more expensive than exported
- For CCA trade the price-to-weight ratios are \$0.4-3.1/kg
- For trade between the PRC and Germany these are \$7.4/kg for sea and \$10.7 for rail transport

Trade with partners potentially served by the Middle Corridor, weight by transport mode



Price-to-weight ratios for goods potentially traded by the Middle Corridor





Middle Corridor Development Strategy

- ADB Small-scale Technical Assistance “CAREC Corridor 2 (Middle Corridor) Development Strategy”
- Goal: Establishing an institutional framework for the corridor development coordinated between multiple stakeholders
- Outputs:
 - ✓ Draft strategy of the corridor development
 - ✓ Inclusive consultation process with all stakeholders (governments, private sector, development partners)
- Country coverage: AZE, GEO, KAZ, KGZ, TAJ, TKM, UZB
- Timeframe: Draft strategy to be reported to the CAREC Ministerial Conference in November 2024
- Other regional initiatives [EU-Central Asia and others]
- Next Steps?



Thank you.
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