



## 6th Railway Working Group Meeting

17-18 October 2022 • Almaty, Kazakhstan

6-е заседание Рабочей группы по железнодорожному транспорту

17-18 октября 2022 г. • Алматы, Казахстан

People's Republic of China  
Poverty Reduction and  
Regional Cooperation Fund




# Update on TA activities and work plan

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# Overview

- Some of the main activities in the original TA work plan have been completed
  - Due to the Covid pandemic
    - implementation of some approved PFS and KCD projects was delayed but has now resumed
    - approval of additional PFS and KCD projects was deferred until the RWG could meet again
  - In 2022, MCs are invited to request TA support for further promising PFS and KCD projects
  - During 2022–23, these should be implemented and the most promising projects should be considered for possible ADB financing.
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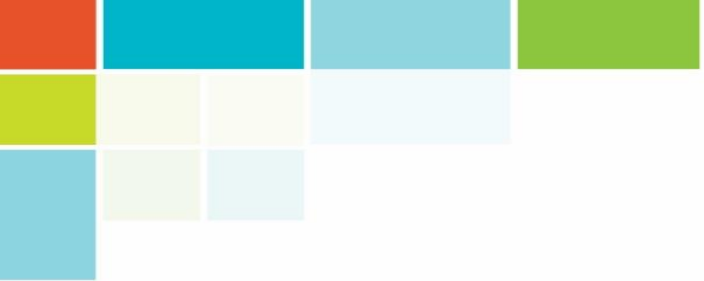


# Status of approved TA activities




# Status of approved PFS and KCD activities

TA activity	Present status
Railway sector assessments for each CAREC MC	Reports published in 2019–20
Development and use CAREC Regional Transport Model	Model completed in 2019–21
Situation analysis of CAREC railways identifying opportunities for commercialization, reform and investment	Report published in 2022, presented at ADB Transport Forum 2022
Approved knowledge and capacity development (KCD) projects	
Paper on track capacity and timetabling software	Paper published in 2020
Advisory support to prepare railway commercialization, reform and investment programs in KGZ and TAJ	Consultants recruited in Q1 2020. but work halted due to Covid pandemic. Initial country visits conducted in Q3 2022. Expect completion by Q1 2023
Study on CAREC rolling stock needs and financing facility	Rolling stock needs and financing issues to be discussed in session 6 <sup>th</sup> RWG meeting with a view to firming up TOR and recruiting consultants by Q4 2022
Paper on best practices in establishing and operating a railway sales and marketing function	Draft TOR prepared in Q1 2020. Work suspended due to Covid Pandemic. Resource person to be identified
Approved prefeasibility study projects	
Traffic study on proposed China–Kyrgyz Republic–Uzbekistan (CKU) railway	Consultant recruited in Q1 2020, then work suspended due to pandemic. Work resumed in Q2 2022, field studies begin in Q3




# Feedback and further submissions from member countries since 2020





## Feedback and further submissions since 2020: KAZ (1/2)

Matters raised	Comment
Development of <b>program to identify and eliminate bottlenecks in railway network infrastructure</b> (PFS support, item no. 10)	<ul style="list-style-type: none"><li>• Since Kazakhstan plays a critical role in serving CAREC cross-border and transit traffic, and capacity bottlenecks are expected in future, <b>this is a very relevant topic for support</b></li></ul>



## Feedback and further submissions since 2020: KAZ (2/2)

Matters raised	Comment
<p><b>Prepare long-term comprehensive railway development program</b> taking account of industry changes affecting the balance of interests of state, consumer and business e.g. private cargo carriers, redistribution of functions and powers between infrastructure operator and national carrier, bringing some functions into competitive environment, creating an operator of passenger cars, etc. (KCD support, item no. 23)</p>	<ul style="list-style-type: none"><li>• These are important topics but may be mainly about domestic policies and plans and would require extensive work. <b>To be considered for support under present TA, the scope would need to be reduced and narrowed down to focus mainly on cross-border rail transport. Another option could be to seek TA support under the KAZ country program.</b></li></ul>
<p><b>Conduct in-depth analysis of the many existing regulatory legal documents regulating railway enterprises and rolling stock requirements.</b> This includes examining gaps in existing regulations and procedures for the operation, maintenance, repair and liquidation of main, station and access roads and facilities and buildings (KCD support, item no. 24)</p>	

## Feedback and further submissions since 2020: TAJ (1/2)

Matters raised	Comment
Provided update proposal for PFS support for Jaloliddini Balkhi–Jayhun–Nizhny Pyanj Railway (PFS support, item no. 26)	<ul style="list-style-type: none"><li>• <b>Additional information incorporated in List of Investment Project Proposals</b></li></ul>
Electrification of railway section Bekabad station – Istiklol (Kanibadam) station (109 km) and procurement of 10 electric locomotives	<ul style="list-style-type: none"><li>• <b>Added to List of Investment Project Proposals</b></li></ul>
Electrification of railway section Pakhtaobod station – Dushanbe 1 station (97 km) and procurement of 6 electric locomotives	
Electrification of railway section Khoshadi station (Uzbek border, Amuzang) – Khatlon station – Kulyab station (297 km) and procurement of 6 electric locomotives	



## Feedback and further submissions since 2020: TAJ (2/2)

Matters raised	Comment
Renewal of the railways' rolling stock (freight, passenger cars and locomotives)	<ul style="list-style-type: none"><li data-bbox="1691 676 2160 853">• Added to List of Investment Project Proposals</li></ul>
Construction of an optic fiber communication line and rehabilitation of the existing telecommunication of the SUE "Rokhi Okhani Tochikiston" (135 km)	
Construction of a 6-10 kV electricity transmission line from Khatlon station to Kulyab station (141 km)	
Repairs and improvement of the technical condition of bridges and crossing overs	

# Feedback and further submissions since 2020: TKM

Matters raised	Comment
Strongly support the proposed <b>PFS support for Uzbekistan–Turkmenbashi Container Block Trains and Connecting Ferry Services</b> (PFS support, item no. 31)	<ul style="list-style-type: none"><li>• <b>TRM’s support strengthens the case for supporting these under the TA</b></li></ul>
Strongly support the proposed <b>CAREC Rail Container Study</b> (KCD support, item no. 1)	
<b>Support for the agreed PRC–KGZ–UZB traffic study</b> , noting that this would also support development of the PRC–KGZ–UZB –TRM route which is the shortest from PRC to the Caucasus and Iran	



Possible PFS and KCD projects identified  
by TA situation analysis report





# Investment projects for possible PFS support identified by TA situation analysis report (1/2)

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- |                 |  |
|-----------------|--|
| Afghanistan     | <ul style="list-style-type: none"><li>• None (studies already completed for most sections of proposed ring-railway)</li></ul>  |
| Azerbaijan      | <ul style="list-style-type: none"><li>• Facilities for rolling stock maintenance</li></ul>   |
| PRC             | <ul style="list-style-type: none"><li>• <b><u>Proposed PRC–Kyrgyz Republic–Uzbekistan Railway [RECEIVING TA PFS SUPPORT]</u></b></li><li>• Development of Urumqi as a transloading hub for PRC–Europe and PRC–Central Asia trains</li><li>• Expansion of transloading capacity at Alashankou, Horgos, and Erenhot border crossings</li></ul> |
| Georgia         | <ul style="list-style-type: none"><li>• Contrailer feasibility study</li></ul>   |
| Kazakhstan      | <ul style="list-style-type: none"><li>• Investment program for addressing capacity bottlenecks</li><li>• Expansion of transloading capacity at Altynkol and Dostyk border crossings</li></ul>  |
| Kyrgyz Republic | <ul style="list-style-type: none"><li>• <b><u>Proposed PRC–Kyrgyz Republic–Uzbekistan Railway [RECEIVING TA PFS SUPPORT]</u></b></li><li>• Multimodal terminals in Balykchy and possibly also in Osh or Jalal-Abad</li><li>• Wagon rehabilitation program</li></ul>  |
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Based on traffic studies using the CAREC Regional Transport Model, the underscored projects may have potential to attract robust traffic volumes



# Investment projects for possible PFS support identified by TA situation analysis report (2/2)

## Mongolia

- Tavan Tolgoi–Zuunbayan–Sainshand–Baruun-Urt–Choibalsan Railway
- Tavan Tolgoi–Gashuun Sukhait Railway
- Logistics centers associated with the Bogd Khan Railway

## Pakistan\*

- Upgrading locomotive maintenance
- Freight and logistics terminals
- Study of railway service continuity during upgrading of ML1

## Tajikistan

- Jaloliddini Balkhi–Jayhun–Nizhny Pyanj Railway
- Modern multimodal terminal at Kulob
- Provision of value-added logistics centers


## Turkmenistan

- Trans-Caspian container block train services between Uzbekistan and Turkmenbashy Port

## Uzbekistan

- **Proposed PRC–Kyrgyz Republic–Uzbekistan Railway [RECEIVING TA PFS SUPPORT]**
- Expansion of capacity on Uzbekistan’s Northwestern Railway Corridor
- Trans-Caspian container block train services between Uzbekistan and Turkmenbashy Port

\* Pakistan’s CPEC project has already been prepared and financing identified. Once CPEC has upgraded and renewed ML1, there may be improved prospects for further projects to develop new and improved cross-border railway links with Afghanistan and Iran



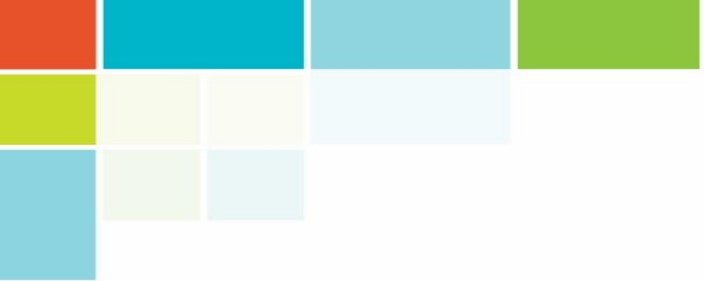
# Possible KCD support identified by TA situation analysis report: commercialization and reform of railway institutions

1. Accounting standards and systems to enable railway commercialization
  2. Best practices for railway commercialization
  3. Best practices for improving railway customer orientation
  4. Best practices for preparation and implementation of railway human resource strategies in support of commercialization and reform
  5. Measures to improve operating efficiency and service quality
  6. Railway asset management practices
  7. Open data collection tools for tracking railway traffic and operational performance
  8. Using KPIs to drive railway commercialization and reform
  9. Structuring of railway consortia and concessions
  10. Commercial approaches to railway tariffs
  11. Support for implementation of tariff reform
  12. Review of regulations for railway enterprises, Kazakhstan
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# Possible KCD support identified by TA situation analysis report: Improving competitiveness of cross-border railway services

1. Best practices for container block train operations
  2. CAREC railway containerization study
  3. Joint dialogue with shipping companies on railway containerization
  4. Approach to development of logistics centers
  5. Country studies on development of logistics centers and intermodal terminals
  6. Best practices for private sector participation in operation of railway stations and terminals
  7. Study of missing port railway connections in the PRC to improve connectivity with CAREC railway corridors
  8. Study of shipping on the Black Sea
  9. Advisory support on improving the competitiveness of the TITR
  10. Support for establishing a regional corridor management organization
  11. Preparation of long-term comprehensive program of regulatory improvements and investments to support the development of the railway sector, Kazakhstan
  12. Updating of “Transit Mongolia” program
  13. Study of implications of low carbon policies on future railway traffic and strategies to mitigate loss of high carbon freight and attract new types of freight traffic
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# Selection of additional PFS projects for TA support

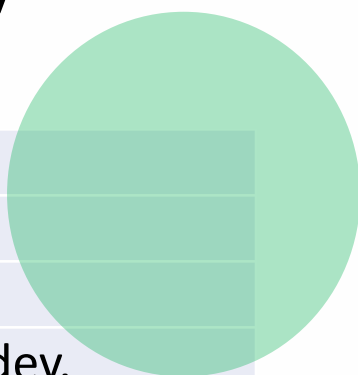





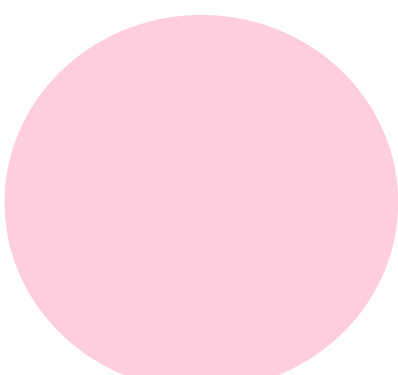
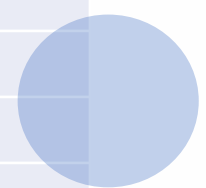



# Recap: PFS eligibility and selection criteria

## Eligibility

- Focus on CAREC corridors
  - Improve competitiveness
  - Strategic importance for CAREC rail dev.
  - Investment cost  $\geq$ \$50m
  - Expect adequate traffic, EIRR, FIRR
  - Limited social and environment impacts
  - Addresses commercialization and reform issues
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## Selection

- Adequate initial proposal
  - Strategic importance in 2+ MCs
  - Strength of business and economic case
  - Extent of addressing commercialization and reform issues
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## Recap: PFS project screening and selection at 5th RWG meeting (1/2)

No.	Proposed project	Adequate proposal	Strategic for 2+ MCs	Business/economic case	Commercializ. & reform	Screen using model	PFS shortlist
1	AFG: Mazar–Herat Railway Project	X	X			X	
2	AFG: Jalalabad–Kabul Railway Project	X	X			X	
3	AFG: Kandahar–Spin Boldak Railway	X	X			X	
4	AFG: Upgrading dry ports at Nimroz, Aqina and Nayeb Abad	X	X				
5	AFG: O&M equipment for four railway stations	X					
6	AZE: Facilities for rolling stock maintenance	X			X		
7	AZE: Corporate Training Center	X					
8	<b>PRC: Transloading hub, Urumqi</b>	<b>X</b>	<b>X</b>	<b>X</b>	<b>X</b>	<b>X</b>	<b>X</b>
9	GEO: Contrailer prefeasibility study, TCC	X					
10	<b>KAZ: Investment program to address capacity bottlenecks</b>	<b>X</b>	<b>X</b>	<b>X</b>	<b>X</b>	<b>X</b>	<b>X</b>
11	<b>KAZ: Locomotive financing</b>	<b>X</b>	<b>X</b>	<b>X</b>	<b>X</b>	<b>X</b>	<b>X</b>
12	<b>KGZ/PRC/UZB: PRC–Kyrgyz Republic–Uzbekistan Railway</b>	<b>X</b>	<b>X</b>	<b>X</b>	<b>X</b>	<b>X</b>	<b>X</b>
13	KGZ: North–South Railway	X				X	
14	KGZ: Electrification of Lugovaya–Balykchi	X				X	
15	<b>KGZ: Multimodal terminal, Balykchi</b>	<b>X</b>		<b>X</b>	<b>X</b>	<b>X</b>	<b>X</b>




## Proposed additions to long list of PFS projects

No.	Project	Adequate proposal	Strategic for 2+ MCs	Business/economic case	Commercializ. & reform	Screen using model	PFS shortlist
32	TAJ: Electrification of railway section Bekabad station – Istiklol (Kanibadam) station and procurement of locomotives		X			X	
33	TAJ: Electrification of railway section Pakhtaobod station – Dushanbe 1 station and procurement of locomotives		X			X	
34	TAJ: Electrification of railway section Khoshadi station (Uzbek border, Amuzang) – Khatlon station – Kulyab station and procurement of locomotives		X			X	
35	TAJ: Renewal of railways' rolling stock					X	
36	TAJ: Construction of fiber optic communication line and rehabilitation of ROT's existing telecommunications					X	
37	TAJ: Construction of a 6-10 kV electricity transmission line from Khatlon station to Kulyab station.					X	



# General observations about existing PFS proposals

- These include many cross-border railway investment projects that CAREC MCs attach priority to
  - Some proposed projects are more difficult to recommend for PFS support as they do not consider the market and potential traffic, and make no business or economic case
  - It is expected the RWG will approve further high priority investment projects for PFS support
  - It is expected that some of the assisted projects will eventually be added to the financing programs of ADB and/or other development partners
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## Recap: 5<sup>th</sup> RWG meeting recommendation of initial set of projects to receive PFS support

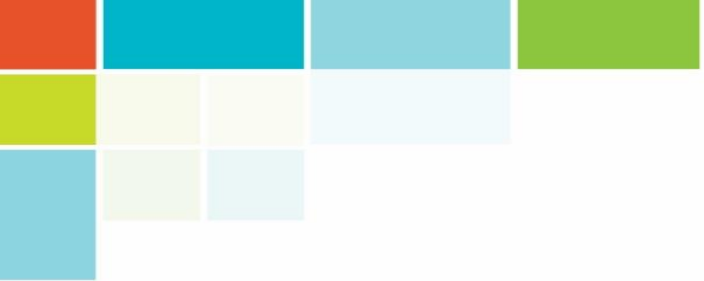
No.	Proposed project in priority order	Priority
10	KAZ: Investment program to address capacity bottlenecks	1
12	<u>KGZ/PRC/UZB: PRC–Kyrgyz Republic–Uzbekistan Railway</u> <u>[APPROVED]</u>	1
30	UZB: Northwestern international freight corridor	2
20	MON: Tavan Tolgoi-Gashuun Sukhait Railway	2
8	PRC: Transloading hub, Urumqi	3
11	KAZ: Locomotive financing	3
31	<b>UZB: Uzbekistan–Turkmenbashy block trains &amp; ferry services</b>	<b>1</b>
15	KGZ: Multimodal terminal, Balykchi	3

# Updated recommendation of projects to receive PFS support


No.	Proposed project in priority order	Priority
12	<u>KGZ/PRC/UZB: PRC–Kyrgyz Republic–Uzbekistan Railway</u> <b>[ONGOING]</b>	1
10	<b>KAZ: Investment program to address capacity bottlenecks</b>	1
31	<b>UZB: Uzbekistan–Turkmenbashy block trains &amp; ferry services</b>	1
30	<b>UZB: Northwestern international freight corridor</b>	2
20	<b>MON: Tavan Tolgoi-Gashuun Sukhait Railway</b>	2
8	PRC: Transloading hub, Urumqi	3
11	KAZ: Locomotive financing	3
15	KGZ: Multimodal terminal, Balykchi	3

## Recommendation

1. “Earmark” 2 proposals from nos. 10, 31 and 30.



# Selection of additional KCD projects for TA support








# Recap: Eligibility and selection criteria for knowledge and capacity development support

## Eligibility

- Focus on CAREC corridors
- Addresses key performance issues
- Improve competitiveness
- Strategic importance for CAREC rail dev.
- Needs only limited input from well-chosen experts
- Relevance for many CAREC MCs

## Selection

- Adequate initial proposal
  - Strategic importance in 2+ MCs
  - Addresses commercialization & reform issues
- 

## Recap: KCD project screening and selection at 5th RWG meeting (1/2)

No.	Proposed project	Adequate proposal	Strategic for 2+ MCs	Commercializ. & reform	Include in shortlist	Seek ideas to improve
1	<b>All MCs: CAREC rail containerization study</b>	X	X	X	X	
2	<b>All MCs: CAREC rolling stock needs and financing facility</b>	X	X	X	X	
3	All MCs: Exchange of railway traffic rights between CAREC MCs		X	X		X
4	<b>Most MCs: Best practices in establishing/operating railway sales &amp; marketing function</b>		X	X	X	
5	Most MCs: Accounting standards and systems for commercialization	X	X	X		X
6	Most MCs: Database and annual analysis to support railway regulator		X	X		X
7	Most MCs: Best practices in improving customer service orientation	X	X	X		X
8	<b>Most MCs: Railway capacity management ICT tools</b>	X	X		X	
9	Most MCs: Best practices in involving private sector in terminals & stations		X	X		X
10	<b>AZE/GEO/KAZ: Improving competitiveness of Trans-Caspian Internat. Transport Route (TITR)</b>	X	X	X	X	X
11	AZE: Use of KPIs to drive railway commercialization and reform	X		X		X
12	AZE: Container block-train operational practices	X		X		X
13	AZE: Logistics centers/intermodal terminals	X		X		X
14	AZE: "Fly on rail" (a Shift2Rail for CAREC countries)		X	X		X
15	AZE: Integrated rail logistics service			X		

## Recap: KCD project screening and selection at 5th RWG meeting (2/2)


No.	Proposed project	Adequate proposal	Strategic for 2+ MCs	Commercializ & reform	Include in shortlist	Seek ideas to improve
16	AZE: Methods of evaluating externalities					
17	AZE: Support for human resources department					
<b>18</b>	<b>PRC/MON/KAZ: Options for transloading capacity at CAREC borders</b>	<b>X</b>	<b>X</b>		<b>X</b>	
19	PRC/MON: Missing PRC port rail connections for CAREC corridors		X			X
20	GEO: Black Sea shipping study		X	X		
21	GEO: Logistics centers	X		X		X
22	GEO: Best practices in railway commercialization	X		X		X
23	KAZ: Long-term comprehensive program to develop transport and logistics sector in Kazakhstan	X		X		X
24	KAZ: Review of regulations for railway enterprises in Kazakhstan			X		X
<b>25</b>	<b>KGZ/TAJ: Commercialization, reform and investment program</b>	<b>X</b>		<b>X</b>	<b>X</b>	
26	MON/TAJ: Logistics capacity development			X		
27	MON: Update Transit Mongolia program					
28	MON: Locomotive simulator machine	X				
29	MON: Rail network simulation software	X				
30	PAK: Raising awareness about commercial orientation of railways	X		X		
31	UZB: Open data collection tools to track traffic/operational performance	X				X

## Proposed additions to long list of KCD projects

No.	Proposed project	Adequate proposal	Strategic for 2+ MCs	Commercializ. & reform	Include in shortlist	Seek ideas to improve
32	Most MCs: Preparation and implementation of railway human resource strategies in support of commercialization and reform	X	X	X	X	
33	Study of implications of low carbon policies on future railway traffic and strategies to mitigate loss of high carbon freight and attract new types of freight traffic	X	X	X	X	



# General observations about existing KCD proposals

- Proposals cover a range of important topics for commercialization, reform and cross-border competitiveness
  - So far there have been more knowledge projects such as preparing best practice papers and fewer capacity development projects
  - Depending on interest from MCs, there may be scope for
    - Combining various related proposals to provide an improved basis for capacity development e.g. possible executive learning modules or seminars on foundational steps for railway reform and/or railway commercial practices
    - Providing more advisory support to assist interested MCs to examine questions and concerns about commercialization, reform and how to improve competitiveness
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# Recap: 5<sup>th</sup> RWG meeting recommendation of initial set of KCD projects to receive support

No.	Proposed project in priority order	Priority
2	All MCs: CAREC rolling stock needs and financing facility	{1
4	Most MCs: Best practices in establishing/operating railway sales & marketing function	1
8	Most MCs: Railway capacity management ICT tools [COMPLETED]	1
25	KGZ/TAJ: Commercialization, reform and investment program [ONGOING]	1
<b>1</b>	<b>All MCs: CAREC rail containerization study</b>	<b>{1</b>
<b>10</b>	<b>AZE/GEO/KAZ: Improving competitiveness of Trans-Caspian Internat. Transport Route (TITR)</b>	<b>1</b>

## Recommendations

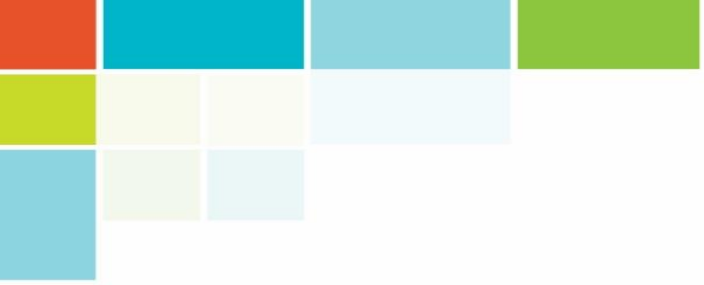
1. Proposal no. 1: RWG considered this a useful but demanding study, and deferred selection decision until 6<sup>th</sup> working group meeting
1. Proposal no. 10: RWG asked MCs that have TITR Association membership to indicate workable implementation arrangements with a view to then approving support for study
3. Proposal no. 18: RWG invited MCs to confirm interest and refine proposal
4. RWG identified 16 other proposals that could be strengthened and invited MCs to refine and resubmit ahead of 6<sup>th</sup> RWG meeting

# Updated recommendation of initial set of KCD projects to receive support

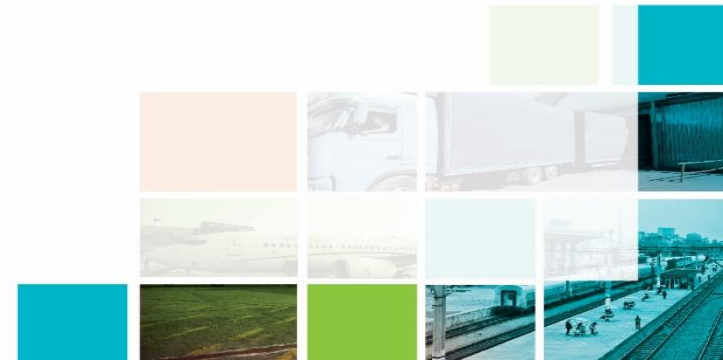
No.	Proposed project in priority order	Priority
2	All MCs: CAREC rolling stock needs and financing facility	1
4	Most MCs: Best practices in establishing/operating railway sales & marketing function	1
8	Most MCs: Railway capacity management ICT tools [COMPLETED]	1
25	KGZ/TAJ: Commercialization, reform and investment program [ONGOING]	1
<b>1</b>	<b>All MCs: CAREC rail containerization study</b>	<b>{1}</b>
<b>10</b>	<b>AZE/GEO/KAZ: Improving competitiveness of Trans-Caspian Internat. Transport Route (TITR)</b>	<b>{1}</b>
<b>33</b>	<b>Study of implications of low carbon policies on future railway traffic and strategies to mitigate loss of high carbon freight and attract new types of freight traffic</b>	<b>1</b>
<b>5</b>	<b>Most MCs: Accounting standards and systems for commercialization</b>	<b>1</b>
9	Most MCs: Best practices for involving private sector in terminals & stations	2
32	Most MCs: Preparing and implementing railway human resource strategies in support of commercialization and reform	2
18	PRC/MON/KAZ: Options for transloading capacity at CAREC borders	3

## Recommendations

1. Proceed with implementation of existing approved projects not yet completed [no. 25] and those still to commence [nos. 2 and 4].
2. Initially suggest proposal no. 4 to cover AZE, GEO and TKM [to be confirmed by respective MCs].
3. Further KCD projects to be approved in 7<sup>th</sup> RWG meeting.



# 2022 work plan






# TA 2022 work plan

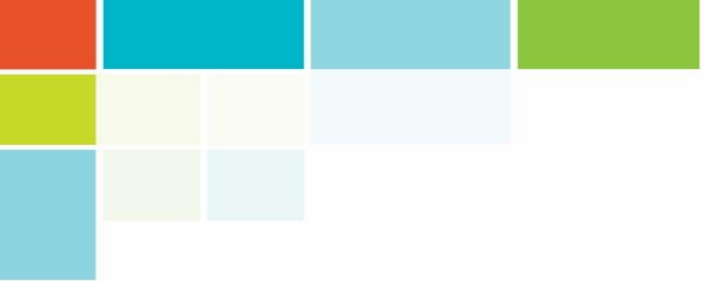
Covid-19 pandemic

Work stream	2019	2020	2021	Q1 2022	Q2 2022	Q3 2022	Q4 2022
<b>1. Railway transport model</b> <ul style="list-style-type: none"> <li>Model development</li> <li>Using model in TA situation analysis report</li> <li>Using model to support PFS work</li> </ul>							
<b>2. RSAs and CAREC-wide assessment</b> <ul style="list-style-type: none"> <li>RSAs</li> <li>TA situation analysis report</li> </ul>							
<b>3. Project preparation facility</b> <ul style="list-style-type: none"> <li>CKU traffic study</li> <li>PFS 2 (to be selected/approved)</li> <li>PFS 3 (to be selected/approved)</li> </ul>							
<b>4. Knowledge and capacity development</b> <ul style="list-style-type: none"> <li>Paper on track capacity and timetabling software</li> <li>Paper on best practices in establishing and operating a railway sales and marketing function</li> <li>Presentation of TA situation analysis at ADB Transport Forum</li> <li>KGZ/TAJ commercialization, reform and investment programs</li> <li>Study of CAREC rolling stock needs and financing facility</li> </ul>							  



# Concluding observations about TA work plan

- After being deferred due to the Covid pandemic, TA implementation has resumed
  - Having completed the country assessments and CAREC railway situation analysis, and developed the transport model, further TA work should prioritize providing PFS support for promising investment projects and providing KCD support for commercialization, reform and improving railway competitiveness
  - From 2022, aim for RWG to approve 1–2 new PFS and 2–3 KCD projects per annum
  - Give more attention to developing useful capacity development activities as part of KCD support—to help MCs proceed with implementing railway commercialization and reform measures
  - 7<sup>th</sup> RWG meeting to consider possible refinements to ensure effectiveness of support and enhance prospects of this leading to investment projects attracting financing and KCD support helping MCs to establish and implement railway commercialization and reforms e.g. by focusing much KCD support on implementing the foundational steps for commercialization and reform—accounting system, ERP, tariffs, PSO, non-core activities, staffing level, private sector participation and regulation
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Thank you!

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