



2013 Central Asia Regional Economic Cooperation Program Development Effectiveness Review

A Refined Perspective





2013 Central Asia Regional
Economic Cooperation Program
Development Effectiveness Review
A Refined Perspective

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Contents

Tables, Boxes, and Figures	iv
Abbreviations	vi
Executive Summary	vii
I. Introduction	1
II. Level 5: Regional Impact	5
III. Levels 4, 3, and 2: Sector Outcomes, Outputs, and Interventions	9
A. Transport and Trade Facilitation Sectors	9
1. Transport Output Indicators	12
2. Trade Facilitation Outcome Indicators	13
3. Contribution of Transport and Trade Facilitation Sector Outputs to Outcomes	15
4. Transport and Trade Facilitation Sector Interventions	17
B. Trade Policy Sector	19
C. Energy Sector	22
D. Operational and Organizational Effectiveness	26
1. Operations Growth	26
2. Finance Mobilization	29
3. Knowledge Management	32
IV. Level 1: CAREC Implementing Bodies	39
V. Proposed Actions	41
Appendixes	
1 Review of the CAREC Development Effectiveness Review Methodology: Update	45
2 CAREC Program Results Framework 2013	53
3 Results Framework Definitions and Sources	55
4 CAREC Region Development Outcomes	58
5 2013 CAREC Program Portfolio	60
6 CAREC Program Training Events	83

Tables, Boxes, and Figures

Tables

1	Level 5 – CAREC Regional Impacts	6
2	Macro-Level Context	7
3	Transport and Trade Facilitation Sector Results Framework	11
4	Transport Output Indicators	12
5	Trade Facilitation Outcome Indicators	13
6	Trade Policy Sector Results Framework	21
7	Energy Sector Results Framework	22
8	Energy Sector Output Indicators	23
9	Operations Growth	26
10	Finance Mobilization	29
11	Knowledge Management – Technical Assistance Projects	32
12	Knowledge Management – Training Programs	38
13	Priority Actions, 2013 – 2014	41

Boxes

1	ADB-Financed Projects Stimulate Local Economies through Better Roads, Railways, and Border Facilities	16
2	Facilitating Energy Trade	25

Figures

1	CAREC Program Strategies and Results Monitoring Framework	3
2	Volume of Approved CAREC-Related Projects, by Sector, Cumulative since 2001	27
3	Approved CAREC-Related Projects, Cumulative since 2001	28
4	Loans and Grants Approved in 2013, by Financing Source	30
5	CAREC Loans and Grants Approved in 2013, by Sector and Financing Source	31
6	Volume of CAREC Government Cofinancing Approved in 2013	31
7	Technical Assistance, 2001–2013, by Sector	33

Appendixes

Tables

A1.1	Recommendations for Development Effectiveness Review Level 1 Indicators	46
A1.2	Recommendations for Development Effectiveness Review Level 2 Indicators	46
A1.3	Recommendations for Development Effectiveness Review Level 3 Indicators	47
A2.1	Level 5 – CAREC Regional Impacts	53
A2.2	Level 4 – CAREC Priority Sector Outcomes	53
A2.3	Level 3 – CAREC Priority Sector Outputs	54
A2.4	Level 2 – Operational and Organizational Effectiveness	54
A4.1	Millennium Development Goals in the CAREC Region	58
A4.2	Country Groupings – International Finance Corporation/World Bank’s <i>Doing Business</i>	59
A4.3	Level 1 Country Groupings – World Bank’s <i>World Development Indicators</i>	59
A5.1	CAREC Investment Projects (Loans and Grants) Approved in 2013	60
A5.2	CAREC Investment Projects (Loans and Grants) Completed in 2013	67
A5.3	CAREC Technical Assistance Projects Approved in 2013	77
A5.4	CAREC Technical Assistance Projects Closed in 2013	78
A5.5	CAREC Multitranches Financing Facility Investments, Ongoing in 2013	79

Figure

A1	Structure of the CAREC Program Results Framework	48
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Abbreviations

ADB	– Asian Development Bank
BCP	– border-crossing point
CAREC	– Central Asia Regional Economic Cooperation
CCC	– Customs Cooperation Committee
CFCFA	– CAREC Federation of Carrier and Forwarder Associations
CPMM	– Corridor Performance Measurement and Monitoring
DEfR	– development effectiveness review
ECD	– economic corridor development
ESCC	– Energy Sector Coordinating Committee
EWP	– Energy Work Plan
GDP	– gross domestic product
HDI	– Human Development Index
IMF	– International Monetary Fund
LPI	– Logistics Performance Index
NJC	– national joint transport and trade facilitation committee
RKC	– Revised Kyoto Convention
SOM	– Senior Officials’ Meeting
SPS	– sanitary and phytosanitary
TPCC	– Trade Policy Coordinating Committee
TPSAP	– Trade Policy Strategic Action Plan
TSCC	– Transport Sector Coordinating Committee
TTFS	– Transport and Trade Facilitation Strategy
UNDP	– United Nations Development Programme
UNESCAP	– United Nations Economic and Social Commission for Asia and the Pacific
WCO	– World Customs Organization
WTO	– World Trade Organization

Weights and Measures

GWh	– gigawatt-hour
kph	– kilometer per hour
kV	– kilovolt
MW	– megawatt

Note

In this report, “\$” refers to US dollars.



Executive Summary

The 2013 Central Asia Regional Economic Cooperation Program Development Effectiveness Review: A Refined Perspective is the fifth annual performance assessment of the overall Central Asia Regional Economic Cooperation (CAREC) Program. It evaluates the progress made over the calendar year 2013 by all components of the program toward achieving the goals—originally laid out in the Comprehensive Action Plan—that were translated into a more focused set of objectives in *CAREC 2020: A Strategic Framework for the Central Asia Regional Economic Cooperation Program 2011–2020*.

To remain relevant and effective as a monitoring mechanism, the development effectiveness review (DEfR) must respond to the evolving priorities and direction of the CAREC Program and incorporate insights arising from its use. Important developments have taken place since 2009.

CAREC 2020 was adopted at the end of the first decade of program implementation in 2011. Sector strategies and action plans were then realigned with it, taking into account the lessons from implementation and changes in the operating environment. CAREC membership also expanded. The DEfR process itself faced issues relating to methodology and data availability, and monitoring constraints.

A reexamination of the DEfR methodology and indicators was begun in 2013. A five-level results framework was proposed to show a systematic progression of the CAREC bodies involved, what has been done (interventions), what has been delivered (outputs), how the beneficiaries have used the outputs (outcomes), and what all these elements have contributed to the region (impact). Results statements of inputs, outputs, and outcomes were determined through sector-

level consultations with member countries and partners. Some indicators from earlier DEFRs were retained. For the transport and trade facilitation and energy sectors, additional indicators and baselines were formulated to complete the set, for which data gathering will start in 2014. Much of the year's work was thus devoted not only to refining the strategy but also to reviewing the methodology.

Regional impacts (Level 5) are gauged based on the attainment of the CAREC 2020 twin objectives of expanded trade and improved competitiveness. These development goals are achieved through cooperation and regional integration as embodied in the CAREC Program. Data show that CAREC countries continued to trade at levels equivalent to about two-thirds of their gross domestic products (GDPs), and intra-CAREC trade improved modestly as a proportion of total CAREC trade. Logistics performance was bolstered by better index scores on the ease of arranging international shipments and logistics services. Intra-CAREC energy trade and foreign investments, measured as a proportion of GDP, showed no definite trends.

Outcomes (Level 4), *outputs* (Level 3), and *interventions* (Level 2)¹ are evaluated for each priority sector—transport, trade facilitation, trade policy, and energy—under the CAREC Program, using select indicators and qualitative descriptions. Sector strategies were refined into the Transport and Trade Facilitation Strategy 2020 (TTFS 2020) and the Trade Policy Strategic Action Plan 2013–2017 (TPSAP). The kilometers (km) of

road built or improved in 2013 surpassed the year's target, and the cumulative length in good condition exceeded the goal of 80% of 24,000 km. Border-crossing time was shortened by almost an hour between 2012 and 2013. About 85% of the targeted railway length was also completed. These positive trends must be sustained if not accelerated, for the early attainment of the TTFS 2020 goals. Special attention must be paid to increase travel speed and reduce costs of clearing borders and traveling along corridors.

Positive outcomes of projects such as those supported by the Asian Development Bank (ADB) were evident in specific areas. Rated *highly successful*—and awarded as an Exceptional International Development Project by the United States Treasury²—was the Hairatan to Mazar-e-Sharif Railway Project in Afghanistan, which built a 75 km railway line, transshipment facilities, and a railway station, thereby connecting the ring road with the airport and to Uzbekistan, which leads to markets in Asia and Europe. Freight volume increased from 4,500 to 6,500 tons per day, costs fell by \$0.08 per ton/km, transport time was cut in half, and job opportunities grew by 10% annually. Also *highly successful* was the North–South Corridor Project in Afghanistan, which rehabilitated the Mazar-e-Sharif–Dar-i-Suf and the Bamyān–Yakawlang roads and installed cross-border facilities in Spin Boldak and Hairatan. Travel time was reduced by 75% and transport costs fell by 40%; rural areas are now connected to markets even during the winter; traffic volumes quadrupled; vehicle operating costs dropped

¹ Level 2 consists of (i) strategies, studies, and analytical work; (ii) policy changes; (iii) projects; and (iv) institutional improvements.

² Announced in July 2014 during the third annual Development Impact Honors for projects undertaken by the multilateral development banks, there were six awardees out of almost 30 projects nominated.

by 45%; border throughput was improved; and transaction time reduced. The Road Network Development Program (Project 2) in Azerbaijan improved the Ganja bypass road, which is part of the primary east–west highway from the capital Baku to the border of Georgia and a main route between the Caspian and Black seas. Rated *successful*, the program tripled traffic volume, shortened travel time, and improved the international roughness index.³ Freight charges and fares were lowered, cutting transport costs by 25%–30%. Local businesses grew by 30%; public transport services began to operate, making remote areas accessible and travel to town centers more frequent. Similar successful outcomes also resulted from the CAREC Transport Corridor 1 (Bishkek–Torugart Road) Project and the Dushanbe–Kyrgyz Border Road Rehabilitation Project (Phase II) in Tajikistan.

In addition to the projects listed above, customs cooperation addressed nonphysical barriers to cross-border transport and trade. Diagnostic studies are assessing transport operations along the corridor connecting the Kyrgyz Republic, Tajikistan, Afghanistan, and Pakistan, and examining the requirements for establishing designated railway corridors. The recommendations emanating from these studies should lead to further work in facilitating cross-border transit. New regional technical assistance projects are focusing on modernizing sanitary and phytosanitary (SPS) measures, customs reforms, border infrastructure, and customs transit. CAREC-member countries are acceding to and

aligning their customs codes with the Revised Kyoto Convention (RKC). Assistance is being provided for compliance with World Trade Organization (WTO) accession commitments. Automation is being introduced in more countries, while national single-window systems are being established. And private sector participation is encouraged through such organizations as the CAREC Federation of Carrier and Forwarder Associations (CFCFA).

Progress has been made in implementing the Energy Work Plan (EWP) for 2013–2015. To improve energy trade and cooperation in the region, preparations have begun for two complementary projects funded by ADB and the World Bank along the Central Asia–South Asia energy corridor. To address the constraints to electricity trade, the United States Agency for International Development (USAID)—under its Regional Energy Security, Efficiency, and Trade (RESET) Program—conducted seminars and offered a full university-level curriculum on the design and operation of power markets. And the World Bank’s Enhancing Central Asia Regional Power Trade and Cooperation Program analyzed data and consulted with energy ministries, dispatch centers, grid operators, and utilities. To manage energy–water linkages, the World Bank is reinforcing knowledge-platform and decision-support systems using the Basin Economic Allocation and Aral Dynamic Information Framework (AralDIF)⁴ demonstration models, as well as the Central Asia energy–water knowledge portal and network. To help

³ A worldwide standard for measuring road smoothness longitudinally (i.e., in the direction of driving), the index measures pavement roughness in wheel path by the number of meters per kilometer a laser mounted on a van jumps as it is driven along a road. The lower the index is, the smoother the ride.

⁴ AralDIF is a first generation demonstration model of water flows that identifies independent, publicly accessible data and model platforms for energy–water analysis. Produced by the University of Washington, it enables the visualization and simulation of water and energy links.

mobilize funds to develop energy assets, ADB technical assistance is being provided for the CAREC Power Sector Financing Road Map to evaluate the ability of CAREC countries to finance the development of power infrastructure with their own resources and examine other funding sources for national and cross-border projects. The list of medium-term priority projects has, in the meantime, been compiled based on national investment plans. The capacity-building and knowledge-framework program for 2013–2015 calls for the CAREC Energy Sector Coordinating Committee to strengthen its links with the Energy Charter, International Energy Agency, International Hydropower Association, and other organizations.

Financial and knowledge-based inputs into the CAREC Program as a whole are evaluated using indicators for organizational and operational effectiveness. Operations growth was sustained with \$1.1 billion in additional loans and grants supporting 10 new projects. This included two projects supported by non-CAREC cofinanciers, the CAREC Corridor 3 (Bishkek–Osh) Improvement Project Phase 4, which is partly funded by the Eurasian Development Bank, and the North–South Power Transmission Enhancement Project, partly funded by the Afghanistan Infrastructure Trust Fund.⁵ From 2001 to 2013, 146 investment projects worth \$22.4 billion were approved. Finance mobilization was modest, owing to the moderate scale of additional inflows, particularly in transport. Technical assistance in 2013 came in the form of 15 new projects worth \$15.8 million. A 2013 evaluation

of past technical assistance showed *successful* delivery in all projects examined, including the Foreign Trade and Investment Promotion in Uzbekistan, the Black Sea Trade and Investment Promotion Program, the Central Asian Countries Initiative for Land Management Multi-Country Capacity Building Project in the Kyrgyz Republic, and the multisector Strengthening Central Asia Regional Economic Cooperation project; rated *highly successful* was the assistance to the Central Asia Regional Economic Cooperation: Power Sector Regional Master Plan.

In December 2013, the CAREC Program was introduced to a wider audience during a session on Regional Cooperation and Trade in Central Asia: Integrating in the Global Economy, at the Bali Trade and Development Symposium, which was conducted simultaneously with the Ninth WTO Ministerial Conference. National consultation workshops reinforced the ownership of the CAREC Program. Monthly subscriptions to the CAREC electronic newsletter, *e-Alert*, grew by 30%; more CAREC-related articles appeared in print media; and more readers per month visited the CAREC Program website.

In 2013, 20% more participants attended all CAREC-related training sessions, even though the events were shorter and less frequent. Knowledge-sharing and capacity-building activities were organized through the CAREC Institute, and in partnership with the ADB Institute, the CFCFA, Shanghai Customs College, United Nations Economic and Social Commission for Asia and the Pacific (UNESCAP), the World Customs

⁵ The Afghanistan Infrastructure Trust Fund provides an opportunity for bilateral, multilateral, and individual contributors to partner with ADB in financing infrastructure investments that promote security, drive development, and improve the lives of the Afghan people. Established in 2010, it is supported by Japan, the United Kingdom, and the United States.

Organization, as well as government ministries and customs administrations. The Corridor Performance Monitoring and Measurement reports were widely disseminated. The meetings of the Trade Policy Coordinating Committee served as a venue for learning about trade issues. Study tours focusing on integrated trade facilitation were organized in Georgia, and on solar power in Kapchagai, Kazakhstan, where the United Nations Energy Commission for Europe, UNESCAP, and the United Nations Development Programme presented renewable energy initiatives. Preparations were made for the establishment of the physical base of the CAREC Institute. Formal arrangements were made for the WTO to work with the CAREC Program to deliver capacity-development products, especially concerning trade policy.

CAREC implementing bodies (Level 1) held regular regional and subregional meetings, which enabled CAREC members to interact and discuss crucial issues, and share views and experiences. The TTFS 2020 and the TPSAP 2013–2017 were endorsed at the 12th Ministerial Conference, which focused on the integrated transport and trade theme. The TTFS 2020 will pursue the three original goals—competitive corridors across the CAREC region; efficient movement of people and goods through CAREC corridors and across borders; and sustainable, safe, user-friendly transport and trade networks—more comprehensively by prioritizing the development of multimodal corridor networks, improvements in trade and border-crossing services, and institutional strengthening. The new TPSAP adds two more objectives to the original trade policy agenda of accession to the WTO, greater trade openness prior to WTO accession, and

capacity building on trade issues: (i) reducing the trade-impeding impact of technical regulations and SPS measures, and (ii) enlarging trade in services.

A set of priority actions was also proposed to increase the effectiveness of operations and address issues in each sector. These are to be considered at the Consultation Meeting with CAREC National Focal Points with subsequent progress to be reported at the 13th Ministerial Conference. To accelerate the implementation of CAREC 2020, the DEfR proposed the following actions:

- Harmonize work programs in transport and trade facilitation areas with the TTFS 2020.
- Address key nonphysical barriers to cross-border transport to maximize the benefits of the CAREC corridors.
- Monitor the implementation of the TPSAP for 2013–2017 to ensure adequate progress in trade liberalization.
- Implement the CAREC EWP for 2013–2015.
- To sustain operations growth, endorse the list of medium-term priority projects and start incorporating these projects into national development plans.
- To counter the drop in finance mobilization, step up efforts to explore cofinancing opportunities among CAREC-member governments, multilateral and bilateral institutions, other development partners, and the private sector.
- Implement sector-focused training and capacity-building activities and workshops on cross-cutting issues through the CAREC Institute.
- Advance the WTO Accession Knowledge-Sharing Program and the

- post-accession adaptation of newly acceded members.
- Widely disseminate relevant knowledge products to all CAREC members, especially through the CAREC website.
 - Closely coordinate CAREC bodies to present consistent messages and information about the CAREC Program.

I. Introduction

The Central Asia Regional Economic Cooperation (CAREC) Program is a practical, project-based, and results-oriented initiative implemented by 10 partner countries and 6 supporting multilateral institutions.⁶ The *2013 Central Asia Regional Economic Cooperation Program Development Effectiveness Review: A Refined Perspective* (2013 CAREC DEfR) is the fifth annual performance assessment of the overall CAREC Program. In previous years, the DEfR was based on the analyses of 32 aggregated performance indicators of the CAREC results framework, a distillation of the Comprehensive Action Plan, which first laid out the goals and objectives of the program.

Important developments have taken place in the CAREC Program since the first DEfR in 2009. The *CAREC 2020: A Strategic Framework for the Central Asia Regional Economic Cooperation Program 2011–2020* (CAREC 2020)⁷ was formulated at the end of the first decade of program implementation in 2011 and translated the original program goals into a more focused set of objectives. Strategies and action plans at the sector level have been refined to align with CAREC 2020, include lessons from implementation, and respond to the changing environment. CAREC membership has expanded to include Pakistan and Turkmenistan. Aside

⁶ CAREC has 10 country partners: Afghanistan, Azerbaijan, the People's Republic of China, Kazakhstan, the Kyrgyz Republic, Mongolia, Pakistan, Tajikistan, Turkmenistan, and Uzbekistan. The six multilateral institutions are the Asian Development Bank, the European Bank for Reconstruction and Development, the International Monetary Fund, Islamic Development Bank, United Nations Development Programme, and the World Bank.

⁷ Endorsed at the 10th CAREC Ministerial Conference in 2011: <http://www.carecprogram.org/uploads/docs/CAREC-Publications/2012/CAREC-2020-Strategic-Framework.pdf>

from these, over the years, the review process has had to contend with constraints in monitoring systems and issues relating to methodology and data availability and validation.

To ensure that the DEfR remains relevant and effective as a monitoring mechanism, it must be updated to (i) respond to evolving priorities and directional shifts of the CAREC Program, and (ii) apply lessons arising from its use. Thus, in 2013, a reexamination of the DEfR methodology was initiated,⁸ and the most relevant results indicators were selected. This rationalization was endorsed at the Senior Officials' Meeting (SOM) during the 12th Ministerial Conference in October 2013.

The reexamination proposed refinements to the results framework and a five-level structure to systematize the progression from cause to effect (Figure 1),⁹ addressing the inadequacy of the previous three-level structure in distinguishing between outcomes and outputs in sectors, and making the logic of change clearer. In one glance, the five-level structure gives an overview of the program: the CAREC bodies involved, what has been done (interventions), what has been delivered (outputs), how beneficiaries have used the outputs (outcomes), and what all these elements have contributed to the region (impact).

Program results are a composite of sector results, which provide information only at three of the five levels: outcomes (Level 4), outputs (Level 3), and interventions (Level 2). The topmost result, regional impact (Level 5), is for the program as a whole, since it is the

ultimate end of sector work taken together. The work of implementing bodies (Level 1) is described separately.

The results framework consists of (i) statements of outcome, output, and interventions at the sector level; (ii) specific indicators for each result; (iii) base year or benchmarks to use for each indicator; and (iv) weights for indicators in case uniform weights are not deemed appropriate. Statements of key results are summarized in Figure 1 and discussed under each sector in this report. The indicators selected during the rationalization process are used for certain outcomes, outputs, and interventions. The new indicators that were formulated for the transport, trade facilitation, and energy sectors will start to be measured in 2014. Trade policy sector indicators will be finalized by 2015 during consultations with CAREC member countries and partners.

The DEfR continues to use a simple rating system designed to show (i) where progress has been made in the overall context of CAREC activities; (ii) where progress has slowed or begun to deteriorate; and (iii) where urgent attention is required to prevent further deterioration. The approach is applied not only to quantitative estimates but also to qualitative assessments where numerical data are not available. The traffic light system (see below) is used only on outcomes (Level 4), outputs (Level 3), and interventions (Level 2), and not on impact (Level 1) because the impact is a result of numerous factors and cannot be solely attributed to the CAREC Program, and the 2-year period within which results are expected is too short.

⁸ The methodological review is described in Appendix 1.

⁹ The complete 2013 CAREC results framework is found in Appendix 2. Definitions and sources are in Appendix 3.

Figure 1 CAREC Program Strategies and Results Monitoring Framework

Expanded Trade and Improved Competitiveness among CAREC Member Countries		Trade Policy		Energy	
Transportation and Trade Facilitation		Trade and business environment improved		Increased cross-border trade in services, including backbone services	
Regional Impact ←	Sustainable, safe, and user-friendly transport and trade networks developed in the CAREC region	Capacity enhanced to effectively manage WTO, trade policy issues, and customs procedures ^a		Increased equity in energy resource distribution among CAREC countries	
	Operational and institutional effectiveness enhanced	WTO membership achieved; commitments implemented; and WTO standards applied to VAT, tariffs, quotas, etc.		Increased generation and rehabilitated energy infrastructure	
Sector Outcomes ←	Multimodal corridor established	Market access and/or openness promoted to foreign companies		Central Asia-South Asia energy corridor developed	
Sector Outputs ←	Trade and border-crossing services improved	Expansion of service exports prioritized in government plans		Temporary movement of labor within CAREC increased	
CAREC Interventions ←	- Facilitate the construction and rehabilitation of roads, railways, airports and civil aviation, border-crossing points, SPS facilities, and logistics hubs. - Enhance capacity and/or south-south knowledge cooperation. - Support harmonization and joint conduct of customs and SPS procedures, and adopt modern technologies. - Monitor the performance of the CAREC corridors. - Provide institutional strengthening support. Investment Project 1: Road Infrastructure; Investment Project 2: Rail Infrastructure; Investment Project 3: Inland Waterways and Ports; Investment Project 4: Airports and Air Transport; Investment Project 5: Border-Crossing Points; Investment Project 6: Logistics Mode; TA 1: Designated Railway Corridors; TA 2: Public-Private Initiatives; TA 3: Corridor Management; TA 4: Trade Facilitation; TA 5: Transport Facilitation; TA 6: Road Safety and Maintenance; TA 7: Other Infrastructure; TA 8: Other Infrastructure Related	- Support WTO accession and implementation of pre- and post-WTO accession commitments. - Fund and support the implementation of recommendations from reviews, studies, and questionnaires. - Promote policies and practices to improve the quality of institutions and to encourage services investment in backbone services. - Encourage the development and use of bilateral labor agreements. Interventions include training seminars, knowledge-sharing workshops, seminars on expansion of trade in services and reduction of nontariff barriers, and the provision of technical assistance to facilitate trade and to develop services.		- Guide the development of the Central Asia-South Asia energy corridor. - Study and address regional energy dispatch issues. - Steer the mobilization of funds. - Guide and supervise knowledge-based activities. - Guide the development of the medium-term priority projects portfolio. - Develop programs to enhance regional energy trade and cooperation. - Undertake analytical work on the linkages between energy and water resources.	
	Transport Sector Coordinating Committee CAREC Federation of Carrier and Forwarder Associations Customs Cooperation Committee	Trade Policy Coordinating Committee	Energy Sector Coordinating Committee		
CAREC Bodies ←					

CAREC = Central Asia Regional Economic Cooperation, SPS = sanitary and phytosanitary, TA = technical assistance, VAT = value-added tax, WTO = World Trade Organization.

^a While capacity building is placed in one results chain only, it is understood that all trade policy outputs require some capacity development and the resulting “improved trade and/or business environment” supports and sustains all trade policy outcomes.

Source: This is a condensation of the results statements at the sector level that were presented in Appendix 1.



The indicator value for the current development effectiveness review (DEfR) has made progress and improved over the indicator value reflected in the previous DEfR cycle. This indicator is “on track.”



The indicator value for the current DEfR has neither made progress nor deteriorated. This indicator has “stalled” and necessary action should be identified to prevent further deterioration.



The indicator value for the current DEfR has stalled and/or deteriorated for 2 consecutive years. This indicator is “off track” and immediate attention is required.



II. Level 5: Regional Impact

Level 5 of the 2013 CAREC DEfR presents broad regional progress toward meeting the development objectives of the CAREC Program—projects and activities together with the work of national governments and development partners. The final level in the results framework is the impact desired for the region as a whole. In previous DEfRs, 16 indicators for this level were categorized into two groups: poverty reduction and human development, and economic progress. Beginning with the 2013 CAREC DEfR, four of the original economic progress indicators are examined. They embody CAREC 2020's twin strategic objectives of expanded trade and improved competitiveness. CAREC activities directly target more openness to trade and greater intraregional trade, better-integrated energy markets, and increased energy trade. Foreign direct investment is the outcome of interventions

that attract investors to CAREC countries. A fifth indicator—the World Bank's Logistics Performance Index (LPI) that was introduced in the 2012 DEfR—uses perceived quality of logistics as a gauge for competitiveness. These indicators attempt to show whether trade and integration have resulted from CAREC initiatives to connect the countries and open up opportunities for economic activity.

CAREC countries continued to trade at levels equivalent to about two-thirds of their gross domestic products (GDPs) over the years (Table 1). The magnitude of total trade for four of the seven countries included in the estimate exceeded their respective GDP levels. For the others, trade volumes were one-third to three-fourths of their GDP volumes. Three countries became more open compared with 2011, while three experienced the reverse. The CAREC region is similar to

Table 1 Level 5 – CAREC Regional Impacts

Indicator	2006 Baseline	2010	2011	2012	2013
1. Trade openness (%) ^a	67.9	64.2	67.2	66.8	...
2. Intra-regional trade in total CAREC trade (%)	6.25	6.25	5.62	6.16	6.18
3. Intra-regional energy trade (GWh)	5,061	3,544	5,304	4,752	...
4. Foreign direct investment (% of GDP)	6.0	3.8	4.3	3.9	...
5. Logistics Performance Index ^b	2.53 (2010)	2.53	...	2.46	2.43 (2014)

... = data not available, CAREC = Central Asia Regional Economic Cooperation, GDP = gross domestic product, GWh = gigawatt-hour.

^a No data for Afghanistan and Turkmenistan. Series changed from using 2000 to 2005 constant \$.

^b The LPI score ranges from 1 for worst to 5 for best. Since the index is computed every 2 years, the most recently available LPI for 2014 is included to show general trends.

Notes: Data sources constantly revise their estimates to incorporate more recent information; hence, figures will vary from those in earlier DEFs. Comparable subnational data for the Xinjiang Uygur Autonomous Region and the Inner Mongolia Autonomous Region of the People's Republic of China are not available for these indicators.

Sources: World Bank. World Development Indicators Online Database for indicator 1 and 4; International Monetary Fund. *Direction of Trade Statistics* for indicator 2; Coordinating Dispatch Center, Tashkent, Uzbekistan, for indicator 3; and World Bank. *Connecting to Compete 2012: Trade Logistics in the Global Economy. The Trade Logistics Performance Index and Its Indicators*, for indicator 5.

Europe and Central Asia (67.8%), and slightly more open than South Asia (54.9%).

In 2012 and 2013, intra-CAREC trade as a proportion of total trade has been improving, after slightly falling from the 2010 baseline figure (Table 1). The growth in both intraregional and total trade was more restrained in 2013 relative to 2012. Between 2002 and 2013, these grew by 18% on the average, an upward trajectory that must be maintained to bring the indicator to the desired level. The proportion of Europe and Central Asia's intraregional trade to its total trade was 22% or more than triple that of CAREC while South Asia's was 3.5%, or half that of CAREC.

Intra-CAREC energy trade did not present consistent trends between 2010 and 2012, first growing by 50% then shrinking by 10% (Table 1). However, the 2011 figure surpassed

the baseline by almost 5%, showing potential for future expansion.

Foreign investment inflows as a proportion of GDP in 2012 were similar to the 2010 level after the slight resurgence in 2011 (Table 1). Mongolia was the extreme performer with double-digit shares that were 5 to 80 times the single-digit shares of the rest. Nevertheless, total financial infusions into the region were relatively greater than in Europe and Central Asia (2.4%) or South Asia (1.3%).

The LPI measures logistics efficiency along a country's supply chain, and is based on a survey of perceptions on six components.¹⁰ It echoes the CAREC 2020 approach to bring about transport connectivity, easier cross-border movements, and developed economic corridors. Produced every 2 years, the most recent

¹⁰ These are the (i) efficiency of customs and border management clearance, (ii) quality of trade and transport infrastructure, (iii) ease of arranging competitively priced shipments, (iv) competence and quality of logistics services, (v) ability to track and trace consignments, and (vi) frequency with which shipments reach the consignee within the scheduled delivery time.

estimate is for 2014 (Table 1). The average LPI for CAREC, which is midway between best and worst, was similar to the 2010 estimate. The average scores for some LPI components, such as timeliness, tracking consignments, customs, and infrastructure components, need to match the improved average scores for ease of arranging international shipments, and logistics services. The index is higher in Europe and Central Asia (2.92), and South Asia (2.66).

The CAREC DEFIR reemphasizes inclusive and sustainable economic growth as the long-term vision of the CAREC Program, guided by the principle of development through cooperation. To this end, some indicators from the earlier DEFIRs are used to provide the macro-level context of

CAREC activities and CAREC's operating environment, and to enable a holistic view.

Poverty reduction is tracked through a variant of the Millennium Development Goal¹¹ measure for extreme poverty—proportion of people living on less than \$1.25 a day—adjusted to the more appropriate level of \$2 a day for the CAREC region.¹² Estimates are available up to 2010 for six countries, and show significant reductions in the average relative to the 2002 baseline (Table 2). The indicator was already very low for three countries at the start, and dropped even further to almost negligible levels. The indicators for the other three countries with relatively high proportions also declined considerably, although one has yet to breach the 50% mark. CAREC regional averages

Table 2 Macro-Level Context

Indicator	Baseline Year	Baseline Value	2010	2011	2012	2013
1. Population living on less than \$2 a day (%) ^a	2002	64.8	51.1 (2005)	49.1 (2008)	41.9 (2010)	...
2. Human Development Index	2000	0.544	0.632	0.636	0.641	0.645
3. GDP PPP (constant 2011 international \$ billion)	2006	1,197	1,460	1,530	1,609	1,712
4. GDP per capita PPP (constant 2011 international \$)	2006	4,671	5,286	5,436	5,617	5,877
5. Real GDP growth rate (%)	2006	9.4	4.8	5.3	5.3	6.5

... = data not available, GDP = gross domestic product, PPP = purchasing power parity.

^aNo data for Afghanistan, Mongolia, and Uzbekistan.

Notes: Data sources constantly revise their estimates to incorporate more recent information; hence, figures will vary from those in the earlier DEFIRs. The GDP base year was also changed from 2005 to 2011. Comparable subnational data for the Xinjiang Uygur Autonomous Region and the Inner Mongolia Autonomous Region of the People's Republic of China are not available for these indicators.

Sources: World Bank. PovcalNet Online Database for indicator 1; United Nations Development Programme. 2013. *Human Development Report 2013*. New York for indicator 2; and World Bank. World Development Indicators Online Database for indicators 3–5.

¹¹ Additional Millennium Development Goal indicators for the CAREC region are given in Appendix 3.

¹² Under the United Nations Millennium Development Goal system of classification, seven CAREC countries are “early achievers” because they are already within target for this indicator; hence, the CAREC results framework chose to use the next level of measurement for which data is routinely captured, i.e., population living below \$2 a day.

over the years are several multiples of Europe and Central Asia's¹³—6.2 in 2002 and 1.9 in 2010, but compare favorably with South Asia's 76.6 in 2002 and 67.1 in 2010.

The composite Human Development Index (HDI) of the United Nations Development Programme measures a broad spectrum of human development. The estimate for 2013 is a slight rise from the 2012 average, sustaining steady progress over the last 4 years (Table 2). Progress was registered in all three HDI components, with more pronounced increases in life expectancy and education in 2012, even as literacy and schooling levels are already relatively high. The average standard of living rose steadily, with three countries enjoying markedly high per capita incomes. Two of the nine countries had “high” indexes, five had “medium,” and two “low.”¹⁴ The average HDI for CAREC is also midway between the 0.76 average for Europe and Central Asia, and 0.62 for South Asia.

In 2013, CAREC economies had a combined total gross domestic product

(GDP) reaching \$1.7 trillion,¹⁵ registering real growth of 6.5% and outdoing the expansion in 2012 of 5.3% (Table 2). The CAREC region performed better than South Asia (5.1%) or Europe and Central Asia (2.2%), although still some distance from its own record 9.4% in 2006. Pakistan and Kazakhstan had the largest economies, together making up more than two-thirds of the region (70%), followed by Azerbaijan and Uzbekistan. The Kyrgyz Republic, Mongolia, and Turkmenistan showed impressive double-digit growth rates. The regional economy was one-fifth the size of South Asia (\$7.21 trillion) or Europe and Central Asia (\$6.07 trillion¹⁶). Average per capita GDP expanded to \$5,877 in 2013, owing to the high levels in Kazakhstan, Azerbaijan, and Turkmenistan, and is a 26% improvement overall from the baseline and 4.6% from 2012. The region's per capita GDP was almost a fifth higher than that of South Asia (\$4,944), and a third that of Europe and Central Asia's (\$18,402).

¹³ In this section, Europe and Central Asia excludes Azerbaijan, Kazakhstan, the Kyrgyz Republic, Tajikistan, Turkmenistan, and Uzbekistan, while South Asia excludes Afghanistan and Pakistan.

¹⁴ The “high” human development category has an average 0.735 HDI, 74.5 years life expectancy, 8.1 years of schooling, and \$13,231 gross national income (GNI) per capita; “medium” has an average 0.614 HDI, 67.9 years life expectancy, 5.5 years of schooling, and \$5,960 GNI per capita; “low” has an average 0.493 HDI, 59.4 years life expectancy, 4.2 years of schooling, and \$2,904 GNI per capita.

¹⁵ Excludes subnational data for the Xinjiang Uygur Autonomous Region and the Inner Mongolia Autonomous Region of the People's Republic of China, which are not available.

¹⁶ Excluding Latvia and Lithuania.



III. Levels 4, 3, and 2: Sector Outcomes, Outputs, and Interventions

Each priority sector delivered intervening results to realize regional impacts. Level 4 articulates the desired sector outcomes, which are defined as the use of sector outputs by beneficiaries. Outputs or Level 3 refer to the desired changes in systems and infrastructure brought about by CAREC-related projects and activities in each sector. Output indicators show the extent to which targets were achieved, and suggest where hindrances may lie. Their monitoring helps priority sectors ascertain areas of complementarity that would enhance the planning and implementation of projects across the region. Most indicators from earlier DEfRs were retained and new ones have been defined to reflect refined sector strategies and action plans.

Level 2 consists of inputs or interventions made to implement the CAREC Program, and includes (i) strategies, studies, and

analytical work; (ii) policy changes; (iii) projects; and (iv) institutional improvements. These are undertaken or overseen by sector implementing bodies. As the corresponding indicators are still being developed, there are no quantitative assessments yet. Rather, the initiatives are described to illustrate sector work. Nevertheless, operational and organizational effectiveness of the Program as a whole is assessed through some indicators of financial and knowledge-based contributions.

A. Transport and Trade Facilitation Sectors

The CAREC Transport Sector Coordinating Committee (TSCC) and the Customs Cooperation Committee (CCC) have together been implementing the CAREC Transport

and Trade Facilitation Strategy (TTFS)¹⁷ for 2008–2017 to take advantage of collaborative synergies. The TTFS seeks to achieve three target outcomes: (i) competitive corridors across the CAREC region; (ii) efficient movement of people and goods through CAREC corridors and across borders; and (iii) sustainable, safe, user-friendly transport and trade networks. The consolidated approach of the TTFS optimizes the use of resources devoted to increasing the region’s competitiveness and trade.

In 2013, a midterm review of the TTFS was conducted to improve the contribution of sector outputs to outcomes by reexamining their linkages. The refined TTFS reflects the CAREC 2020 strategic framework, the expanded CAREC membership, and lessons learned from the initial phase of implementation. The resulting TTFS 2020,¹⁸ containing an implementation action plan for 2014–2020, seeks to achieve the three original goals more efficiently and comprehensively, and was endorsed at the 12th Ministerial Conference. Completion of the six strategic multimodal corridors continues to be a priority. The TTFS 2020 also introduces corridor extensions that will (i) connect with seaports; (ii) provide alternative routes along existing corridors; (iii) increase geographic coverage and interconnectivity; (iv) include a rail network, which is ideal for long-distance freight; and (v) establish intermodal hubs.

The TTFS 2020 incorporates the results framework (Table 3), which identifies the following outputs in three operational priority areas to meet the CAREC 2020

objectives of expanded trade and improved competitiveness:

- (i) a multimodal corridor network developed, consisting of support for corridor extensions, railway network and multimodal logistics hub, and improved border-crossing points (BCPs);
- (ii) trade and border-crossing services improved, consisting of reformed and modernized customs, coordinated border management, and national single-window systems; and modernized and reformed sanitary and phytosanitary (SPS) measures; and
- (iii) institutional strengthening, consisting of improved planning, financing, and management of road and railway assets; road safety management; and increased private sector participation.

The TTFS 2020 identified the following outcome indicators:

- (i) Competitive corridors established:
 - (a) a fivefold increase in interregional trade value over the 2005 baseline of \$7.9 billion, and
 - (b) 30% increase in travel speed along CAREC corridor sections to 30 kilometers (km) per hour.
- (ii) Efficient movement of goods and people facilitated: (a) 35% decrease in time to clear a BCP to 5.7 hours, and (b) 20% decrease in cost incurred at a BCP to \$149.
- (iii) Sustainable, safe, and user-friendly transport and trade networks developed: (a) 60% of the six

¹⁷ Endorsed at the Sixth CAREC Ministerial Conference in 2007. The implementation plan was endorsed at the Seventh CAREC Ministerial Conference in 2008. http://www.carecprogram.org/uploads/events/2007/6th-MC/001_101_201_CAREC-Transport-Trade-Facilitation-Strategy.pdf

¹⁸ <http://www.carecprogram.org/uploads/docs/CAREC-Publications/CAREC-Transport-TradeFacilitation-Strategy.pdf>

Table 3 Transport and Trade Facilitation Sector Results Framework

Bodies	Intervention	Sector Outputs	Sector Outcomes
TSCC, CCC, CFCFA	<ul style="list-style-type: none"> Road development Rail development Logistics center development Border-crossing point development 	Multimodal corridor network developed	<ul style="list-style-type: none"> Competitive corridors established;
	<ul style="list-style-type: none"> Coordinated border management Customs modernization Beyond-customs integrated trade facilitation Single-window system development 	Trade and border-crossing services improved	<ul style="list-style-type: none"> Efficient movement of people and goods facilitated;
	<ul style="list-style-type: none"> Road maintenance Road safety Policy reform, industrial restructuring, privatization, and institutional development 	Operational and institutional effectiveness enhanced	<ul style="list-style-type: none"> Sustainable, safe, user-friendly transport and trade networks developed

TSCC = Transport Sector Coordinating Committee, CCC = Customs Cooperation Committee, CFCFA = CAREC Federation of Carrier and Forwarder Associations.

Source: ADB. 2014. *CAREC Transport and Trade Facilitation Strategy 2020*. Manila.

CAREC corridors with international roughness index of less than 4 meters per km, (b) a regional road safety strategy prepared by 2017 and targets achieved by 2020, (c) national joint transport and trade facilitation committees (NJC) functioning to sustain integrated transport and trade facilitation initiatives, and (d) transport and trade facilitation capacity strengthened.

The TTFS 2020 also specified the following corresponding output indicators:

- (i) Multimodal corridor network developed: (a) 7,800 km of expressways or national highways built or improved; (b) 70% of total CAREC road corridor built or improved; (c) 1,800 km new railways built; (d) 2,000 km of railway track renovated, electrified, or signalized; (e) five multimodal logistics centers

operational, five BCPs completed; and (f) at least five BCPs improved.

- (ii) Trade and border-crossing services improved: (a) eight CAREC countries acceded to the Revised Kyoto Convention, (b) joint customs control and coordinated border management implemented at five pairs of BCPs along selected CAREC corridors, (c) three national single-window facilities established, and (d) regional SPS cooperation programs implemented in five CAREC countries.
- (iii) Enhanced operational and institutional effectiveness: (a) CAREC road maintenance-related investment and technical assistance projects successfully completed, (b) three performance-based maintenance contract programs initiated, (c) road safety features integrated into CAREC road projects, (d) NJC secretariats established in three CAREC countries,

- (e) one or more corridor management units established in pilot corridors, and (f) at least six transport and trade facilitation capacity-building activities conducted annually.


The transport and trade facilitation sectors in this DEFIR are represented by six indicators that were retained from earlier DEFIRs. Progress in physical infrastructure is seen in two indicators for transport connectivity: (i) expressways or national highways built or improved (km), and (ii) the proportion of total CAREC corridor built or improved (%). Trade facilitation is monitored through four indicators from the CAREC Corridor Performance Measurement and Monitoring (CPMM) Annual Report, which serve as proxy for the ease of movement along corridors and across borders: (i) time taken to clear a border crossing (hours), (ii) costs incurred at a border-crossing clearance (\$), (iii) speed of travel on a 500 km CAREC corridor section (km per hour), and (iv) costs incurred in traveling a corridor section (\$).

1. Transport Output Indicators

The implementation of the TTFS and its action plan progressed markedly in 2013. As early as 2012, 80% of corridor roads targeted in the TTFS 2008-2017 to be in good condition by 2013, was practically achieved. In 2013, 1,312 km were built or upgraded, surpassing the 1,200 km target for the year; this also represents 17% of the total 7,800 km of corridor length identified for improvement by 2020. This achievement brought the cumulative completed length for 2008–2013 to 4,970 km of road sections, which is equivalent to 85% of the 24,000 km targeted to be in good condition.

The additional road length includes the Bishkek–Torugart Road section in the Kyrgyz Republic, the East–West Highway in Azerbaijan, the Western Regional Road in Mongolia, and the Aktau–Beyneu Road in Kazakhstan. The regional Ulaanbaatar–Russian Border Road Rehabilitation Project, which forms CAREC Corridor 4b and a section of Corridor 4c, was mostly completed and is open to traffic.

Table 4 Transport Output Indicators

Indicator	2008 Baseline Year	2010	2011	2012	2013	2013 Target	Progress
Annual expressways or national highways built or improved (km)	181	1,154	953	1,116	1,312	1,200	
Cumulative proportion of total CAREC corridor built or improved (%) ^a	64	71	75	79	85	80	

CAREC = Central Asia Regional Economic Cooperation, km = kilometer.

^aThis may overstate overall road conditions due to deterioration on some road sections that were rated to be in good condition in 2007.

Source: Transport Sector Coordinating Committee, Transport Sector Progress Report, 5 November 2014.

For railways, approximately 3,226 km amounting to about 85% of the targeted 3,800 km, had been completed. In 2013, construction of the Atamyrat–Ymamanzar–Akina Railway (88 km) was initiated. In other transport subsectors, such as civil aviation, ports, and logistics centers, 13 projects were being implemented.

2. Trade Facilitation Outcome Indicators

Estimates of the 2013 indicators from the CAREC CPMM Annual Report were mixed. The average time to clear a border crossing was reduced, although it still has not matched the 2010 baseline time (Table 5). But the faster clearance was offset by slower travel time along CAREC corridors, as average speed dropped from the 2012 estimate. The nominal costs of clearing a border and traveling along CAREC corridors increased substantially; the latter follows 2 consecutive years of upward movements.

The average **time taken to clear a border crossing** improved by 8% or almost an hour faster, from 10.9 hours in 2012 to 10 hours in 2013 (Table 5), reversing

the deterioration between 2011 and 2012, and repeating the improvement registered between 2010 and 2011. However, over the 4-year period, clearance time is 15% longer overall. Queuing at congested high-traffic BCPs was the principal cause of delays for both road and rail transport. Trucks waited for an average of 4.6 hours while trains waited 31.5 hours to cross the border. This was most pronounced at BCPs along Corridor 1, particularly for Kazakhstan-bound traffic. Loading/unloading time and the break in (railway) gauge also added to the delay.

Road border-crossing times shortened remarkably, from an average of 8.9 hours to 5.6 hours, because of shorter durations across all corridors except for Corridor 4. Considerable improvements were observed at BCPs in Irkeshtam, (People's Republic of China [PRC]) and Khorgos (PRC) for trucks bound for the PRC. However, extremely long waits of up to 120 hours still had to be endured, a persistent adverse effect of the Customs Union. The complexity of road transport, while still present, has lessened. The BCPs in Tazhen (Kazakhstan), Torugart (PRC), and Ayraton (Uzbekistan) recorded varying levels of improvement.

Table 5 Trade Facilitation Outcome Indicators

Indicator	Indicative Target	2010 Baseline Year	2012	2013	Progress
Time taken to clear a border crossing (hours)	↓	8.7	10.9	10	⊕
Costs incurred at a border-crossing clearance (\$)	↓	186	157	235	⊖
Speed of travel on a 500 km CAREC corridor section (km per hour)	↑	24	23	20	⊕
Costs incurred in traveling a corridor section (\$, per 500 km, per 20-ton load)	↓	712	999	1,482	⊖

CAREC = Central Asia Regional Economic Cooperation, km = kilometer.

Note: Speed is measured "with delays" for a 20-ton truck or a 20-foot equivalent unit container.

Sources: CAREC Corridor Performance Measurement and Monitoring Annual Reports, 2010–2013.

Rail border-crossing conditions lengthened instead, from an average of 24.7 hours in 2012 to 29.9 hours in 2013 largely because of prolonged waiting times at Corridor 1, particularly at Dostyk (Kazakhstan) and Alashankou (PRC) for Kazakhstan-bound cargo. Reasons for this delay include busy reloading facilities, lack of wagons, and marshaling and waiting for priority trains to pass; the transloading between wagons due to railway gauge differences is a key factor. The opening of Khorgos to rail traffic along sub-Corridor 1b alleviated traffic volumes—but did not relieve congestion—at Dostyk–Alashankou. Nevertheless, clearance times at Zamyn-Uud (Mongolia) and Erenhot (PRC) in Corridor 4 dropped noticeably.

Average **costs incurred at a border-crossing point** surged to \$235 in 2013, a 50% increase from 2012, offsetting the decline in cost in 2011 (Table 5). A handful of road BCPs, particularly those along Corridor 4, accounted for this, since average cost changes in all other corridors were insignificant. Average costs for Corridor 4 rose from \$172 to \$433. Mongolia imposed relatively high customs clearance fees on imports: \$450–\$650 at Khiagt–Altanbulag, \$350–\$650 at Zamyn-Uud; while the PRC assessed \$300–\$400 at Erenhot for outbound goods. Along Corridor 6, cargo from the PRC bound for the Kyrgyz Republic also paid high fees at Irkeshtam (Kyrgyz Republic). The localized escalation of fees imposed on truck cargo is expected to persist.

Border-crossing costs at Khorgos (PRC) also remained high, given the large

volumes of throughput, particularly during the peak months, which strained parking capacity and border formalities. This was compounded by unofficial payments to expedite processing.

The PRC exports to Central Asia, invariably cross Khorgos, which is the most direct route to destination markets such as Almaty. However, because of different truck standards and limited vehicle licenses, most PRC trucks carry the goods to Khorgos and unload these into export supervisory warehouses. Kazakhstan carriers then handle the goods from there to Almaty where they are consolidated or deconsolidated further. While the high customs clearance fees did not change significantly, the entire process of loading and unloading cargo bound for Kazakhstan entails fee payments on both sides, which in 2013, amounted to a hefty \$450, up from \$250 in 2012.

Data for rail border-crossing costs show improvements. Fees imposed at Dostyk (Kazakhstan) dropped significantly, affecting the Corridor 1 average positively. However, since the sample for road transport outnumbers rail by 4 to 1, the overall cost outcome is high.

The average speed¹⁹ to travel a 500 km CAREC corridor slowed by 13%—from 23 kilometers per hour (kph) in 2012 to 20 kph in 2013 (Table 5). The indicator deteriorated by 16% from the 2010 baseline. Road transport speed dropped from 25.9 kph to 22.3 kph and travel by railway decelerated from 14.5 kph to 12.8 kph. Better road conditions on Corridors 1, 2, and 6 made travel faster but the relatively longer transit time on Corridor 4 pulled down the overall average. The

¹⁹ The indicator used is Speed with Delay (SWD), computed as the average traveling speed on a 500 km section along a CAREC corridor, including delays at border crossing and intermediate stops.

slowest truck speed, recorded on Corridor 4, was worsened by poor road conditions in Mongolia. The completion of the trans-Mongolian highway on Corridor 4b in late 2013 may alleviate this result. Rail conditions are challenging, e.g., freight trains from the Russian Federation to the PRC via Mongolia traveled at an average 18.3 kph, which is far below the CAREC average of 38–45 kph.

Marked improvements in border-crossing times at road BCPs along Corridors 1, 2, 3, and 5 mitigated the slowdown. Some road and rail corridors exhibited varying levels of improvement. However, physical conditions and serious border-crossing delays in Corridor 4 affected an otherwise stable trend in overall speed.

The **costs incurred in traveling a CAREC corridor section** ballooned to \$1,482, double the 2010 baseline figure and 48% higher than in 2012 (Table 5). Higher road vehicle operating costs and rail transaction costs along particular corridors contributed to the steep rise in nominal costs. Road transport costs thus grew by 51% from \$1,067 to \$1,612, and rail transport costs rose by 44% from \$638 to \$920.

For road transport, costs along Corridor 5 escalated the most, from \$1,580 to \$2,393. Of this total, vehicle-operating costs alone rose sharply from \$1,178 per 500 km to \$2,131 per 500 km in 2013, attributable to movements of PRC goods from Afghanistan to Tajikistan. Aside from the unavoidable costs of transferring cargo to different trucks from Kashi–Irkeshdam to Dushanbe, transport fees are more volatile depending on the season and business volume. The cost to transport cargo along other corridors was similar. On an alternative sub-corridor directly linking the PRC to Tajikistan through the Kulma Pass,

vehicle-operating costs averaged \$2,294 per 500 km, further affecting the indicator negatively. Vehicle-operating costs comprised about 85% of total costs to travel a corridor section, and increased by an average of 58% in 2013. Composed largely of fuel and salaries, such cost increases were apparent in the whole region, overshadowed only by higher customs clearance fees in Corridor 4.

For rail transport, costs escalated mainly because of the substantial increases for rail traffic along Corridors 1 and 4. Along Corridor 1, the PRC railways imposed an additional surcharge on all transit cargo, accounting for much of the increase (\$300 for a 20-foot and \$600 for a 40-foot container). Transit cost for train freight along Corridor 4 climbed to an average \$876 per 500 km in 2013 from \$390, largely because of deliveries from Tianjin (PRC) to Ulaanbaatar (Mongolia).

3. Contribution of Transport and Trade Facilitation Sector Outputs to Outcomes

The DEfR process also seeks to understand how sector outputs contribute, positively or negatively, to sector outcomes, by looking at project completion reports. These assessments provide qualitative information about a project's impact in a specific area. Since the impact of infrastructure projects are usually observable only some years after completion, the DEfR augments the quantitative indicators of annual progress with such qualitative assessments. Box 1 describes a number of projects that successfully enhanced economic welfare in specific areas.

Box 1 ADB-Financed Projects Stimulate Local Economies through Better Roads, Railways, and Border Facilities

Awarded as an Exceptional International Development Project by the United States Treasury in July 2014, the Hairatan to Mazar-e-Sharif Railway Project in Afghanistan built a 75-kilometer (km) railway line and transshipment facilities and a railway station at Mazar-e-Sharif, and upgraded the marshaling yard and railway station at Hairatan with signaling and telecommunication systems. Rated *highly successful*, the line established an integrated system connecting the ring road and airport, and to the Uzbekistan rail system, which leads to markets in Asia and Europe. Between 2008 and 2012, freight increased from 4,500 to 6,500 tons per day, trade with Uzbekistan rose from \$3.5 billion to \$6.8 billion, cost of freight transport dropped by \$0.08 per ton/km and freight time fell from 2 hours by road to 1 hour by rail. Job opportunities grew by 10% annually, as 1,200 locals were employed in logistics operations.

The North–South Corridor Project in Afghanistan rehabilitated the 140 km Mazar-e-Sharif–Dar-i-Suf road and the 98.9 km Bamyan–Yakawlang road, and installed cross-border facilities in Spin Boldak and Hairatan, and was rated *highly successful*. Despite the extremely difficult security and weather conditions, outputs were fully achieved. The two roads connect to the major national road network through central Afghanistan and are now two-lane asphalt-paved, and have set a benchmark for road quality. Cross-border facilities including scanners, computers with internet connections, and cargo handling equipment, were installed at Spin Boldak. Travel time was reduced from 6 to 1.5 hours between Bamyan and Yakawlang, and from 8 to 2 hours between Dar-i-Suf and Mazar-e-Sharif; towns are now connected during the 4 winter months; vehicle traffic increased by 10%; and vehicle-operating costs dropped by 45%. The overall impact is positive, having linked rural areas to markets, cut transport time by 75%, and reduced transport costs by 40%; traffic volumes quadrupled compared with the 2005 level. Cross-border facilities improved throughput and reduced transaction time.

The Road Network Development Program (Project 2) in Azerbaijan, funded by a multitranche financing facility, improved the 39 km Ganja bypass road, which is in the second largest city and forms part of the country’s primary east–west highway from Baku to the border of Georgia, and a main route between the Caspian and Black seas as part of the Asian Highway network to Europe. The project was rated *successful*. Traffic volume tripled from 1,500 to 4,485 vehicles between 2007 and 2013, travel time shortened from 40 minutes to 20 minutes, and the international roughness index^a improved from above 6 in 2007 to 2.5 in 2013. As a result, lower freight charges and fares reduced transport costs by 25%–30%. Several local public transport services began operating and the number of fatal accidents dropped by more than 10%. The project stimulated rural growth by improving access to remote areas and allowing a more efficient movement and exchange of goods and services. Local businesses grew by 30% from 2008 to 2012. Residents travel to town centers more frequently, from 5 to 17 times a year.

The CAREC Transport Corridor 1 (Bishkek–Torugart Road) Project improved 39 km of the road that connects the capital to the border with the People’s Republic of China (PRC), and is the shortest road link from Kashgar in the PRC to consumer markets in the north. Vehicles now travel at 50–90 km per hour compared with 25–35 km per hour. Between 2007 and 2011, trade with the PRC increased from \$417 million to \$936 million, travel time from Bishkek to Kashgar dropped from 3–4 days to 1.5–2 days, average traffic volume increased at 13% annually, and average sales of roadside businesses rose from Som27,633 to Som33,000. The project was rated *successful*.

The Dushanbe–Kyrgyz Border Road Rehabilitation Project (Phase II) in Tajikistan improved 118.7 km along CAREC Corridors 3 and 5, and 59.9 km of rural roads in the Nurobod and Rasht districts. Between 2006 and 2012, daily international freight traffic increased from 10 to 82 trucks,

continued on next page

Box 1 *continued*

annual average daily traffic on the main road rose from 864 to 2,071 vehicles, and average travel time dropped from 10 to 7 hours. It provided access to markets, jobs, and social services, and was also rated *successful*.

The Regional Customs Modernization and Infrastructure Development Project (Kyrgyz Republic) developed and installed the unified automated information system in 37 border-crossing points (BCPs), with satellite-based communications, and rehabilitated 3 BCPs with antismuggling equipment and power generators. Border-post procedures were also streamlined. Customs processing time dropped from 60 minutes in 2005 to 5–15 minutes in 2012, corruption was reduced as the number of irregularities fell from 4,488 to 3,076 cases, 15 regional customs offices became streamlined to 6, and customs collection rose from \$114 million to \$639 million.

ADB = Asian Development Bank, CAREC = Central Asia Regional Economic Cooperation.

^a The international roughness index is a worldwide standard for measuring road smoothness longitudinally (i.e., in the direction of driving). It measures pavement roughness in wheel path by the number of meters per kilometer that a laser mounted on a van jumps as it is driven along a road. The lower the index is, the smoother the ride.

Sources: ADB. 2013. Project Completion Reports for North–South Corridor Project (Afghanistan), Road Network Development Program, Project 2 (Azerbaijan), Hairatan to Mazar-e-Sharif Railway Project (Afghanistan), CAREC Transport Corridor 1 (Bishkek–Torugart Road) Project (Kyrgyz Republic), and Dushanbe–Kyrgyz Border Road Rehabilitation Project, Phase II (Tajikistan); and ADB. 2014. Regional Customs Modernization and Infrastructure Development Project (Kyrgyz Republic).

4. Transport and Trade Facilitation Sector Interventions

To implement the TTFS 2020, the Transport Sector Work Plan for 2014–2016 is being developed to identify priorities and sources of financing. The work plan will be a rolling 3-year plan updated annually to ensure alignment between national plans and the TTFS 2020 priorities, which also allows greater flexibility in adding investment projects. The Trade Facilitation Work Plan will likewise be aligned with the TTFS 2020 to reflect the shift in emphasis. The need for trade facilitation measures to be implemented simultaneously with trade and investment liberalization is stressed. An updated CAREC Trade Policy Strategic Action Plan 2013–2017, also approved in 2013, complements the TTFS 2020.

The TSCC developed a list of 108 priority projects, which would require \$38.8 billion

in financing. The list is integrated into the TTFS 2020, the majority of which covers the remaining sections of the originally identified CAREC corridors. In June 2013, the TSCC participated in a first roundtable meeting with development partners in Astana to explore cofinancing opportunities.

An essential component of CAREC's transport and trade facilitation agenda, which seeks to maximize the benefits generated by CAREC corridors, is to address nonphysical barriers to cross-border transport. Two diagnostic studies were initiated to assess transport operations along the corridor connecting the Kyrgyz Republic, Tajikistan, Afghanistan, and Pakistan. The studies will provide recommendations for implementing existing agreements. Following the endorsement of particular recommendations, further work in facilitating cross-border transit will focus on harmonizing CAREC member countries' transport regulations

with international conventions and agreements, stronger efforts in implementing existing multilateral and bilateral transport agreements, streamlining cross-border transport operations, and developing the capacity of the private road transport sector.

Other studies will examine the requirements for establishing designated railway corridors, which are selected linear rail sections or routes over which prioritized service operates. This concept will then be piloted as a means of scaling up railway interventions and associated services toward achieving CAREC goals.

The CCC adopted the TTFS 2020, which advocates for intensified efforts in customs reform and modernization, coordinated border management, development of regionally interconnected national single window facilities, and beyond-customs trade facilitation. In a joint meeting with the TSCC in September 2013, the two sector committees identified three specific areas of importance: (i) improved joint monitoring and evaluation of strategy implementation; (ii) stronger NJCs for greater cross-sector coordination and private sector participation; and (iii) stronger role of the CAREC Institute in training, research, and knowledge creation and dissemination. The CPMM will be expanded to cover railway traffic and trade logistics services. Efforts to integrate Pakistan and Turkmenistan fully into sector work will continue.

At its 12th meeting, the CCC also supported three proposed regional technical assistance projects: (i) Aligning Customs Trade Facilitation Measures with Best Practices in Central Asia Regional Economic Cooperation, (ii) Coordinated Border Management for Results in Central Asia Regional Economic Cooperation, and (iii) Regional Transit Trade in Central Asia

Regional Economic Cooperation. The first project focuses on “behind the border” measures and promotes a concerted approach to customs reforms by applying best practice in procedures, strengthening risk management, and developing automated information exchange. The second project focuses on “at the border” measures and will benchmark and monitor border-crossing points through a time release study, expand joint customs control pilots, and integrate customs with other border procedures. The third project will enhance cross-border transit through a single regional guarantee mechanism, assess requirements for a streamlined legal and regulatory framework for regional customs transit, and recommend the development of an information and communication technology system. The Asian Development Bank (ADB) approved these technical assistance projects, which will be funded through the Japan Fund for Poverty Reduction.

CAREC members are addressing country-specific trade facilitation issues such as revising their customs codes to adhere to the Revised Kyoto Convention (RKC), and improving risk management systems. Five countries have acceded to the RKC while five others are at various stages of accession. The Kyrgyz Republic is in its final stage, while Tajikistan has revised its customs code. Uzbekistan will implement a risk management system once its revised customs code is approved by Parliament. Mongolia is introducing an authorized economic operator program.

Automated customs information systems were developed in more countries, after three ADB-funded investments in the Kyrgyz Republic, Mongolia, and Tajikistan, with similar World Bank projects in Afghanistan

and Kazakhstan. Pakistan introduced its web-based One Customs, which may evolve into a single window facility.

Cooperation advanced as customs authorities from the PRC and Mongolia agreed to expand pilot testing of joint customs control to two more pairs of BCPs, and to conduct tests of the electronic exchange of cargo manifests. Agriculture and veterinary officials of both countries also agreed on an implementation plan for developing the institutional mechanism for PRC–Mongolia cooperation in transboundary animal disease control, a 5-year capacity-building program, and a users' manual for transboundary animal disease control in communities.

CAREC continued to support private sector participation and enhance the capacity of the CAREC Federation of Carrier and Forwarder Associations (CFCFA) to be self-sustaining eventually. Custody over the website (www.cfcfa.net) was transferred from ADB to the Association for Development of Business Logistics to generate advertising revenue for the CFCFA and transform it into a virtual bulletin board and information hub. The CFCFA will pursue the following actions taken up in its fourth annual meeting: (i) dialogue with CAREC governments to increase private sector participation and standardize procedures; (ii) adopt internationally accepted practices through information sharing and capacity building; (iii) amend the CFCFA Charter to allow membership of for-profit companies; and (iv) refine the CPMM, with emphasis on improving the collection of rail data.

Modernizing sanitary and phytosanitary (SPS) measures is an important part of the trade facilitation agenda, since SPS-related inspections are a common cause of delay for perishables, which make up one-fifth of transit goods. ADB approved a regional capacity development technical assistance project to promote collective efforts to align SPS measures with international standards, and prioritize investments to support the application of modernized SPS measures.

The CAREC Regional Improvement of Border Services Project, which identified detailed investments for the Kyrgyz Republic and Tajikistan, was approved by ADB's Board of Directors in 2013. The project will complete the development of national single window facilities based on international standards to ensure regional interoperability and serve as a tool for harmonizing data, and improve physical infrastructure at BCPs along priority CAREC corridors. Mongolia renewed its interest in the project and reestablished its national single window working group. The project builds upon ADB investments in automated customs information systems and on initial investments in single window facilities funded by ADB (in the Kyrgyz Republic) and the European Union (in Tajikistan).

B. Trade Policy Sector

The CAREC Program has endorsed an open economy model of development to achieve economic growth and reduce poverty. The new Trade Policy Strategic Action Plan²⁰ (TPSAP) for 2013–2017, which was approved

²⁰ http://www.carecprogram.org/uploads/events/2013/SOM-Oct-KAZ/002_107_212_Trade-Policy-Strategic-Action-Plan.pdf

at the 12th Ministerial Conference, continues to emphasize the objectives defined in the first TPSAP of 2008: (i) accession to the World Trade Organization (WTO), (ii) greater trade openness prior to WTO accession, and (iii) capacity building on trade issues. The TPSAP also expands the trade policy agenda into crucial areas for integrating CAREC countries into the world trading environment, specifically by (i) reducing the trade-impeding impact of nontariff barriers such as technical regulations and SPS measures, and (ii) expanding trade in services. While these are more complex and difficult to address, evidence shows that substantial benefits can be attained in these areas.

In line with the refined DEfR methodology, the results framework for the trade policy sector was formulated, and results statements were specified (Table 6).

To measure progress in achieving the TPSAP 2013–2017 policy actions, indexes of trade liberalization and institutional quality were to be revised and measured using data as of the end of 2013. However, to address concerns raised by CAREC members and allow them time to start implementing the action items in the updated TPSAP, the reporting of progress was moved to the 22nd Trade Policy Coordinating Committee (TPCC) meeting to be held in June 2015, reflecting the outcomes as of the end of 2014. In contrast to quantitative indexes, actions were decided to simply be recorded as met, partly, or not met, in relation to the targeted implementation date.

Nevertheless, all items of the Trade Policy Strategic Action Plan remained on track in 2013. No changes were made to the work plan, which will be reviewed when implementation of the new TPSAP is initiated.

Trade Policy Sector Interventions

The meetings of the CAREC Trade Policy Coordinating Committee (TPCC) served as a venue for learning about trade issues. The World Bank conducted research on regional trade in Central Asia, which show that diversifying endowments could lead to more diversified products and markets, which in turn could promote stronger regional trade and integration; however, trade restrictions remain. To support trade policy and regulation in Central Asia, the United Nations Development Programme (UNDP) carried out the Aid for Trade project, which aimed to increase tax and export revenue, investments to reduce inequality and aid dependency, cross-border trade, and regional cooperation.

ADB approved technical assistance to help the Government of Tajikistan comply with its WTO accession commitments, particularly in rationalizing and reducing technical barriers to trade through organizational and capacity improvements at the Standards Agency (Tajikstandart). The project presents an opportunity for the WTO to collaborate with the CAREC Program in capacity building, and will enable Tajikistan to participate in a trade and investment conference, and assist it in accession and post-accession activities.

CAREC officials unanimously endorsed WTO involvement in three areas of technical assistance: (i) the WTO's participation in capacity-development activities organized by CAREC to advance trade policy and trade facilitation objectives, (ii) the CAREC countries' participation in capacity-development activities organized by the WTO, and (iii) the WTO's participation as guest observer in the CAREC senior officials' meetings (SOMs) and ministerial

Table 6 Trade Policy Sector Results Framework

Body	Interventions	Sector Outputs	Sector Outcomes
TPCC	<ul style="list-style-type: none"> Conduct a gap analysis on requirements for WTO membership Schedule the implementation of WTO commitments 	<ul style="list-style-type: none"> Negotiations for WTO accession conducted WTO membership achieved WTO commitments implemented 	Trade and business environment improved
	<ul style="list-style-type: none"> Address discrepancies between taxes on domestic goods and those on imports Schedule further tariff reductions 	<ul style="list-style-type: none"> VAT and excise taxes uniformly applied on domestic and imported goods Average tariff reduced to 10% or less, with 20% maximum cap 	
	<ul style="list-style-type: none"> Set time frame to abolish or tariff quantitative restraints 	<ul style="list-style-type: none"> Noncompliant export and import quotas abolished or tariffed 	
	<ul style="list-style-type: none"> Adapt SPS measures and technical regulations concerning industrial goods to international standards Promote mutual recognition of certificates from accredited conformity assessment bodies Prepare comprehensive SPS strategy and action plan for transition to WTO-compliant system Review new nontariff measures and evaluate transition to international standards 	<ul style="list-style-type: none"> Technical regulations on industrial goods and SPS measures made consistent with WTO TBT and SPS agreements 	
	<ul style="list-style-type: none"> Conduct national studies to assess key bottlenecks to trade in services Administer Services Trade Restrictiveness Index questionnaire every 2 years Improve quality of institutions, for instance by addressing corruption, complex export procedures, labor market inflexibility Plan key regulatory changes to liberalize telecommunications and other sectors to encourage exports 	<ul style="list-style-type: none"> Key bottlenecks addressed Services Trade Restrictiveness Index scored for all CAREC countries Key regulatory changes voluntarily implemented Development of backbone services and expansion of service exports streamlined into national plans; technical assistance for achieving CAREC 2020 goals delivered 	Cross-border trade in services increased
	<ul style="list-style-type: none"> Implement key regulatory reforms to encourage investments in backbone services Mobilize a technical team to conduct substantive analyses and lead dialogue and policy action 	<ul style="list-style-type: none"> Market access promoted and national treatment applied to foreign companies in finance, telecommunications, and transport services Regulations related to services reviewed for sustainability 	Trade in backbone services increased
	<ul style="list-style-type: none"> Implement bilateral labor agreements on a voluntary basis Establish mutual recognition agreements for some professions 	<ul style="list-style-type: none"> Bilateral labor agreements in effect for temporary movement of certain types of laborers within the region 	Temporary movement of labor within the CAREC region increased
	<ul style="list-style-type: none"> Offer a training seminar on WTO accession and trade policy for development Conduct a knowledge-sharing workshop on WTO membership issues and implement WTO commitments in the CAREC region Offer a seminar on expanding trade in services Provide technical assistance for trade facilitation Provide technical assistance for services development 	<ul style="list-style-type: none"> Capacity and knowledge built for addressing WTO accession and trade policy issues Capacity strengthened for modernizing SPS measures, aligning customs procedures with the Revised Kyoto Convention, and for effecting joint control of animal diseases in the PRC and Mongolia Knowledge acquired for incorporating services development goals into national plans 	

CAREC = Central Asia Regional Economic Cooperation, PRC = People's Republic of China, SPS = sanitary and phytosanitary, TBT = technical barriers to trade, TPCC = Trade Policy Coordinating Committee, VAT = value-added tax, WTO = World Trade Organization.

Source: Trade Policy Coordinating Committee. 2013. Trade Policy Strategic Action Plan for 2013–2017. 23–24 October; CAREC Secretariat. 2014. Review of the CAREC DEIR Methodology: Update. 26–27 June.

conferences. Through its Institute for Training and Technical Cooperation, the WTO will collaborate with ADB and the International Monetary Fund (IMF) in delivering capacity-development products to CAREC countries. The WTO subsequently discussed the importance of Central Asia for the rules-based multilateral trading system, including the legal and policy framework for WTO accession negotiations, and the state of play for four CAREC countries undergoing accession negotiations.

C. Energy Sector

The energy sector aims to overcome the impact of the uneven distribution of energy resources and encourage the CAREC countries' greater ownership of future initiatives in the region. The *Strategy for Regional Cooperation in the Energy Sector of CAREC Countries* (Energy Strategy) envisions energy security, integrated energy markets, and energy trade-driven growth for the countries in the CAREC region.²¹ The Energy Action Plan Framework for 2010–2013 established the foundation for a

coordinated and sound development of the region's energy sector.²² With the adoption of CAREC 2020, the Energy Work Plan (EWP) for 2013–2015 uses the Energy Action Plan Framework to identify and develop projects that have potential for regional integration and trade, and promote the creation of power-generation facilities that will be able to export energy to countries outside the region.²³

The results statements for the energy sector follow the rationalized DEfR methodology (Table 7). Pertinent indicators have been formulated, while the data collection approach is still being developed. In earlier DEfRs, data reflected the results only of completed energy projects and not the ongoing ones.

Energy sector outcomes will be monitored using the volume of interregional energy trade in gigawatt-hours (GWh). Output indicators will attempt to capture the extent to which CAREC's expanded and rehabilitated physical infrastructure contributes to energy security, energy efficiency; and improves power trading in the region. For the first output, indicators in earlier DEfRS will continue to be used such as: (i) installed or upgraded

Table 7 Energy Sector Results Framework

Body	Intervention	Sector Outputs	Sector Outcomes
ESCC	Develop programs to enhance regional energy trade and cooperation	<ul style="list-style-type: none"> Targeted levels for domestic and cross-border energy projects reached by 2020 	<ul style="list-style-type: none"> Impact of uneven distribution of energy resources among CAREC countries overcome
	Undertake analytical work on the linkages between energy and water resources		
	Complete the financial road map and mobilize funds	<ul style="list-style-type: none"> Central Asia–South Asia energy corridor developed 	<ul style="list-style-type: none"> Existing energy interrelationships optimized
	Strengthen institutional capacity of CAREC-member countries and share knowledge with them		

CAREC = Central Asia Regional Economic Cooperation, ESCC = Energy Sector Coordinating Committee.

Source: CAREC Secretariat. 2014. Review of the CAREC DEfR Methodology: Update. 26–27 June.

²¹ Endorsed at the Seventh CAREC Ministerial Conference in 2008: <http://www.carecprogram.org/uploads/docs/CAREC-Regional-Cooperation-Strategy-in-Energy.pdf>

²² Endorsed at the Eighth CAREC Ministerial Conference in 2009: <http://www.carecprogram.org/uploads/events/2009/8th-MC/Energy-Action-Plan-Framework.pdf>

²³ <http://www.carecprogram.org/uploads/docs/CAREC-Energy-Sector-Coordinating-Committee-Work-Plan-2013-2015.pdf>

transmission lines (km); (ii) increased energy-generation capacity (megawatt [MW]), to which three indicators were added in 2012 to more fully reflect energy sector activities; (iii) rehabilitated generation capacity (MW); (iv) installed new substations (megavolt-ampere [MVA]); and (v) upgraded substations (MVA). For monitoring performance, 2013 will now serve as the base year, with figures for the five indicators specified in Table 8. Data will be collected in 2014, and evaluation will be possible in 2015.

Performance for the second output will be measured by the completion of at least one major regional interconnection project by 2015. The indicators for each of the four interventions are: (i) for the first—at least two multiyear programs completed by 2015; (ii) for the second—at least two studies published by 2015; (iii) for the third—a road map endorsed by the ESCC by 2015, lists of medium- and long-term projects endorsed by CAREC countries with proposed financing modalities by 2015, and new investments amounting to a yet unspecified total mobilized by 2020; and (iv) for the fourth—at least two training or field-visit sessions conducted annually, each with more than 30 participants; and studies on institutional capacity development published by the ESCC by 2020.

Energy Sector Interventions

The interventions specified in the results framework generally correspond to the following actionable elements in the EWP for implementing operational priorities: (i) develop the Central Asia–South Asia energy corridor, (ii) resolve energy dispatch and trade issues in the region, (iii) manage energy–water linkages, (iv) mobilize funds to build energy assets, (v) implement energy sector priority projects, and (vi) capacity building and knowledge management.

Programs to enhance energy trade and cooperation in the region are in place. Preparations for two complementary projects—the Central Asia–South Asia Electricity Transmission and Trade Project (CASA-1000), and the Turkmenistan, Uzbekistan, Tajikistan, Afghanistan, and Pakistan (TUTAP) project—were undertaken under the first actionable element. The commercial contract framework and model agreements for power purchase and coordination under the CASA-1000 project were formulated, and the commercial structure was finalized. For TUTAP, the Afghanistan Power Sector Master Plan ushered in investments in the Turkmenistan–Afghanistan 500-kilovolt (kV) interconnection, with construction on the Turkmenistan line

Table 8 Energy Sector Output Indicators

Indicator	2013 Baseline
Installed or upgraded transmission lines (km)	612
Increased energy-generation capacity (MW)	300
Rehabilitated generation capacity (MW)	0
Installed new substations (MVA)	250
Upgraded substations (MVA)	400

MVA = megavolt-ampere, MW = megawatt.

Source: Energy Sector Coordinating Committee. 2014. Energy Sector Progress Report and Work Plan. 26–27 June 2014.

having begun and bids for the Afghanistan component being evaluated. Within Afghanistan, the North–South 500 kV project was approved and is being implemented.

To address the constraints on electricity trade, the United States Agency for International Development (USAID)—under its Regional Energy Security, Efficiency and Trade (RESET) Program—conducted seminars on energy information systems, security, and integration for electric market support, automatic meter reading, supervisory control, and data acquisition systems; and offered a full university-level curriculum on the design and operation of power markets. And the World Bank’s Enhancing Central Asia Regional Power Trade and Cooperation Program analyzed data and consulted with energy ministries, dispatch centers, grid operators, and utilities, to identify activities for the next phase of implementation.

Analytical work on the linkages between energy and water resources continues. To manage energy–water linkages, the World Bank is reinforcing knowledge-platform and decision-support systems, including hydropower development. Activities initiated include the energy sector vulnerability to climate change, Basin Economic Allocation and Aral Dynamic Information Framework (AralDIF)²⁴ demonstration models, and the Central Asia energy–water knowledge portal and network.

Work on the financial road map and fund mobilization is advancing through the fourth and fifth actionable elements. ADB technical assistance is being provided for the CAREC

Power Sector Financing Road Map to assess the capacity and willingness of CAREC countries to finance the development of power infrastructure with their own resources, and examine other sources of financing for both national and cross-border projects. Each member country has compiled the list of medium-term priority projects based on national investment plans. These projects meet the following criteria: (i) location in CAREC countries with grids interconnected with other CAREC countries, (ii) financing to be approved in 2013–2015, and (iii) involving the rehabilitation or installation of new generation (50 MW or above) or high-voltage transmission (220 kV or above) assets. The ESCC will update the list regularly, based on country inputs to help assess the performance of the energy sector.

Institutional capacity is being strengthened and knowledge shared among CAREC countries under the sixth actionable element. The capacity-building and knowledge framework program for 2013–2015 under the CAREC Institute was endorsed, under which a substantial event would be organized every year. It incorporated suggested topics such as the level and regulatory implications of regional power trade. The ESCC will strengthen its links with other entities such as the Energy Charter, International Energy Agency, and International Hydropower Association, among others. During the June 2013 ESCC meeting, the Energy Charter—which was established to promote energy cooperation among Eurasian states—was introduced, and its expertise on energy sector reforms

²⁴ AralDIF is a first generation demonstration model of water flows that identifies independent, publicly accessible data and model platforms for energy–water analysis. Produced by the University of Washington, it enables the visualization and simulation of water and energy linkages.

Box 2 Facilitating Energy Trade

The Regional Power Transmission Interconnection Project illustrates how the outputs of energy sector interventions can contribute to positive outcomes in CAREC countries. The project aimed to (i) increase the power-export and income-generating capacity of Tajikistan, (ii) restore power supplies and lower the cost of electricity in Afghanistan, (iii) improve capacity in operating the Afghanistan Power Authority, and (iv) strengthen the commercial operation of Barki Tojik, the company responsible for generating, transmitting, and distributing electricity.

The project constructed and commissioned a 220-kilovolt transmission line in Afghanistan that stretched from the border with Tajikistan to the Pul-e-Khumri substation; and it upgraded substations, installing major equipment to make them 95% complete. In Tajikistan, a 116.5 km transmission line from Sangtuda to the Pyanj River crossing was built and energized for electricity export. A Sangtuda substation with two new line bays was completed and the transmission line was connected to two existing bays after new transformers were installed. Altogether, these changes resulted in a transmission capacity of 600 megawatts (MW). Moreover, canals were dredged at Centralnaya and Prepadnaya hydropower plants, and unit 4 at Golovnaya hydropower plant and the excitation system at the Baipaza hydropower plant were rehabilitated. Metering was completed with the replacement of mechanical meters with digital meters, and current and voltage transformers.

Target outcomes were achieved. Power supply was restored in Afghanistan where per capita consumption rose from 21 kilowatt-hours (kWh) per year in 2006 to 106 kWh per year in 2011, above the targeted 35 kWh per year. Retail electricity sales rose by 70% from 2009 to 2011. Grid-connected diesel generators discontinued operations, substantially lowering electricity costs. Power costs decreased by \$20 million in 2013. Tajikistan's market access and export capability were improved: electricity supply increased from 15,897 kWh in 2009 to 18,085 kWh in 2010; export capacity reached 200 MW, and 791 gigawatt-hours (GWh) of electricity worth \$28.8 million was exported to Afghanistan in 2013, exceeding the 650 GWh target, and generating foreign exchange.

The power purchase agreement between the two countries demonstrated that regional cooperation in power trade is workable. After electricity trade had commenced in 2011, Tajikistan earned foreign exchange from its surplus, and Afghanistan's electricity supply sources diversified and expensive thermal generation was displaced, increasing energy security. As of 2013, power supply to Kabul is now available almost all day compared with only 4 hours a day in 2002; and 760,000 households have electricity, of which 225,000 are newly connected. There are also 15,000 new nondomestic consumers, suggesting an increase in commercial and/or industrial users.

CAREC = Central Asia Regional Economic Cooperation.

Source: ADB. 2014. *Project Completion Report: Regional Power Transmission Interconnection Project (Afghanistan and Tajikistan)*. Manila.

in the context of the WTO was shared. With the support of the CAREC Institute, the ESCC visited the new solar power station in Kapchagai, Almaty, Kazakhstan in September 2013, where countries presented their respective renewable energy initiatives.

The United Nations Economic Commission for Europe, United Nations Economic and Social Commission for Asia and the Pacific (UNESCAP), and the UNDP also presented their energy initiatives and encouraged further collaboration.

D. Operational and Organizational Effectiveness

Level 2 analysis also examines financial and knowledge-based inputs into the operation and organization of the CAREC Program as a whole. These indicators show how the overall program (i) builds on and consolidates its portfolio of active operations and completes projects; (ii) secures new funds; and (iii) responds to country needs for capacity building and knowledge production and sharing.

Five out of the eight indicators from earlier DEFs are retained and may be refined further. The three indicators removed are: “Number of completed investment projects” under Operations Growth (because of its limited use); “CAREC technical assistance financing gap” under Finance Mobilization (because of the difficulty in appropriate quantification); and “Knowledge production and dissemination” under Knowledge Management (because this needs to be replaced). Indicators for other knowledge-based interventions have yet to be developed.

1. Operations Growth

Indicators for operations growth track the rate of increase in the number and volume of loans and grants approved from the 2006

baseline to the review period. These data indicate the extent to which CAREC is able to attract financing for ongoing and future projects in priority sectors, principally in transport and energy. Trade policy does not entail investments in physical infrastructure. And apart from investments to date in customs automation, national single window facilities, and renovation of border-crossing-point facilities, investment opportunities in trade facilitation are limited and complicated in that they often involve more than one country and do not attract substantial volumes of capital. In 2013, the indicators performed positively.

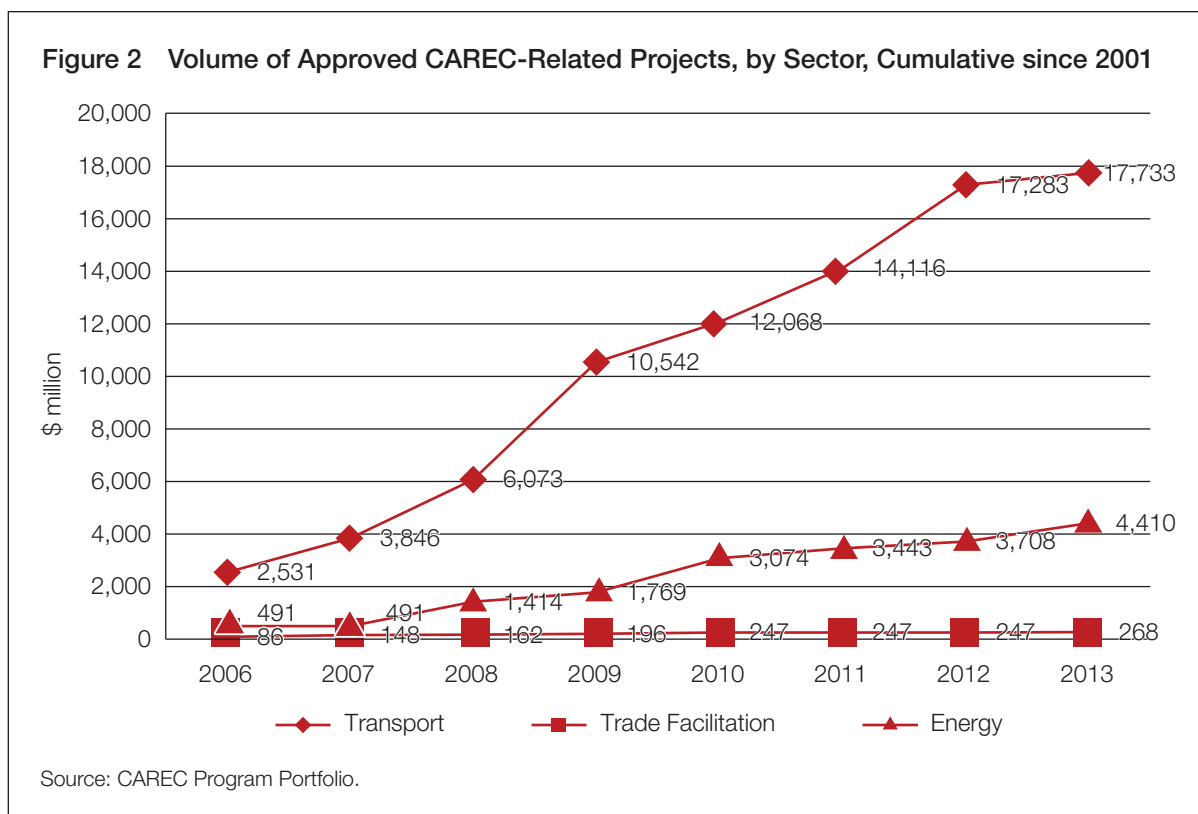
At the end of 2013, investments in CAREC-related projects reached a cumulative total of \$22.4 billion, an increase of 621% over the 2006 baseline and of 5.5% over the previous year’s sum (Table 9). Similarly, the cumulative number of projects climbed to 146 in 2013, a growth of 256% from the 2006 baseline and of 7% from the 2012 figure. The volume expansion in 2013 was more measured than in previous years, when annual inflows ranged between \$1.3 billion and \$4.8 billion. About the same number of new projects as in 2012 were approved, but the average scale of the 2013 projects was more modest.

The moderate growth in cumulative investment between 2012 and 2013 relative

Table 9 Operations Growth

Indicator	Indicative Target	2006 Baseline Value	2010	2011	2012	2013	Progress
Volume of approved investment projects, cumulative since 2001 (\$ million)	↑	3,107	15,388	17,806	21,237	22,410	⊕
Number of approved investment projects, cumulative since 2001	↑	41	108	125	136	146	⊕

Source: CAREC Program Portfolio.

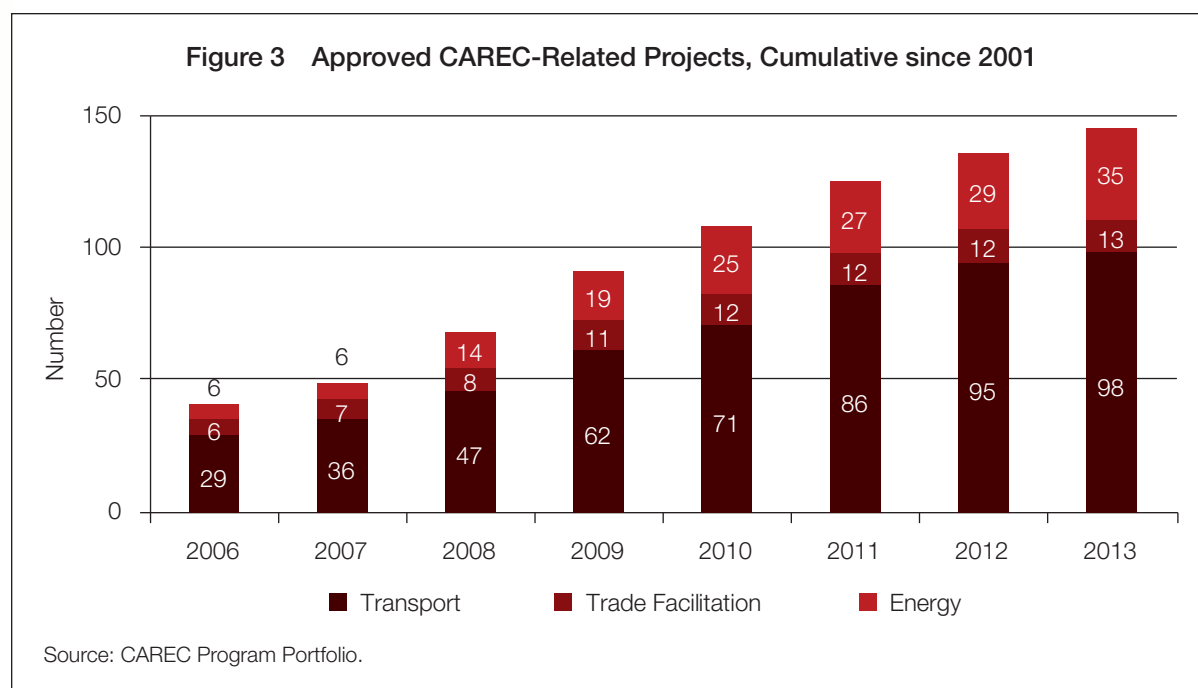


to the previous 2-year period is the result of the varied performances of the priority sectors. In the transport sector, cumulative investments reached \$17.7 billion, which is six times the 2006 baseline figure (Figure 2). Growth was steady from 14% in 2010, 17% in 2011, and 22% in 2012, but dropped abruptly to 3% in 2013. Trade facilitation investments rose to \$268 million in 2013, or a 213% increase from the 2006 baseline. Cumulative investments in energy expanded by 19% to reach \$4.4 billion or nine times the baseline, reversing the slowdown of 12% in 2011 and 8% in 2012, although it has yet to repeat the peak infusions of 74% in 2010.

The largest increment in approvals of new projects was in the energy sector, which brought in 6 new projects to yield a cumulative total of 35 projects since 2001 (Figure 3), of which 14 have been completed and 21 are ongoing. In the transport sector,

there were 3 new projects, bringing the cumulative total to 98, with 36 completed and 62 ongoing. One new trade facilitation project was approved, bringing the total in this priority area to 13, of which 9 have been completed and 4 are ongoing.

Cofinancing of the cumulative CAREC-related portfolio continued in 2013. Government cumulative financing reached \$4.361 billion (or 19.5% of the \$22.4 billion portfolio), which was a slight decline from the 2012 share. However, in absolute terms the 2013 contribution was a substantial drop from 2007–2012 levels, and was only half that of non-CAREC cofinanciers. Development partners outside of the six CAREC multilateral institutions contributed \$1.09 billion or 4.8%; such a share dropped marginally from 2012 but has not gone beyond 7% of the cumulative CAREC portfolio since 2001. Across priority sectors, their share has been



stable for the last 4 years, and ranged from 3% for transport to 12% for energy.

Commitments to 10 multitranche financing facility investments in transport and energy from five CAREC countries, four multilateral development partners, and other cofinanciers have reached almost \$13.8 billion. CAREC multilateral development partners account for \$6.3 billion, other cofinanciers are contributing \$5.2 billion, and CAREC governments will provide \$2.3 billion of this total. Other cofinanciers include the Afghanistan Infrastructure Trust Fund,²⁵ Danish International Development Assistance, Department for International Development of the United Kingdom, Japan International Cooperation Agency, and the United States Agency for International Development. As of the end of 2013, about \$5.5 billion or 40%

of total commitments was disbursed through 27 approved tranches.

As of 2013, 52 CAREC-related investment projects with a combined value of \$3.2 billion have been completed. This is 36% of 146 approved projects. Most of these were in transport, with 29 projects worth \$2.3 billion, followed by 13 energy projects valued at \$811 million, and 10 projects in trade facilitation totaling \$132 million. During 2013, 10 projects equivalent to an aggregate \$445 million were concluded.

The priority sectors continued to compile their list of pipeline projects and will be updating this list regularly. Development partners emphasized the regional coverage of projects, as well as the collaborative development of cross-border projects by countries sharing border-crossing points.

²⁵ The Afghanistan Infrastructure Trust Fund provides an opportunity for bilateral, multilateral, and individual contributors to partner with ADB in financing infrastructure investments to promote security, drive development, and improve the lives of the Afghan people. Established in 2010, it is supported by Japan, the United Kingdom, and the United States.

Among the newly approved investments is the CAREC Corridor 3 (Bishkek–Osh Road) Improvement Project in the Kyrgyz Republic, which will rehabilitate 120 km of critical sections of the road and install safety features. This will improve regional connectivity and provide more efficient and safe transport for the people in the area. For trade facilitation, the CAREC Regional Improvement of Border Services Project supports the modernization of the Karamyk BCP in the Kyrgyz Republic and the Guliston BCP in Tajikistan, and the completion of national single window facilities, which are expected to boost performance along the corridors, minimize the negative impact of geographic isolation, diversify economic activity, and create economic opportunities. For energy, the Golovnaya 240 MW Hydropower Plant Rehabilitation Project in Tajikistan will refurbish power generation equipment to increase its efficiency and capacity to 252 MW. The increase in average generation efficiency to 89% will augment the supply of renewable energy to national and regional power systems from 743 GWh in 2012 to 1,130 GWh in 2026.

2. Finance Mobilization

Finance mobilization is tracked by the “annual average volume of newly approved

investment projects,” which shows annual investment trends as distinct from (i) the cumulative volumes monitored for operations growth, and (ii) the investment trends for individual sectors. Annual data enable CAREC partners to examine financing sources for project activities and strategize financing options and priorities. The indicator is estimated using a 3-year moving average.

The indicator tapered further by 20% from the 2012 average (Table 10), owing to moderate additional inflows during the year. The unusually limited investment activity in the transport sector restrained its 3-year average by 16%, while energy projects narrowed by 31%, although the sector attracted 164% more funds in 2013. (Trade facilitation, by definition, is not a significant mobilizer of finance, as mentioned earlier.) The overall contraction in the 3-year average started after 2010 and has yet to recover. Aside from the possibly cyclical nature of investments, portfolios are generally shifting to more complex multicomponent projects, while funding sources are diversifying and country priorities may be changing.

Sources of financing for new projects are graphically presented in Figures 4, 5, and 6 including the share of three multilateral development partners. ADB provided \$390 million for road improvement,

Table 10 Finance Mobilization

Indicator	Indicative Target	2006 Baseline Value	2010	2011	2012	2013	Progress
Annual volume of newly approved investment projects (3-year moving average, \$ million)	↑	594	3,635	3,386	2,910	2,341	R

Note: Figures that appeared in previous development effectiveness reviews have been adjusted to reflect updated project information. The figure for 2006 reflects data for 2004–2006; 2010 for 2008–2010; 2011 for 2009–2011; 2012 for 2010–2012; and 2013 for 2011–2013.

Source: CAREC Program Portfolio.

\$18 million for regional border services, and \$284 million for energy development, transmission, and plant rehabilitation (Figure 4). The World Bank funded energy efficiency projects worth \$122 million, while the Islamic Development Bank provided \$100 million for modernizing hydropower stations. The Afghanistan Infrastructure Trust Fund helped finance the North–South Power Transmission Enhancement (formerly Power Distribution) Project in Afghanistan with \$117 million. Under this project, a 500 kV transmission line from Dashte Alwan to Kabul will connect imported power supply sources from its northern neighbors to its eastern and southern load centers. This is expected to add 1,000–1,300 MW to the existing 300 MW

capacity, and will be central to the envisaged regional power trade and Afghanistan’s future role as an energy resource corridor between Central and South Asia.

Four CAREC governments invested \$82 million (95% of which came from Uzbekistan) in four projects approved in 2013 (Figure 6). These counterpart funds went mainly to energy infrastructure, supporting 11% of project costs for an energy efficiency facility and the modernization of hydropower stations, and 14% of border services improvement. However, the 2013 amount is only a fraction (1/6) of the 2012 funding.

Technical assistance (TA) in support of CAREC operations proceeded moderately. In 2013, 15 new TA projects worth a total of

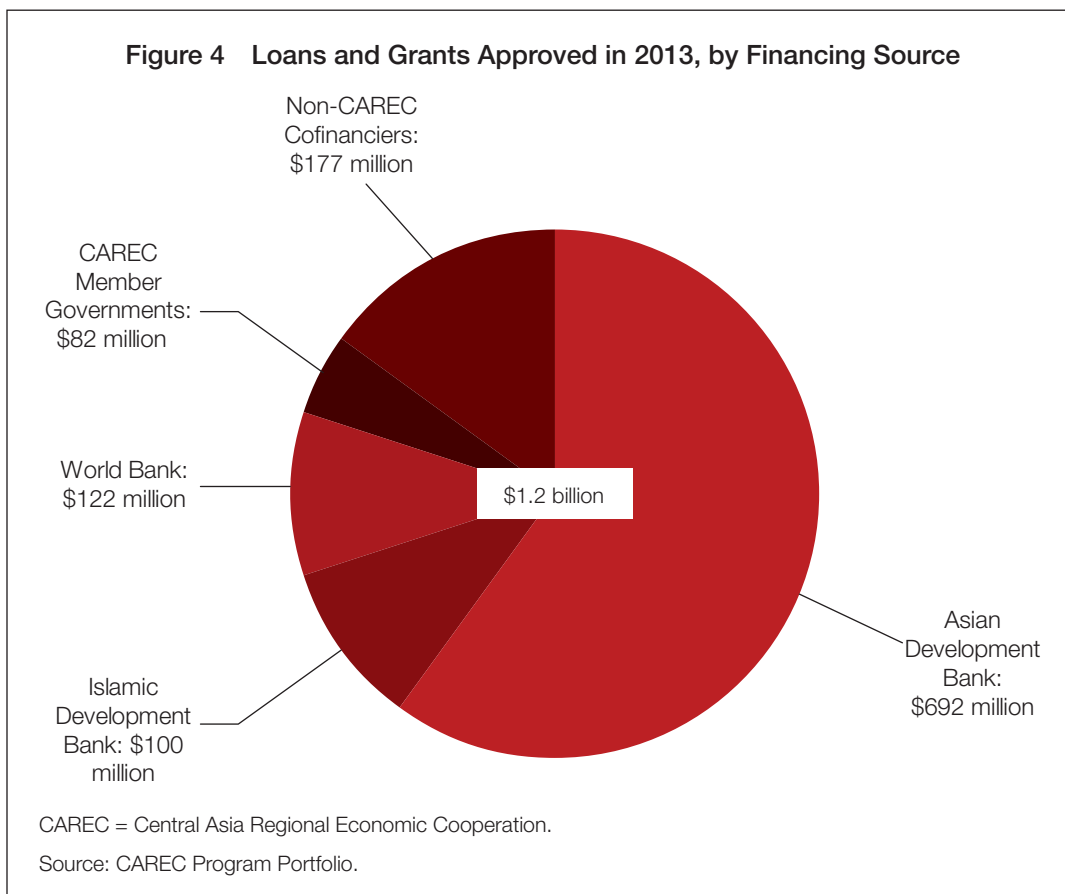
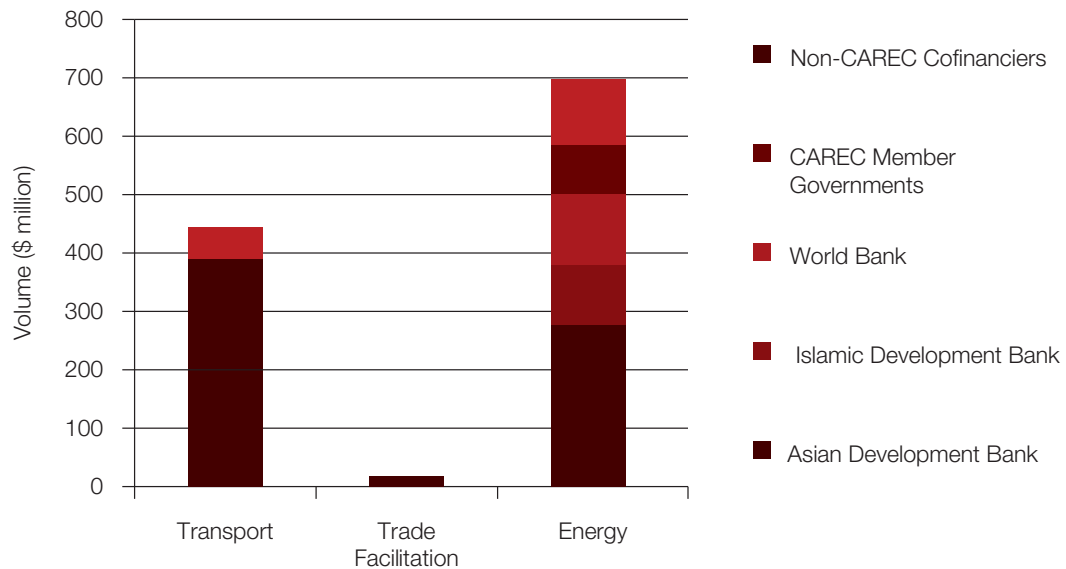


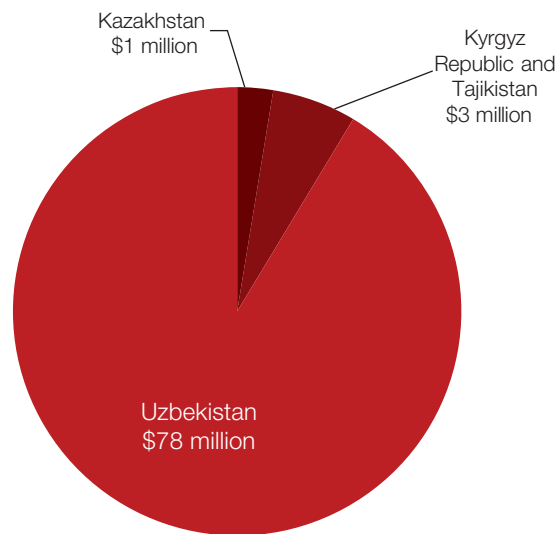
Figure 5 CAREC Loans and Grants Approved in 2013, by Sector and Financing Source



CAREC = Central Asia Regional Economic Cooperation.

Source: CAREC Program Portfolio.

Figure 6 Volume of CAREC Government Cofinancing Approved in 2013



CAREC = Central Asia Regional Economic Cooperation.

Source: CAREC Program Portfolio.

\$15.8 million were approved, representing about one-third of the 2012 level, and on the modest side relative to the annual figures over 2001–2013, particularly in relation to the peak in 2011 of \$120 million for 20 TA projects. Of these new projects, six focused on trade facilitation, which was worth the equivalent of \$7.9 million, or half of the total volume; three were in transport and energy, one in trade policy, and two in multisector or second-tier activities. The last consisted of assistance to the CAREC Institute and for the prevention and control of communicable diseases.

3. Knowledge Management

Knowledge and capacity building are among the key pursuits of the CAREC Program. Research and analytical work conducted through the program are meant to help conceptualize and implement regional initiatives. The Wuhan Action Plan, which guides the CAREC Program through its next phase of operations, has prioritized the CAREC Institute Work Plan of 2013–2017. This underscores the institute’s critical role in providing knowledge support to the priority areas.

Two areas of knowledge management are assessed: (i) the quality of CAREC-related TA completion reports circulated in the year under review, using the indicator “Ratings of CAREC-related technical assistance projects

completed (% *successful*);” and (ii) training programs and capacity building using the indicator “Participants in CAREC-supported training programs (number of person days).” Information about the production and dissemination of CAREC-supported research and other knowledge products, the third area evaluated in earlier DEFRs, is qualitative rather than quantitative.

a. CAREC-Related Technical Assistance Projects

The first indicator combines TA projects that were rated “*successful*” or better, with those that have led to investment projects, since a large number of such activities typically have no completion reports. In 2013, all 15 TA projects were rated *successful* compared with 9 out of 10 TA projects in 2012 (Table 11). Improvement over the baseline as well as the previous year was consistent.

Of the 221 TA projects approved from 2001 to 2013, 59 TA projects with a combined value of \$44.3 million contributed directly to loans or grants totaling \$6.9 billion. ADB financed 86% in technical assistance while governments provided 13% in counterpart funds. The investments were mostly in transport (\$5.6 billion) and energy (\$1.3 billion). The majority of investment funds came from ADB (65%), the government (21%), and non-CAREC cofinanciers (11%).

Table 11 Knowledge Management – Technical Assistance Projects

Indicator	Indicative Target	2006 Baseline Value	2010	2011	2012	2013	Progress
Ratings of CAREC-related technical assistance projects completed (% <i>successful</i>)	↑	86	83	100	90	100	6

CAREC = Central Asia Regional Economic Cooperation.

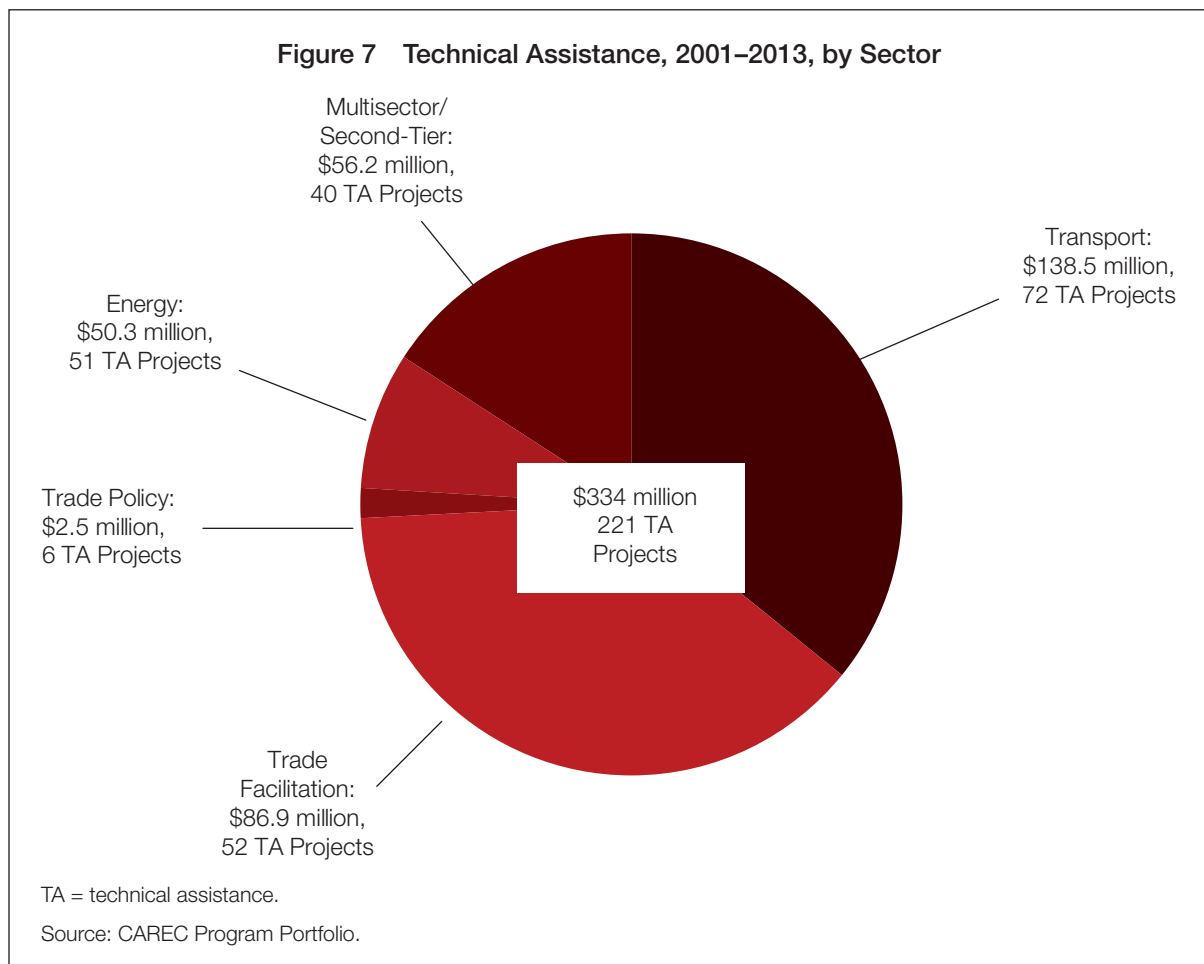
Source: CAREC Program Portfolio.

CAREC multilateral development and government partners together provided \$334.5 million in technical and knowledge-transfer support to priority and multisector or second-tier sectors from 2001 to 2013. This was channeled through 221 TA projects, of which 159 have been completed (Figure 7). The bulk of this support went to transport TA projects, with \$138 million distributed across 72 TA projects; the equivalent of \$50 million went to 51 energy TA projects, \$87 million worth to 52 trade facilitation TA projects, \$56 million worth to 40 multisector or second-tier areas, and \$2.5 million to 6 trade policy TA projects.

In 2013, 17 TA projects worth \$25 million were completed: 5 projects were in energy, and 4 each in trade facilitation, transport, and multisector areas. These were valued at \$9.9 million for multisector areas, \$6.5 million each for energy and trade facilitation, while \$2 million was spent in transport. Investments resulted from seven of the completed projects, three each in transport and energy, and one in trade facilitation.

b. Knowledge Production and Dissemination

Under the guidance of the Wuhan Action Plan and the Strategic Knowledge Framework 2013–2017, CAREC countries



agreed on the CAREC Institute Work Plan for 2013–2017. Drawing from country-specific inputs and the work of sector coordinating committees, the work plan is structured around the three framework pillars:

(i) knowledge generation, (ii) knowledge services, and (iii) knowledge management. Activities were identified based on the extent to which they span the three pillars, contribute to delivering CAREC 2020 targets, and promote partnership and collaboration with multilateral development partners and CAREC institutions. Thus, activities included priority studies, training seminars, and knowledge products to generate in 2013–2014 such as 12 training courses (3 from each sector) for 2013 and another 12 for 2014, 2 studies under the knowledge generation pillar, and 2 knowledge management activities. However, delivery of the full program would depend on the support of the multilateral development partners as well as cost-sharing arrangements with the CAREC countries and institutions. The work plan also identified indicative areas for 2015–2017, which would evolve alongside CAREC cooperation in the different sectors, and as other issues surface in the course of generating knowledge and conducting knowledge services.

Delegates at the 11th Ministerial Conference in 2012 had also agreed to establish a physical base for the CAREC Institute in the region by 2014. This would ensure that analytical work on CAREC Program-related strategies, sectors, and projects, as well as capacity development of CAREC bodies continue. In 2013, preparations started with a discussion of the set of principles, the organizational framework, and estimated cost and financing requirements.

For the knowledge services pillar, the sector coordinating committees met to discuss the implementing modalities of work plan activities in various sectors. Capacity-building activities are described below.

For the knowledge generation pillar, ADB initiated a pilot study on economic corridor development (ECD), a priority area for the CAREC 2020 goal of increased competitiveness. The study focused on Corridor 1b, a major transit route to Western Europe that traverses the PRC, Kazakhstan, and the Kyrgyz Republic. Focusing on Kazakhstan and the Kyrgyz Republic, the study analyzed trade flows and assessed opportunities for reducing the costs of moving goods along the corridor. CAREC has actively pursued the development of economic corridors to ensure connectivity within particular countries and enable smooth transit through them. The resulting hard and soft infrastructure and connectivity should in turn promote job creation and activities that contribute to economic development. In 2014, the ECD study will identify possible CAREC projects for Corridor 1b, and give suggestions for extending the ECD analysis to other corridors. Cross-learning activities and knowledge delivery workshops will also be organized on this topic.

Substantive sector work to align their respective strategies with CAREC 2020 and incorporate lessons learned from the initial years of the CAREC Program was another knowledge generation activity. The TTFS 2020 was preceded by a midterm review of the previous strategy, and identifies projects, and prescribes the course of action. A Transport Sector Work Plan for 2014–2016 will be developed to identify priorities and sources of financing while a Trade Facilitation Work Plan will emphasize simultaneous implementation

with trade and investment liberalization—both are subsets of the TTFS 2020. The TPSAP 2013–2017 assessed progress achieved under the first plan and defined goals and policy actions for the next 5 years. The Trade Policy Strategic Action Plan will be reviewed once the new TPSAP is implemented. To improve energy cooperation, the EWP 2013–2015, builds upon the Energy Action Plan Framework, to develop the region’s energy sector and achieve its objectives.

i. Publications and Outreach Activity

The CAREC Program was introduced to a wider audience during the session, Regional Cooperation and Trade in Central Asia: Integrating into the Global Economy, at the Bali Trade and Development Symposium, which was conducted simultaneously with the Ninth WTO Ministerial Conference in December 2013. Speakers talked about the role of CAREC in supporting trade and transport facilitation in Central Asia, and the importance of WTO membership in promoting trade (such as ongoing efforts of CAREC member countries to accede to the WTO). The panel of speakers was made up of CAREC government ministers, and representatives of ADB, the WTO, and the International Trade Center.

National consultation workshops in the Kyrgyz Republic and Tajikistan raised awareness and reinforced ownership of the CAREC Program. These workshops served as a venue for senior government officials, representatives of multilateral and bilateral development organizations, the private sector, research institutions and media, to learn about developments in the priority sectors and exchange views on current and emerging issues. In the Kyrgyz Republic, energy tariff policies and compliance with

SPS standards were discussed, and the research and training program of the CAREC Institute were presented. In Tajikistan, a meeting was held with the Ministry of Economic Development and Trade on the proposed ADB technical assistance for Strengthening Tajikistan’s Trade and Investment Regime.

The study, *Modernizing Sanitary and Phytosanitary Measures to Facilitate Trade in Agriculture and Food Products*, was published in May 2013. Based on an examination of SPS measures in the PRC, Kazakhstan, the Kyrgyz Republic, Mongolia, and Uzbekistan, the study recommends a set of coordinated measures to reduce delays in handling perishable goods in transit, ensure food safety, and prevent the spread of pests and diseases. As part of the TTFS 2020, the study encourages the countries to adopt international SPS standards, apply procedures efficiently, and invest in SPS-related infrastructure, thereby facilitating trade.

The CAREC Customs Cooperation Committee produced the CAREC CPMM Annual Report 2012, a publication that identifies needed policy reforms to improve transport links and facilitate trade, and provides valuable statistics on freight flows and costs along the six CAREC transport corridors. Three quarterly reports covering the first 9 months of the year were also disseminated during the CAREC SOMs and Asia Pacific Trade Facilitation Forum. The CPMM reports are also posted to the CAREC and CFCFA websites. An international workshop in March was convened in Almaty to share CAREC CPMM with a wide range of stakeholders and examine how to make best use of CPMM data to guide improvements in the efficiency of CAREC corridors.

Other publications were produced, such as *From Landlocked to Linked In: the Central Asia Regional Economic Cooperation Program*, which describes the program's history and achievements, and the *CAREC Development Effectiveness Review 2012: Implementing CAREC 2020—Vision and Action*, which assessed the program's performance in 2012.

In 2013, 11 issues of the CAREC electronic newsletter, *e-Alert*, disseminated information about the program. The monthly subscriber base increased to 1,200, a 30% growth from that of 2012. The electronic newsletter is promoted through CAREC events, publications, and social media, primarily through the CAREC Program's Twitter account. The CAREC website devotes a page to e-Alerts; and subscription is open to the public and is requested by e-mail.

Public awareness about CAREC activities is gauged through the frequency with which information about the CAREC program appears in print media. In 2013, CAREC-related articles appeared 295 times, of which 100 were duplicates and 194 were unique (a 5% increase from the media hits in 2012, and exactly the same as in 2011). About 75 articles, or more than a third, reported about or made reference to the ministerial conference. Coverage was given by about 67 different media organizations: business newspapers such as Mena Report and Daily the Pak Banker; news agencies such as Interfax, AKIpress, Times of Central Asia, Central Asia News, Asia-PLUS, and Trend News Agency; and other national dailies and regional media organizations.

Most articles featured road projects, some described ongoing energy projects, and a few covered customs cooperation work and the CAREC Institute. Other topics

discussed were country strategy programs, loan agreements, environment, and health issues. Events such as EcoWeek, seminars, forums, study tours, and speeches were reported, and a few analyzed the New Silk Road Strategy and the China–Pakistan economic corridor. In Tajikistan, the press wrote about the Regional Improvement of Border Services project, road rehabilitation work, the TTFS 2020, and the CAREC SOM, while information about the CAREC National Consultation Workshop was broadcast on national television. Local newspapers in Turkmenistan reported on the ESCC meeting in Ashgabat, while Uzbekistan media covered the highway reconstruction loan, the Asian Solar Energy Forum, and the CAREC SOM.

During the 12th Ministerial Conference in Astana, a 30-second CAREC video was played on three television channels—Kazakh TV, Khabar, and Kazakhstan—three times a day, in three languages (Kazakh, Russian, and English). Kazakh TV broadcasts informative and educational programs 24 hours a day. It has a potential audience of 5.1 billion, as it broadcasts via the major satellite operators Eutelsat, Globe Cast, and RRsat in over 117 countries in North and Central America, Western and Eastern Europe, North Africa, the Middle East, Asia, Transcaucasia, Australia, and Oceania.

The CAREC Secretariat produced video recordings about the CAREC Program such as the 2.5-minute “A Global Future for Eurasia” and the 3-minute “CAREC Connects”—sector-specific videos on energy, transport, and trade policy—as well as 1-minute videos about each partner country. Other videos were produced by ADB, the European Bank for Reconstruction and Development, and the World Bank, and all are available from the CAREC website for use in any activity.

ii. CAREC Program Website

In 2013, the CAREC Program website—www.carecprogram.org—recorded 27,329 visits on the English-language site, and 9,751 visits on the Russian-language site. The combined total of 37,080 visits is an 8.9% increase over 2012. The average number of monthly visits to the English site reached 2,277, while visits to the Russian site increased by 38%, from 586 to 813 average monthly. There were 17,071 unique users of the English site, and 3–4 pages were viewed per visit. Of all visitors, 54% were returning and 45% were new; this high proportion indicates that the website, which was redesigned in mid-2013, continues to attract users.

The number of visits peaked during major events such as between June and July, coinciding with the mid-year SOM, and between October and November, coinciding with the ministerial conference; February also registered a high number of hits. The web pages most frequently visited were CAREC projects, events, transport, CAREC corridors, and the CAREC 2020 strategic framework. For the Russian-language site, aside from the CAREC projects and events pages, the Islamic Development Bank page was the most viewed.

The top traffic source of visits to the English website was search engines, with 12,564 or 46% of hits, practically the same as in 2012. The Russian Federation search engine, Yandex, generated 419 visits or 4% of the total. Referring sites brought in 2,827 hits, which is a third of the number in 2012; almost half of this came from www.adb.org. Direct traffic totaled 7,123 hits, an increase of 13% over 2012.

Top sources of website visitors by country were Kazakhstan with 1,641, an increase of 44%, and Pakistan with 1,329, or 30% more

than in the previous year, aside from the United States with 2,670 page hits (17% lower than in 2012).

The website that was established with ADB technical assistance for the CAREC Federation of Carrier and Forwarder Associations (www.cfcfa.net) is now in the custody of the Association for Development of Business Logistics, a CFCFA member. It will be transformed into a virtual bulletin board and information hub through improved design and content, and will generate advertising revenue for CFCFA activities.

The CAREC website's energy page will be transformed into a platform for maintaining and disseminating information on the energy sector.

c. Training and Capacity Building

The indicator “Participants in CAREC-supported training programs” tracks the number of person-days of participation in CAREC training events, which aim to help institutional bodies to perform their work and the technical sectors to implement projects. Some of these training activities are coordinated through the CAREC Institute.

In 2013, 404 participants (equivalent to 953 person-days of capacity building) attended 10 CAREC-supported training courses, seminars, and workshops (Table 12). The number of participants increased by 20% compared with the number in 2012. Fewer training activities and shorter durations relative to both the previous and the baseline years substantially lessened the number of person-days. The higher figures in 2010 and 2011 are attributed to one-off public sector management courses or executive leadership programs as well as second-tier implementation events. Nonetheless, course topics or contents are responding to the

evolving priorities and demands of CAREC countries, while shorter course lengths on the same topic indicate progressive and more effective delivery. The average length of each training event was 2.5 days, half that of 2012 although slightly longer than the 2-day average in 2009. The number and proportion of female participants rose slightly from 1:4.8 in 2010 to 1:3 in 2013, and has yet to match the baseline ratio of 1:2.

Appendix 6 describes the training and capacity-building events held in 2013. These

events were conducted in partnership with CAREC member countries, ADB Institute, the General Administration of Customs of the People's Republic of China, the Ministry of Transport and Communications of the Republic of Kazakhstan, UNESCAP, and the World Customs Organization (WCO). These were held in CAREC member countries as well as in Shanghai, PRC; Tokyo, Japan; and Tbilisi, Georgia.

Table 12 Knowledge Management – Training Programs

Indicator	Indicative Target	2009 Baseline Value	2010	2011	2012	2013
Participants in CAREC-supported training programs (person-days)	↑	1,825	1,349	1,582	1,328	953

CAREC = Central Asia Regional Economic Cooperation.

Source: CAREC Secretariat.



IV. Level 1: CAREC Implementing Bodies

Ministers and senior officials of CAREC countries comprise the implementing bodies for the CAREC Program. An annual ministerial conference provides overall guidance to the program and determines policy and strategic directions. Semiannual SOMs assess and identify options for CAREC from a regional perspective, and report to the ministerial conference. Each CAREC country appoints a senior government official as its CAREC national focal point to ensure effective coordination among all relevant government agencies and other parties interested in regional economic cooperation.

In 2013, CAREC members continued to interact, discuss crucial issues, and share views and experiences during regular CAREC regional and subregional meetings. The 12th Ministerial Conference in Astana, Kazakhstan, focused on the integrated transport and trade theme.

CAREC ministers endorsed both the CAREC TTFS 2020 and the revised TPSAP 2013–2017. Representatives of the multilateral development partners shared their views and supported these strategic plans. Participating delegates consisted of ministers and representatives from CAREC member countries, multilateral partner institutions, and bilateral partner agencies such as the Agence Française de Développement, Department for International Development of the United Kingdom, the Ministry of Foreign Affairs of the Government of Japan, Japan International Cooperation Agency, the United States Department of State, United States Agency for International Development, and the World Trade Organization.

Two senior officials' meetings as well as a consultation with CAREC national focal points (NFPs) discussed the midterm review of the CAREC TTFS, the draft TPSAP,

developments from the ESCC and the methodology review of the DEFIR, and CAREC Institute activities. National consultation workshops in two countries addressed issues concerning the CAREC Program's priority sectors, and discussed the research program of the CAREC Institute.

Work in each priority sector progressed as the four coordinating committees met seven times. The TSCC refined the Transport and Trade Facilitation Strategy and Action Plan and discussed innovative transport operations and management. The CCC took up the status of identified priority areas and considered ways to replicate successful initiatives, agreed on proposed technical assistance projects, and contributed to the midterm review of the TTFS. Both committees refined the TTFS 2020, which focuses on road maintenance and safety, institutional capacity building, and monitoring and evaluation. The TPCC considered the

latest estimates of the trade liberalization and institutional quality indexes, updates on the WTO training program, the implementation of the TPSAP, and country proposals relating to the work plan; they also deliberated on the new TPSAP 2013–2017 for endorsing at the ministerial conference. The ESCC evaluated the implementation of the EWP 2013–2015, knowledge and capacity-building activities, deliverables for the senior official's meeting; and finalized the priority investment project list.

The CFCFA held its annual meeting and third business networking forum. It adopted a 2014 work plan to standardize and follow international practices, and strengthen dialogue with governments; contributed to the midterm review of the TTFS; examined results of the Corridor Performance Measurement and Monitoring report; and considered amendments to the charter to allow for corporate membership.

V. Proposed Actions

The DEfR functions both as a monitoring tool and a platform from which to initiate specific priority interventions. Table 13 summarizes

the proposed actions to accelerate the implementation of CAREC 2020.

Table 13 Priority Actions, 2013–2014

Broad Priority Action	Responsibility	Specific Priority Actions
Review the Transport and Trade Facilitation Strategy (TTFS) and Implementation Action Plan for consideration at the Ministerial Conference and the Senior Officials' Meeting (SOM).	Transport Sector Coordinating Committee, Customs Cooperation Committee	Harmonize work programs with the TTFS 2020, which was adopted at the 12th Ministerial Conference. Process new technical assistance programs to support the refined strategy.
Maximize the benefits of CAREC corridors by addressing key nonphysical barriers to cross-border transport and implementing the endorsed approach to corridor-based transport facilitation arrangements.	Transport Sector Coordinating Committee	Translate the approach endorsed during the 11th Ministerial Conference in Wuhan, People's Republic of China, into specific action plans and implement priority activities. Align ongoing work on cross-border transport facilitation arrangements with designated railway corridors.

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Table 13 *continued*

Broad Priority Action	Responsibility	Specific Priority Actions
	Customs Cooperation Committee	<p>Modernize sanitary and phytosanitary (SPS) measures through regional capacity development technical assistance. Conduct needs assessment.</p> <p>Prepare the Regional Improvement of Border Services Project for Mongolia. Review funding proposals for investments in border-crossing points (BCPs) in Pakistan.</p> <p>Commence work on three regional technical assistance projects on (i) aligning customs trade facilitation measures with best practices, (ii) coordinated border management for results, and (iii) regional transit trade. Develop customs guarantee mechanism for trade flows.</p> <p>Reconvene the national joint transport and trade facilitation committees (NJC).</p> <p>Review legal issues that may impede the use of risk management in vehicle inspection at BCPs.</p>
	CAREC Federation of Carrier and Forwarder Associations	Expand Corridor Performance Measurement and Monitoring to cover rail transport, logistics services providers, and corridor segments in Pakistan and Turkmenistan.
Monitor the implementation of the Trade Policy Strategic Action Plan (TPSAP) to ensure sufficient progress in trade liberalization, including through improvements in the institutional environment for trade.	Trade Policy Coordinating Committee	Develop monitoring tool for the updated TPSAP, which was approved in the 12th Ministerial Conference, to replace the standardized indexes.
Implement the CAREC Energy Work Plan 2013–2015, which defined six actionable elements.	Energy Sector Coordinating Committee	For Element 1: Developing the Central Asia–South Asia Corridor—continue coordinating CASA-1000 and Turkmenistan, Uzbekistan, Tajikistan, Afghanistan, Pakistan (TUTAP) projects.

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Table 13 *continued*

Broad Priority Action	Responsibility	Specific Priority Actions
		<p>For Element 2: Resolving Energy Dispatch and Trade Issues—the United States Agency for International Development (USAID) will conduct more training seminars; the World Bank will consult with power sector counterparts in four countries and the Regional Coordination Dispatch Center.</p> <p>For Element 3: Managing Energy–Water Linkages—continue activities to strengthen knowledge-platform and decision-support systems.</p> <p>For Element 4: Mobilizing Funds for Building Energy Assets (see below).</p> <p>For Element 5: Implementation of Energy Sector Priority Projects (see below).</p> <p>For Element 6: Capacity Building and Knowledge Management (see below).</p>
To sustain operations growth, endorse the medium-term priority project list at the Ministerial Conference and commence mainstreaming of priority projects into national development plans of CAREC countries.	Transport Sector Coordinating Committee	<p>Monitor the financing requirements and implementation of medium-term priority projects, which are integrated into the TTFS 2020.</p> <p>Measure progress for projects with confirmed financing. Review list to include new proposals.</p>
	Customs Cooperation Committee	Ensure that regional projects, such as for cross-border facilities, are developed in a collaborative manner.
	Energy Sector Coordinating Committee	Under Element 5 of the Energy Work Plan: Compile and regularly update the project list based on national investment plans.
To counter the drop in finance mobilization, step up efforts to explore cofinancing opportunities among CAREC governments, multilateral and bilateral institutions, other development partners and the private sector.	Transport Sector Coordinating Committee	Conduct further consultations similar to the development partners' forum on the financing of projects, with increased focus on private sector participation.
	Customs Cooperation Committee	Identify BCPs for inclusion in a second phase of the Regional Improvement of Border Services Project.
	Energy Sector Coordinating Committee	Under Element 4 of the Energy Work Plan: Seek approval for technical assistance on the CAREC Power Sector Financing Road Map.

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Table 13 *continued*

Broad Priority Action	Responsibility	Specific Priority Actions
Implement relevant sector-focused training and capacity-building activities through the CAREC Institute.	CAREC Institute	Prepare to establish the physical institute in Urumqi, Xinjiang Uygur Autonomous Region, PRC.
	Transport Sector Coordinating Committee	Conduct further training for concerned government officers and other stakeholders.
	Customs Cooperation Committee	Pursue capacity-building programs designed with the CAREC Institute and the ADB Institute, on conducting time release studies, accession to and compliance with the Revised Kyoto Convention, and risk management.
		Collaborate with other subregional programs, use the World Customs Organization regional training centers and the Customs Training Center of the Organization for Security and Cooperation in Europe.
	CAREC Federation of Carrier and Forwarder Associations	Organize workshop on SPS modernization with the ADB Institute and the European Union Delegation to the PRC and Mongolia.
	Trade Policy Coordinating Committee	Continue capacity-building and knowledge-sharing activities.
Advance the World Trade Organization (WTO) Accession Knowledge-Sharing Program	Energy Sector Coordinating Committee	Under Element 6 of the Energy Work Plan: Implement the capacity-building and knowledge-framework program under the CAREC Institute and coordinate similar activities with USAID; incorporate site visits and country presentations; and collaborate with other energy entities on this program.
	Trade Policy Coordinating Committee	Determine the modality to formalize collaboration with the WTO that will deliver capacity-development products.
Expand dissemination of relevant knowledge products to all CAREC members, especially through the CAREC web portal.		Under technical assistance in support of Tajikistan's WTO accession, research on organizational reform of the standards agency.
	CAREC Secretariat CAREC Institute	Continue.
Coordinate closely with national focal point advisers to promote consistent messaging and information about the CAREC Program.	National Focal Point Advisers	Continue.
	CAREC Secretariat	

ADB = Asian Development Bank, CAREC = Central Asia Regional Economic Cooperation.

Source: Progress reports of the Transport Sector Coordinating Committee, Customs Cooperating Committee, Trade Policy Coordinating Committee, and Energy Sector Coordinating Committee.

APPENDIX 1

Review of the CAREC Development Effectiveness Review Methodology: Update

I. Introduction

The Central Asia Regional Economic Cooperation (CAREC) Program agreed to review its methodology for the Development Effectiveness Review (DEfR),¹ which is used to monitor the program and its results. In addition to the flexibility needed as the program evolves and matures, the review also provides an opportunity to better incorporate new or revised strategies and action plans at sector level since 2011 when the *CAREC 2020: A Strategic Framework for the Central Asia Regional Economic Cooperation Program 2011–2020* (CAREC 2020) framework was endorsed.

Findings of an initial review of the DEfR methodology were endorsed at the Senior

Officials' Meeting (SOM) in October 2013 in Astana, Kazakhstan. Before the methodology review, the DEfR was organized into three levels: Level 1 for indicators of development outcomes, Level 2 for sector outputs, and Level 3 for tracking financial and knowledge-based inputs into the program. The methodology review endorsed at the SOM resulted in the following substantive changes in the DEfR, to be reflected in the program's results monitoring going forward:

- (i) Only 4 of the 16 indicators at Level 1 were to be retained: trade openness, intraregional energy trade, foreign direct investment as a percentage of the gross domestic product, and share of intraregional trade in CAREC's total trade (Table A1.1). One indicator,

¹ This document was presented during the CAREC Senior Officials' Meeting on 26–27 June 2014.

Table A1.1 Recommendations for Development Effectiveness Review Level 1 Indicators

Retain	Remove
Trade openness	Population living on less than \$2 a day
Intraregional energy trade	Human development index
Foreign direct investment (% of GDP)	Gender inequality index
Intraregional trade in total CAREC trade	GDP, GDP per capita
	Real GDP growth rate
<i>Logistics Performance Index (change level)</i>	Labor force participation rate
	Women employed in nonagricultural sector
	Real growth in trade of goods and services
	GDP per unit of energy use
	Time required to start a business
	Cost of business start-up

CAREC = Central Asia Regional Economic Cooperation, GDP = gross domestic product.

Source: 2012 CAREC Development Effectiveness Review and ADB.

Logistics Performance Index, was to be retained but at an appropriate level of results monitoring, while the rest of the indicators used earlier were not to be used for monitoring the program though they could be drawn upon as needed to provide the broad context

and environment surrounding the program's activities.

(ii) Level 2 outputs were reexamined based on the extent to which the CAREC Program interventions have a direct effect on the relevant indicators, and all Level 2 indicators

Table A1.2 Recommendations for Development Effectiveness Review Level 2 Indicators

Transport and Trade Facilitation Sector
Expressways or national highways built or improved
Proportion of total CAREC road corridor built or improved
Time taken to clear a border crossing
Costs incurred at a border-crossing clearance
Speed of travel on a 500 km CAREC corridor section
Costs incurred in traveling a corridor section
Trade Policy Sector
CAREC Trade Liberalization Index
Institutional Quality Index (under review)
Energy Sector
Transmission lines installed or upgraded
Increased energy generation capacity

CAREC = Central Asia Regional Economic Cooperation, km = kilometer.

Source: 2012 CAREC Development Effectiveness Review and ADB.

Table A1.3 Recommendations for Development Effectiveness Review Level 3 Indicators

Retain	Remove
Operations Growth	
Volume of approved investment projects, cumulative	Number of completed investment projects, cumulative
Number of approved investment projects, cumulative	
Finance Mobilization	
Annual average volume of newly approved investment projects, 3-year moving average	CAREC technical assistance financing gap (\$'000)
Knowledge Management	
Ratings of CAREC-related technical assistance projects completed	Knowledge production and dissemination
Participants in CAREC-supported training programs	

CAREC = Central Asia Regional Economic Cooperation.

Source: 2012 CAREC Development Effectiveness Review and ADB.

were suggested to be retained (Table A1.2). Given that these are sector outputs (in the context of the previous DEfR methodology), it was also noted that the sectors review the indicators, particularly in the case of the energy sector and trade policy (the new Trade Policy Strategic Action Plan was endorsed during the 12th CAREC Ministerial Conference in October 2013). The retained list will be further modified based on the sector coordinating committees' review; only the indicators retained at the sector level by the relevant coordinating committees will be reflected in the finalized DEfR.

- (iii) At Level 3, looking at operational and organizational effectiveness, the methodology review recommended dropping three out of eight indicators, while retaining the others along with a suggestion to review if they could be further refined.

II. Revised Framework for Results Monitoring

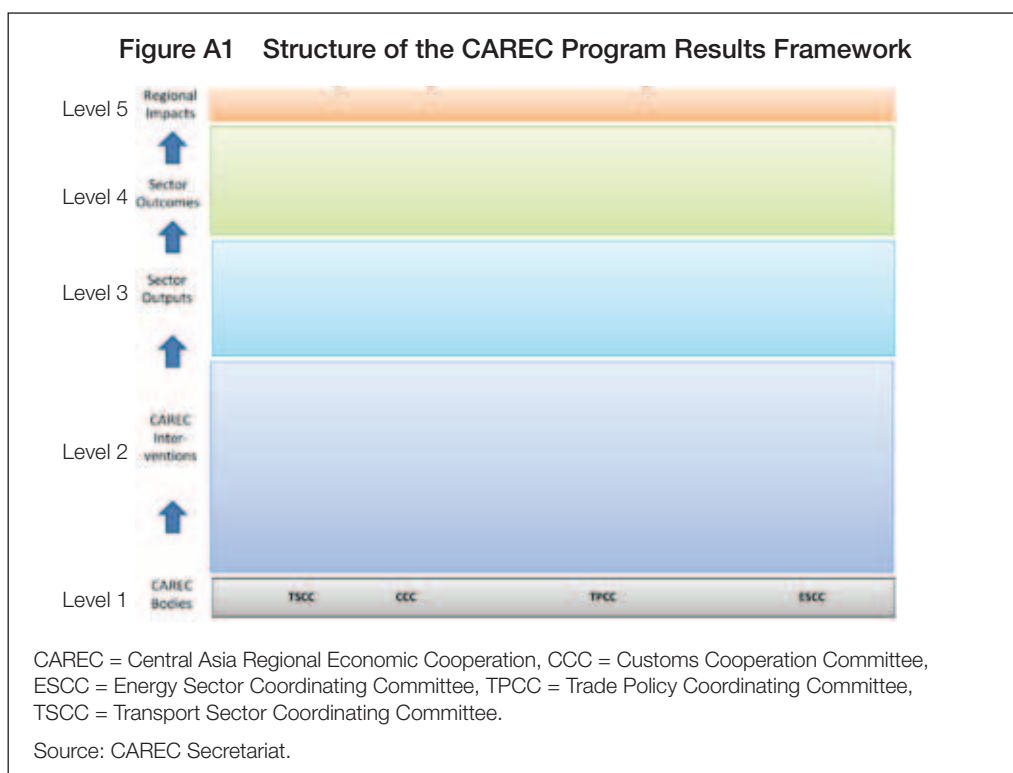
The methodology review showed that using three levels (impact, outputs, and inputs) did not allow adequate distinction between outcomes and outputs at the sector level. A five-level structure, introduced in the methodology review reported to the SOM in October 2013, is proposed to address this constraint. The levels cover inputs and interventions, outputs, outcomes, and impact, along with a level showing the list of CAREC institutions and bodies (Figure A1). This structure provides an overview of the full program in one single place, showing the CAREC bodies involved, what has been done (interventions), what has been delivered (outputs such as road infrastructure and systems), how the beneficiaries have used infrastructure (outcomes), and what all these elements have contributed to the regional impact.²

² More details are provided in the Initial Review of the CAREC DEfR Methodology, submitted to the 12th CAREC Ministerial Conference.

Based on further review and consultations, the CAREC secretariat recommends the adoption of this five-level structure to describe the program and monitor its results. Separately, monitoring of the sector would provide information only at three of these five levels—sector outcomes, outputs, and interventions. The sector monitoring would typically have more details, particularly on interventions. The program-level framework will summarize the detailed outcome, output, and interventions specified at the sector levels since not all details can be included without making the higher-level framework unwieldy.³ The annual DEFIR exercise will focus only on the program-level framework though references could be made to sector-level findings if appropriate.

III. Sector Consultations and Next Steps

The recommended format for program-level results above will be formalized based on sector-level monitoring of outcomes, outputs, and interventions. Each result statement of the framework in Figure A1 and its corresponding indicators will be determined through consultation with the member countries and partners, and during the sector coordination committee meetings. At the sector level, the respective coordination committees will need to agree on (i) the outcome, output, and intervention statements at the sector level; (ii) specific indicators for each—outcome, outputs, interventions; (iii) base year or benchmarks to use for each



³ The structure also allows additional flexibility at the program level. For example, since sectors are an input into the overall program, it is also conceivable that some sector outcomes may be outputs at the (higher) program level, particularly if the program reaches a stage over time where it is cumulatively much more than merely the sum of its components.

indicator; and (iv) weights for indicators in case uniform weights are not deemed appropriate.

Based on the consultations to date, the first of the four items above are expected to be completed in time for the 13th CAREC Ministerial Conference, at which delegates may be requested to endorse the overall structure at program and sector levels, as well as the agreed-upon statements at different levels. Substantial progress is expected to be made on the remaining items, and a fully completed results framework, with specific indicators and baseline values should be ready in time for the preparation of the 2014 DEfR next year. The deliverable for the 13th Ministerial Conference would thus be the revised DEfR framework without the specific indicators. It would include the proposed five-level structure along with the key results statements at program and each sector level. The complete list of corresponding indicators may be finalized by the first meeting of coordination committees in 2015.

The revised Transport and Trade Facilitation Strategy 2020 (TTFS) endorsed at the 12th CAREC Ministerial Conference in 2013 already incorporates a results framework at the sector level. The Transport Sector Coordinating Committee will review and reconfirm this results framework to see whether any updates or further refinements are to be recommended. The exercise would also need to confirm whether appropriate indicators are available for the objectives specified in the TTFS results framework. Annex A presents the TTFS structure adapted to the monitoring framework proposed here (the outcomes and outputs are from the TTFS, as are the interventions).

The program-level framework was discussed at the Energy Sector Coordinating Committee (ESCC) meeting on 1–3 April

2014 in Bishkek. The countries accepted the rationale for the review and the structure of “Outcome–Output–Sector Interventions,” at the sector level. They also agreed on the general definitions of the “statements” of the three levels (i.e., outcome statement, output statements, and activities). The countries expressed their wish to comment on the methodology of compiling the baseline data, indicators/targets, plus the figures, which come out of this compilation exercise. The Secretariat at ADB is collecting data toward that end. Progress could be discussed at the second ESCC meeting planned for later in 2014. Annex B provides the agreed statements for sector-level monitoring at the ESCC.

A monitoring framework along the lines proposed here has also been prepared for the Trade Policy Coordinating Committee (TPCC), drawing upon the Trade Policy Strategic Action Plan 2013–2017 endorsed at the 12th Ministerial Conference (Annex C). This will be discussed at the TPCC in June 2014 in Manila, and feedback will be incorporated.

IV. Approach to 2013 Development Effectiveness Review

Given that the transition to revised framework will be completed in 2015, the DEfR in 2014 may be done on an interim basis, incorporating the methodology revisions that were already endorsed in 2013. This would imply that the 2013 DEfR will drop the indicators recommended for removal, and use only the remaining indicators for monitoring. A draft of the 2013 DEfR will be circulated to the countries, for consideration before the special meeting of the national focal points in September 2014.

Annex A

Sector Level Results Framework

Transport and Trade Facilitation

Sector Outcomes

1. Competitive corridors established
2. Efficient movement of people and goods through CAREC corridors and across borders
3. Sustainable, safe, and user-friendly transport and trade networks developed in the CAREC region

Sector Outputs

1. Multimodal corridor network developed
2. Trade and border-crossing services improved
3. Enhanced operational and institutional effectiveness

Sector Interventions

1. Investment Project 1: Road Infrastructure
2. Investment Project 2: Rail Infrastructure
3. Investment Project 3: Inland Waterways and Ports

4. Investment Project 4: Airports and Air Transport
5. Investment Project 5: Border-Crossing Points
6. Investment Project 6: Logistics Mode
7. Technical Assistance (TA) 1: Designated Railway Corridors
8. TA 2: Public–Private Initiatives
9. TA 3: Corridor Management
10. TA 4: Trade Facilitation
11. TA 5: Transport Facilitation
12. TA 6: Road Safety and Maintenance
13. TA 7: Other Infrastructure
14. TA 8: Other Infrastructure Related

CAREC Bodies

1. Transport Sector Coordinating Committee
2. CAREC Federation of Carrier and Forwarder Associations
3. Customs Cooperation Committee

Annex B

Sector Level Results Framework

Energy

Sector Outcomes

The impact of uneven distribution of energy resources among CAREC countries is overcome, and existing energy interrelationships are optimized.

“The regional energy cooperation is driven by the need to (i) overcome, through increasing integration of the energy markets, the impact of uneven distribution of energy resources among the CAREC countries; and (ii) optimize existing energy interrelationships.”⁴

⁴ ADB. 2008. *Strategy for Regional Cooperation in the Energy Sector of CAREC Countries*.

Sector Outputs

1. Targeted levels for domestic and cross-border energy projects reached by 2020
2. Central Asia–South Asia energy corridor is developed

Sector Interventions

1. Implement programs to enhance regional energy trade and cooperation (Indicator: At least two multiyear programs completed by 2017).

2. Undertake analytical works on the linkages between energy and water resources (Indicator: At least two studies published by 2018).
3. Produce financing road map and mobilize funds.
4. Strengthen institutional capacity of CAREC member countries and share knowledge.

CAREC Body

Energy Sector Coordinating Committee

Annex C**Sector Level Results Framework**

Trade Policy

Sector Outcomes

1. Trade and business environment improved
2. Cross-border trade in services increased
3. Trade in backbone services increased
4. Temporary movement of labor within the CAREC region increased

Sector Outputs

1. Negotiations for World Trade Organization (WTO) accession conducted
2. WTO membership achieved
3. WTO commitments implemented
4. Value-added tax (VAT) and excise taxes on domestic production and imports of goods in the same category uniformly applied
5. Average tariff reduced to 10% or less, with 20% maximum cap
6. Export quotas that are not WTO compliant abolished and import quotas and licenses that are not WTO-compliant abolished or tariffed

7. Consistency of technical regulations on industrial goods and sanitary and phytosanitary (SPS) measures with WTO technical barriers to trade (TBT) and SPS agreements improved
8. Key bottlenecks identified by the national studies addressed (with the assistance of donors and international financial institutions)
9. Service Quality Restrictiveness Index questionnaire commissioned and scored for all CAREC countries
10. Key regulatory changes from the national studies voluntarily implemented
11. Backbone services developed and expansion of service exports streamlined into national plans and technical assistance for implementing the CAREC 2020 goals delivered
12. Market access promoted and national treatment for foreign companies that would provide financial services, telecommunications, and transportation services applied

13. Regulations related to services reviewed for sustainability
14. Bilateral labor agreements in effect for temporary movement of certain types of laborers within the region
15. Capacity and knowledge built for addressing WTO accession and trade policy issues
16. Capacity strengthened for modernizing SPS measures, aligning customs procedures with the Revised Kyoto Convention, and for effecting joint control of animal diseases in the People's Republic of China and Mongolia
17. Knowledge acquired for incorporating services development goals into national plans

Sector Interventions

1. Conduct a gap analysis on requirements for WTO membership.
2. Schedule the implementation of WTO commitments.
3. Schedule the implementation plan for addressing the remaining discrepancies between domestic taxes and imports that are not WTO compliant.
4. Schedule further tariff reductions.
5. Set time frame to abolish or tariffy quantitative restraints.
6. Adapt SPS measures and technical regulations concerning industrial goods to international standards.
7. Promote mutual recognition of certificates from accredited conformity assessment bodies.
8. Prepare a comprehensive SPS strategy and action plan for transition to WTO-compliant system.
9. Review new nontariff measures and evaluate transition to international standards.

10. Conduct national studies to assess key bottlenecks to trade in services.
11. Administer Services Trade Restrictiveness Index questionnaire in the four countries where it has not been implemented and every 2 years subsequently for all CAREC members.
12. Improve quality of institutions, for instance by addressing corruption, complex export procedures, and labor market inflexibility.
13. Plan key regulatory changes to liberalize telecommunications and other important sectors to encourage exports.
14. Implement key regulatory reforms to encourage investments in backbone services such as telecommunications, transportation services, banking, insurance, and professional services.
15. Mobilize a technical team to conduct substantive analyses and lead dialogue and policy action.
16. Implement bilateral labor agreements on a voluntary basis.
17. Establish mutual recognition agreements for some professions with at least one country.
18. Organize a training seminar on WTO accession and trade policy for development.
19. Conduct a knowledge-sharing workshop on WTO membership issues and the implementation of WTO commitments.
20. Offer a seminar on expanding trade in services.
21. Provide technical assistance for trade facilitation.
22. Provide technical assistance for services development.

CAREC Body

Trade Policy Coordinating Committee

APPENDIX 2

CAREC Program Results Framework 2013

Table A2.1 Level 5 – CAREC Regional Impacts

Indicator	Indicative Target	Baseline Year	Baseline Value	2009	2010	2011	2012	2013
1. Trade openness (%) ^a	↑	2006	67.9	62.9	64.2	67.2	66.8	...
2. Intraregional trade in total CAREC trade (%)	↑	2006	6.25	6.06	6.25	5.62	6.16	6.18
3. Intraregional energy trade (GWh)	↑	2006	5,061	4,435	3,544	5,304	4,752	
4. Foreign direct investment (% of GDP)	↑	2006	6.0	5.3	3.8	4.3	3.9	...
5. Logistics Performance Index ^b	↑	2010	2.53	...	2.53	...	2.46	2.43 (2014)

... = data not available, CAREC = Central Asia Regional Economic Cooperation, GDP = gross domestic product, GWh = gigawatt-hour.

^aNo data for Afghanistan and Turkmenistan. Series changed from using 2000 to 2005 constant \$.

^bThe Logistics Performance Index score ranges from 1 for worst to 5 for best.

Notes: Data sources constantly revise their estimates to incorporate more recent information; hence, figures will vary from those in the earlier development effectiveness reviews. Comparable subnational data for the Xinjiang Uygur Autonomous Region and the Inner Mongolia Autonomous Region of the People's Republic of China are not available for these indicators.

Sources: World Bank. World Development Indicators Online Database, for indicators 1 and 4; International Monetary Fund. *Direction of Trade Statistics* for indicator 2; Coordinating Dispatch Center, Tashkent, Uzbekistan, for indicator 3; and World Bank. *Connecting to Compete 2012: Trade Logistics in the Global Economy. The Trade Logistics Performance Index and Its Indicators*, for indicator 5.

Table A2.2. Level 4 – CAREC Priority Sector Outcomes



Indicator	Baseline Year	Baseline Value	2009	2010	2011	2012	2013	2013 Target	2013 Progress
Time taken to clear a border crossing (hours)	2010	8.7	...	8.7	7.9	10.9	10.0	↓	⊖
Costs incurred at a border-crossing clearance (\$)	2010	186	...	186	156	157	235	↓	⊖
Speed of travel on a 500 km CAREC corridor section (km per hour) ^a	2010	24	...	24	22	23	20	↑	⊕
Costs incurred in traveling a corridor section (\$, per 500 km, per 20-ton load)	2010	712	...	712	959	999	1,482	↓	⊖

... = data not available, CAREC = Central Asia Regional Economic Cooperation, km = kilometer.

^a Speed is measured "with delays" for a 20-ton truck or a 20-foot equivalent unit container.

Source: CAREC Corridor Performance Measurement and Monitoring Annual Reports, 2010–2013.

Table A2.3 Level 3 – CAREC Priority Sector Outputs


Indicator	Baseline Year	Baseline Value	2009	2010	2011	2012	2013	2013 Target	2013 Progress
Annual expressways or national highways built or improved (km)	2008	177	254	1,154	953	1,116	1,312	1,200	
Cumulative proportion of total CAREC corridor built or improved (%) ^a	2008	64	66	71	75	79	85	80	

CAREC = Central Asia Regional Economic Cooperation, km = kilometer.

^a This may overstate overall road conditions due to deterioration of some road sections that were rated to be in good condition in 2007.

Source: Transport Sector Coordinating Committee, Transport Sector Progress Report, 5 November 2014.

Table A2.4. Level 2 – Operational and Organizational Effectiveness

Indicator	Indicative Target	Baseline Year	Baseline Value	2009	2010	2011	2012	2013	2013 Progress
Volume of approved investment projects, cumulative since 2001 (\$ million)	↑	2006	3,107 ^a	12,504 ^a	15,388	17,806	21,237	22,410	
Number of approved investment projects, cumulative since 2001	↑	2006	41	92	108	125	136	146	
Average volume of newly approved investment projects (3-year moving average, \$ million) ^b	↑	2006	594	3,133	3,635	3,386	2,910	2,341	
Ratings of CAREC-related technical assistance projects completed (% successful)	↑	2006	86	90	83	100	90	100	
Participants in CAREC-supported training programs (person-days)	↑	2009	1,825	...	1,349	1,582	1,328	953	

... = no data available, CAREC = Central Asia Regional Economic Cooperation.

^a Figures include only the disbursed tranches of multitranche financing facility investments.

^b 2006 reflects data for 2004–2006; 2010 for 2008–2010; 2011 for 2009–2011; 2012 for 2010–2012; and 2013 for 2011–2013.

Note: Figures in earlier development effectiveness reviews have been adjusted to reflect updated project information.

Source: CAREC Program Portfolio.

APPENDIX 3

Results Framework Definitions and Sources

Indicator	Definition and Source
Trade openness (%)	<p>Definition: Trade openness is measured using the trade volume approach where export and import of goods and services are divided by gross domestic product (GDP) in constant \$ price [(exports+imports)/GDP]. This method allows time series analysis of results.</p> <p>Source: World Bank. World Development Indicators Online.</p>
Intraregional trade in total CAREC trade (%)	<p>Definition: The ratio of total trade of CAREC countries with each other to the CAREC countries' total trade with the world. Total trade is the sum of exports and imports. The higher the ratio, the more integrated the CAREC countries are.</p> <p>Source of basic data: International Monetary Fund. Direction of Trade Statistics.</p>
Intraregional energy trade (GWh)	<p>Definition: Total volume of regional electric trade in gigawatt-hours (GWh) of CAREC members Afghanistan, Kazakhstan, the Kyrgyz Republic, Tajikistan, Turkmenistan, and Uzbekistan.</p> <p>Source: Central Dispatch Center, Tashkent, Uzbekistan.</p>
Foreign direct investment (% of GDP)	<p>Definition: International investment that obtains a lasting interest (at least 10%) in an enterprise resident in another economy. The components of foreign direct investment (FDI) are equity capital, reinvested earnings, and other capital (mainly intra-company loans). As countries do not always collect data for each of these components, reported data on FDI are not fully comparable across countries. In particular, data on reinvested earnings, the collection of which depends on company surveys, are often unreported by many countries.</p> <p>Source: World Bank. World Development Indicators Online.</p>
Logistics Performance Index	<p>Definition: A weighted average of the country scores on six key dimensions: (1) efficiency of clearance process by border control agencies, (2) quality of trade and transport-related infrastructure, (3) ease of arranging competitively-priced shipments, (4) competence and quality of logistics services, (5) ability to track and trace consignments, (6) frequency with which shipments reach the consignee within the scheduled or expected delivery time. Scores can range from 1 for low to 5 for high performance.</p> <p>Source: World Bank. 2012. <i>Connecting to Compete: Trade Logistics in the Global Economy. The Trade Logistics Performance Index and Its Indicators.</i></p>
Expressways or national highways built or improved (km)	<p>Definition: Length of expressways (i.e., fully access-controlled highways) built or improved, expressed in kilometers (km). Access control means no direct crossings. Expressways can include roads that in certain countries are called highways if they have full access control. "Improving" includes all activity to restore a degraded road to the originally intended design capacity (repair/rehabilitation) and to improve on its design capacity (e.g., by widening). "Improving" cannot be applied in cases where only road signage is enhanced.</p> <p>Source: Transport Sector Coordinating Committee, Country Reports for transport indicators.</p>

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Table 13 *continued*

Proportion of total CAREC corridor built or improved (%)	<p>Definition: Percentage total of all CAREC road corridors built or improved through CAREC investment activities that meet appropriate international roughness index standards. Road should be open to public use.</p> <p>Source: Transport Sector Coordinating Committee, Country Reports for transport indicators.</p>
Time taken to clear a border crossing (hours)	<p>Definition: The average duration taken to move cargo from an exit point of a country to an entry point of another country. The entry and exit points are typically a primary control center where customs, immigration, and quarantine checks are done. Besides the standard formalities to clear them, this measurement also includes waiting time, unloading and loading time, change of rail gauges and so forth, to capture both complexity and inefficiencies inherent in the border-crossing process. The indicator is normalized at 500 km as a basis of unit, so that duration between long and short corridors is comparable.</p> <p>Source: CAREC Corridor Performance Measurement and Monitoring (CPMM) Reports.</p>
Costs incurred at a border-crossing clearance (\$)	<p>Definition: The average of total expenses (\$) to move cargo from an exit point of a country to an entry point of another country. The entry and exit points are typically a primary control center where customs, immigration, and quarantine checks are done. Both official and unofficial payments are included. The indicator is normalized at 500 km as a basis of unit, so that average cost between long and short corridors is comparable.</p> <p>Source: CAREC CPMM Reports.</p>
Speed of travel on a 500 km CAREC corridor section (km per hour)	<p>Definition: The average speed for a unit of cargo to travel within the country and across borders. A unit of cargo refers to a cargo truck with 20 tons of goods (for road transport) or a rail wagon with one 20-foot equivalent unit (for rail transport). Speed is calculated by taking the total distances traveled divided by the total time taken; both distance and time include border crossings.</p> <p>Source: CAREC CPMM Reports.</p>
Costs incurred in traveling a corridor section (\$, per 500 km, per 20-ton load)	<p>Definition: The average of total costs “with delays” incurred for a unit of cargo to travel within the country and across borders. A unit of cargo refers to a cargo truck with 20 tons of goods (for road transport) or a rail wagon with one 20-foot equivalent unit (for rail transport). Both official and unofficial payments are included.</p> <p>Source: CAREC CPMM Reports.</p>
Volume of approved investment projects, cumulative since 2001 (\$ million)	<p>Definition: Total volume of approved CAREC-related projects, jointly financed by CAREC governments and multilateral institution partners, cumulative since 2001.</p> <p>Source: CAREC Program Portfolio, CAREC multilateral partner online project databases.</p>
Number of approved investment projects, cumulative since 2001	<p>Definition: Number of approved CAREC-related projects, jointly financed by CAREC governments and multilateral institution partners, cumulative since 2001.</p> <p>Source: CAREC Program Portfolio, CAREC multilateral partner online project databases.</p>
Average volume of newly approved investment projects (3-year moving average, \$ million)	<p>Definition: Total volume of CAREC-related projects (loans and grants) from all CAREC partner multilateral institutions and country governments, approved during the 12-month period under review.</p> <p>Source: CAREC Program Portfolio, CAREC multilateral partner online project databases.</p>

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Table 13 *continued*

Ratings of CAREC-related technical assistance projects completed (<i>% successful</i>)	<p>Definition: Number of completion reports issued for CAREC-related technical assistance projects in the review period with <i>successful</i> or better ratings, as a percentage of total technical assistance completion reports circulated in the same year. Technical assistance projects that lead and/or contribute directly to investment projects are also counted as <i>successful</i>, since these often do not have completion reports.</p> <p>Source: CAREC Program Portfolio, CAREC-related project completion and validation reports, CAREC multilateral institution partners online project databases.</p>
Participants in CAREC-supported training programs (person-days)	<p>Definition: Total count of individuals successfully completing CAREC-sponsored training programs during the 12-month period under review, multiplied by the total number of days.</p> <p>Source: CAREC Program website.</p>

APPENDIX 4

CAREC Region Development Outcomes

Table A4.1 Millennium Development Goals in the CAREC Region

Indicator	2005 Baseline Year	2008	2013/latest value
Population living below \$1.25 (PPP) a day (%) ^a	19.7	17.5	9.6
Children under 5 moderately or severely underweight (%)	26.7	25.0	22.7
Total net enrollment ratio in primary education, both sexes ^b	70.5	73.2	74.8 (2012)
Pupils starting Grade 1 who reach last grade of primary, both sexes (%) ^c	75.3	69.4	63.1
Primary education completion rate, both sexes (%) ^d	66.9	64.7	68.6
Gender parity index in primary level enrollment ^e	0.78	0.83	0.85 (2012)
Gender parity index in secondary level enrollment ^f	0.78	0.78	0.73 (2012)
Gender parity index in tertiary level enrollment ^g	0.83	0.82	0.98 (2012)
Children under 5 mortality rate per 1,000 live births	92.6	85.1	65.7
Infant mortality rate (0–1 year) per 1,000 live births	72.3	67.1	60.9 (2012)
Adults (15+) living with HIV (number, million) ^h	0.086	0.110	0.146 (2012)
Women (15+) living with HIV (number, million) ^h	0.023	0.030	0.039 (2012)
Tuberculosis prevalence rate per 100,000 population	463	377	316 (2012)
Tuberculosis death rate per 100,000 population ⁱ	42	33	27 (2012)
Land area covered by forest (%)	4.0	3.9	3.9 (2011)
Protected area to total surface area (%)	5.8	5.8	6.3 (2012)
Consumption of ozone-depleting chlorofluorocarbons (CFCs) (ODP metric tons)	645.8	214.0	0.0 (2012)
CO ₂ emissions (metric tons per capita)	2.1	2.4	2.3 (2010)
Population using improved drinking water source (% of population with access)	84	85	87 (2012)
Population using improved sanitation facilities (% of population with access)	54.1	56.5	58.6 (2012)

CAREC = Central Asia Regional Economic Cooperation, CO₂ = carbon dioxide, ODP = ozone depleting potential, PPP = purchasing power parity.

^a No data for Afghanistan, Mongolia, and Uzbekistan.

^b No data for Afghanistan and Turkmenistan, and in 2012 for Uzbekistan as well.

^c No data for Afghanistan and Turkmenistan.

^d No data for Turkmenistan.

^e No data for Turkmenistan, and in 2012 for Uzbekistan as well.

^f No data for Turkmenistan, and in 2012 for the Kyrgyz Republic, Tajikistan, and Uzbekistan as well.

^g No data for Turkmenistan, and in 2012 for Afghanistan, the Kyrgyz Republic, and Uzbekistan as well.

^h No data for Turkmenistan, and in 2012 for Kazakhstan and Mongolia as well.

ⁱ No data in 2012 for Tajikistan.

Note: Comparable subnational data for the Xinjiang Uygur Autonomous Region and the Inner Mongolia Autonomous Region of the People's Republic of China are not available.

Sources: World Bank. World Development Indicators Online; ADB Strategic Policy Department; UNAIDS Report on the Global AIDS Epidemic 2013; World Health Organization. Global Health Observatory Data Repository online; World Bank. Millennium Development Goals online; United Nations. Millennium Development Goals Indicators online.

**Table A4.2 Country Groupings – International Finance Corporation/World Bank's
Doing Business**

East Asia and the Pacific		
Brunei Darussalam	Malaysia	Solomon Islands
Cambodia	Marshall Islands	Taipei, China
China, People's Republic of	Micronesia, Federated States of	Thailand
Fiji	Mongolia	Timor-Leste
Hong Kong, China	Palau	Tonga
Indonesia	Papua New Guinea	Vanuatu
Kiribati	Philippines	Viet Nam
Lao People's Democratic Republic	Samoa	
	Singapore	
Eastern Europe and Central Asia		
Albania	Georgia	Montenegro
Armenia	Kazakhstan	Romania
Azerbaijan	Kosovo	Russian Federation
Belarus	Kyrgyz Republic	Serbia
Bosnia and Herzegovina	Latvia	Tajikistan
Bulgaria	Lithuania	Turkey
Croatia	Macedonia, FYR	Ukraine
Cyprus	Moldova	Uzbekistan
South Asia		
Afghanistan	India	
Bangladesh	Maldives	Pakistan
Bhutan	Nepal	Sri Lanka
Organisation for Economic Co-operation and Development Country Group		
Australia	Hungary	
Austria	Iceland	Poland
Belgium	Ireland	Portugal
Canada	Israel	Slovak Republic
Czech Republic	Italy	Slovenia
Denmark	Japan	Spain
Estonia	Korea, Republic of	Sweden
Finland	Luxembourg	Switzerland
France	The Netherlands	United Kingdom
Germany	New Zealand	United States
Greece	Norway	

Source: International Finance Corporation/World Bank. Doing Business online database.

Table A4.3 Level 1 Country Groupings – World Bank's World Development Indicators

Europe and Central Asia (developing countries only)		
Albania	Kosovo	Russian Federation
Armenia	Kyrgyz Republic	Serbia
Azerbaijan	Latvia	Tajikistan
Belarus	Lithuania	Turkey
Bosnia and Herzegovina	Macedonia, FYR	Turkmenistan
Bulgaria	Moldova	Ukraine
Georgia	Montenegro	Uzbekistan
Kazakhstan	Romania	
South Asia		
Afghanistan	India	Pakistan
Bangladesh	Maldives	Sri Lanka
Bhutan	Nepal	

Source: World Bank. World Development Indicators online database.

APPENDIX 5

2013 CAREC Program Portfolio

Table A5.1 CAREC Investment Projects (Loans and Grants) Approved in 2013

Project	Country	Year of Approval	Year of Closing	Funding Agencies	Funding (\$ million)	Total Funding (\$ million)	Brief Description
TRANSPORT							
CAREC Corridor 3 (Bishkek–Osh Road) Improvement Project Phase 4 (Loan and Grant)	Kyrgyz Republic	2013		ADB EDB	100 60	160	<p>ADB previously assisted the Kyrgyz Republic in rehabilitating 320 kilometers (km) of the 655 km Bishkek–Osh road in three phases while other development partners helped rehabilitate more than 539 km (about 82%). Two sections of the Bishkek–Osh road (Bishkek to Kara Balta and Madaniyat to Jalalabad) remain in very poor condition, with an international roughness index score above 7 and average travel speed of less than 50 kilometers per hour (kph), rendering transporters unable to provide the required level of service and posing traffic hazards to road users.</p> <p>This project will reconstruct and rehabilitate an estimated 120 km of crucial road sections between Bishkek and Osh, and will include road safety measures such as road signs, lane markings, street lighting, parking areas, bus stops, crash barriers, and sidewalks. Project outputs include (i) 52.5 km of rehabilitated road from Bishkek to Kara Balta, (ii) 67 km of rehabilitated road from Madaniyat to Jalalabad, (iii) strengthened road asset management system, and (iv) improved road safety. The project will thus enhance national and regional connectivity and trade via CAREC Corridor 3 by improving efficiency and safer movement of goods and people on the Bishkek–Osh road. It will connect the poorest population to services, goods, and markets.</p>

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Table A5.1 *continued*

Project	Country	Year of Approval	Year of Closing	Funding Agencies	Funding (\$ million)	Total Funding (\$ million)	Brief Description
CAREC Corridors 3 and 5 Enhancement Project (Grant)	Tajikistan	2013		ADB	70	70	<p>The overlapping portion of CAREC Corridors 3 and 5 from Dushanbe to the Karamyk border with the Kyrgyz Republic is a two-lane highway of about 340 km. Owing to the government's limited budget and the limited traffic forecasted in 2006 when the project was designed, a one-asphalt-concrete layer was adopted for the Sayron–Karamyk road and other work (e.g., rock excavation, drainage, and concrete retaining walls) was minimal. Traffic has surged in both volume and axle loading since the rehabilitation of the section in 2011, thus degrading the pavement condition faster than initially anticipated. This project will (i) enhance the Sayron–Karamyk section to extend road service life, improve road safety and maintenance for better serviceability, and (ii) improve the connectivity and capacity of the subnetwork as traffic capacity on Corridors 3 and 5 is likely to be realized earlier than expected.</p> <p>The Vose Khovaling Tavildara road, which extends the first ADB-assisted road in Tajikistan, starts at AH66 and connects through the Darband Tavildara Kalaikhumb road to CAREC Corridors 3 and 5. This road has seriously deteriorated because of prolonged inadequate maintenance and recent flood damage, causing transport difficulty and safety concerns. Improvements to this stretch will (i) cut travel time almost in half from the Kyrgyz border to Khatlon; (ii) open a new trade corridor in the most populous region in Tajikistan; (iii) provide easier access to southern markets; and (iv) enhance economic connections with CAREC Corridors 3 and 5, AH66, and Afghanistan and beyond.</p> <p>This project will thus improve regional economic cooperation and inclusive economic growth in Tajikistan through improved regional network connectivity in CAREC Corridors 3 and 5 and the subnetwork. Project outputs include (i) improved road conditions and enhanced road safety on CAREC Corridors 3 and 5 (the Sayron–Karamyk road section, 88 km) and the subnetwork (the Vose Khovaling road, 87 km) totaling 175 km; (ii) extended access to local communities through the improvement of rural feeder roads; and (iii) institutional strengthening of project management, contract supervision, and efficient road maintenance.</p>

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Table A5.1 *continued*

Project	Country	Year of Approval	Year of Closing	Funding Agencies	Funding (\$ million)	Total Funding (\$ million)	Brief Description
Transport Network Development Investment Program – Tranche 3 [Multitranche Financing Facility (MFF)] (Grant)	Afghanistan	2013		ADB Government of Afghanistan	220	220	<p>This road subproject under Tranche 3 will reconstruct and upgrade approximately 178 km of road section from Dar-i-Suf to Yakawlang, linking the roads already completed under the ADB-financed North–South Corridor Project. This national road provides an alternative north–south transit route from Mazar-e-Sharif to Kabul from the currently overloaded Salang Tunnel.</p> <p>The road is in poor condition and requires major rehabilitation after years of use and lack of periodic maintenance. It is impassable for motorized vehicles for many months in a year and hinders development in the central provinces, impedes regional trade, and imposes efficiency losses as traffic volumes continue to rise.</p> <p>In addition to supporting the Afghanistan National Development Strategy, Tranche 3 capitalizes on Afghanistan’s position as a strategic geographic center of gravity in the region, being traversed by three major CAREC corridors, and with potential to serve as the nexus between north–south and east–west regional trade corridors. In supporting Corridor 5, this subproject will provide landlocked Central Asia access to populous commercial centers in South Asia and major ports in the Persian Gulf and Arabian Sea. An efficient Afghanistan road network will improve regional connectivity, support increased domestic and international trade, and generate jobs and economic growth.</p>
TRADE FACILITATION							
Regional Improvement of Border Services (Loan and Grant)	REG	2013	2018	ADB Government of the Kyrgyz Republic Government of Tajikistan	17.606 3.401	21.007	This project will construct and renovate border-crossing points (BCPs) at Karamyk in the Kyrgyz Republic (located along Corridors 3b and 5) and Guliston in Tajikistan (located in the regional Osh–Khujaud highway). This will complement improvements on the other side of their respective borders and address the problem of inadequate physical infrastructure and logistics facilities, cumbersome procedures, and limited use of information technology.

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Table A5.1 *continued*

Project	Country	Year of Approval	Year of Closing	Funding Agencies	Funding (\$ million)	Total Funding (\$ million)	Brief Description
							The project will also develop the electronic trade platform such as the national single window to streamline data submission and ensure conformity of submitted data with the requirements of business processes. Coverage will include cross-border electronic data exchange, and international standards will be adopted to ensure regional interoperability. As landlocked countries, faster, cost-efficient border crossings, and predictable and transparent trading environments will facilitate trade and increase competitiveness. This will improve the performance of CAREC corridors, minimize negative impacts of geographic isolation, and foster more diverse economic activity.
ENERGY							
Energy Efficiency Project	Kazakhstan	2013	2017	World Bank Government of Kazakhstan	21.8 1.3	23.1	
North–South Power Transmission Enhancement Project (Grant)	Afghanistan	2013		ADB AIF	99 117	216	This project will connect imported power supply sources from Afghanistan's northern neighbors to its eastern and southern load centers. It will construct a 225 km 500-kilovolt (kV) transmission line between Dashte Alwan in the north and Kabul in the south. This will add 1,000–1,300 megawatts (MW) to the existing 300 MW of transmission capacity. Project outputs include the commissioning of a 500 kV transmission line from Baghlan to Kabul (Dashte Alwan to Arghundy), including a 500 kV/220 kV substation in Arghundy, Kabul. These will be central to the envisaged regional power trade and Afghanistan's important future role as an energy resource corridor connecting Central Asia's electricity systems with its own and those of South Asia. The project will complement a second ADB power project under the proposed tranche 5 of ADB's Energy Sector Development Investment Program to build a 500 kV substation to connect to the grid at the north in Dashte Alwan. This will increase power trade and the rate of electrification within the country. The benefits will accrue across the board to the entire population as more people are connected to power distribution networks.

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Table A5.1 *continued*

Project	Country	Year of Approval	Year of Closing	Funding Agencies	Funding (\$ million)	Total Funding (\$ million)	Brief Description
Energy Sector Development Investment Program—Tranche 5 [MFF] (Grant)	Afghanistan	2013		ADB	49.1	49.1	<p>The project will construct and commission a new 500 kV/220 kV substation at Dashte Alwan in northern Afghanistan to connect to the 500 kV transmission line traversing the Hindu Kush mountains via the Salang Pass. It will augment the existing 300 MW transmission capacity between northern and southern Afghanistan by 1,000 MW, to initially allow indigenous generation, as well as power imports from Tajikistan, Turkmenistan, and Uzbekistan to supply Afghanistan's domestic needs.</p> <p>The project is related to the ADB-assisted North–South Power Transmission Enhancement Project described above. It will provide better and cost-effective power distribution by promoting sustainable power supply in northern, eastern, and southern Afghanistan.</p>
Golovnaya 240 MW Hydropower Plant Rehabilitation Project (Loan)	Tajikistan	2013		ADB	136	136	<p>This project will refurbish electric and mechanical equipment for power generation at the Golovnaya Hydropower Plant (HPP), in particular the full replacement of units 1, 2, and 5. It will increase the plant's generation capacity from 240 to 252 MW and also its operational efficiency, including during the winter power deficit season, thereby augmenting year-round clean power available for domestic use and export to Afghanistan.</p> <p>The total installed generation capacity of Tajikistan is 5,055 MW. A large share of hydro generation (98%) is affected by hydrology fluctuation and results in summer surplus and winter deficit. With inadequate maintenance and rehabilitation, power assets have aged beyond their economic life. Nearly 80% of the generation and transmission assets need to be replaced to meet the demand and eliminate winter deficit.</p>

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Table A5.1 *continued*

Project	Country	Year of Approval	Year of Closing	Funding Agencies	Funding (\$ million)	Total Funding (\$ million)	Brief Description
							<p>The ADB Country Partnership Strategy 2010–2014 identified the rehabilitation of existing HPPs as a key area for intervention, noting that reliable and secure operation of the generation plant and high-voltage transmission network is important for the reliability of the interconnected neighboring grid and a prerequisite for power trade. The CAREC power sector regional master plan identified the rehabilitation of the Golovnaya HPP as a priority generation project. With installed generation capacity of 240 MW, it is the fourth largest HPP in Tajikistan. Its average annual generation has been decreasing because of frequent emergency breakdown of some units, while the rest are expected to fail soon if major rehabilitation works are not undertaken urgently.</p> <p>The project will increase the supply of renewable energy to national and regional power systems from 743 GWh in 2012 to 1,130 GWh in 2026 by increasing the weighted average generation efficiency of the power plant from 83% to 89%.</p>
Additional Financing for Energy Efficiency Facility for Industrial Enterprises Project	Uzbekistan	2013		World Bank Government of Uzbekistan	100 53	153	<p>The project aims to improve energy efficiency in industrial enterprises by designing and establishing a financing mechanism for energy-saving investments. The additional credit will help finance the costs associated with scaled-up activities to increase the energy-saving impact of the project.</p> <p>Uzbekistan is the second largest producer of electricity in Central Asia but also the 35th largest carbon dioxide emitter worldwide, partly because of inefficient energy usage by industrial enterprises that operate old and outdated equipment. The potential for energy savings by implementing energy-efficiency measures in industrial enterprises in Uzbekistan is substantial; hence, industrial enterprises are encouraged to shift to more efficient technologies. Energy efficiency investments are envisioned to (i) reduce greenhouse gas emissions, (ii) make Uzbekistan industry more competitive in international markets, and (iii) free up energy savings (i.e., natural gas and electricity) for exports.</p>

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Table A5.1 *continued*

Project	Country	Year of Approval	Year of Closing	Funding Agencies	Funding (\$ million)	Total Funding (\$ million)	Brief Description
Modernization of Hydropower Stations in Tashkent, Shakhrikhan, and Kadirya	Uzbekistan	2013		IsDB Government of Uzbekistan	100 25	125	This project will increase the generating capacities of the hydropower stations in Tashkent, Shakhrikhan, and Kadirya cascades up to 70 MW in total. It will modernize, technically reequip, and replace worn-out equipment. It will install generators, turbines, communication, and auxiliary equipment, specifically the HPS-9 in the Tashkent cascade, HPS SFC-2 in the Shakhrikhan cascade, and HPS-3 in the Kadirya cascade.

ADB = Asian Development Bank, CAREC = Central Asia Regional Economic Cooperation, EDB = Eurasian Development Bank, IsDB = Islamic Development Bank, WB = World Bank.

Sources: CAREC Program Portfolio and CAREC multilateral institution partner online project databases.

Table A5.2 CAREC Investment Projects (Loans and Grants) Completed in 2013

Project	Country	Year of Approval	Funding Agencies	Funding (\$ million)	Total Funding (\$ million)	Brief Description
TRANSPORT						
CAREC Regional Road Corridor Improvement (Supplementary)	Kyrgyz Republic	2010	ADB Government of the Kyrgyz Republic	23 9	32	<p>The project paved the 136 kilometer (km) road from Sary-Tash to Karamik (currently being improved under the CAREC Regional Road Corridor Improvement Project in the Alay valley area of southwest Kyrgyz Republic) with two layers (10 centimeters [cm]) of asphalt concrete.</p> <p>This project was envisioned to reduce transport costs and foster regional trade and cooperation among the Kyrgyz Republic, the People's Republic of China (PRC), Tajikistan, and other Central Asian countries by improving access to markets and social services. Project outputs include (i) improvement of the Nimich (Tajikistan) to Sary-Tash (Kyrgyz Republic) road corridor; (ii) proper maintenance of and provision of adequate financing for the Nimich to Sary-Tash road corridor; (iii) improvement of border infrastructure at the Kyrgyz–Tajik and Kyrgyz–PRC borders; and (iv) signing of the cross-border agreement among the Kyrgyz Republic, the PRC, and Tajikistan.</p> <p>The project contributed to poverty reduction and economic growth: (i) traffic on the project road rapidly increased by an average 28% per annum in 2007–2013; (ii) travel time saved was at least 50% and travel cost reduced by at least 30%; (iii) the number of motorized vehicle registrations noticeably increased because of improved road conditions, and passenger and freight transport services boosted because of lower transport costs; (iv) the local market was more accessible to larger regional markets; (v) higher prices in further markets stimulated local livestock and agriculture production; (vi) project implementation and establishment of road side businesses because of growing road traffic provided significant working opportunities to the local people, including women; (vii) accessibility to a variety of social services was elevated; and (viii) housing status of local residents was upgraded because of lower costs of bringing construction materials.</p>

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Table A5.2 *continued*

Project	Country	Year of Approval	Funding Agencies	Funding (\$ million)	Total Funding (\$ million)	Brief Description
Dushanbe–Kyrgyz Border Road Rehabilitation Project, Phase II (Supplementary)	Tajikistan	2009	ADB Government of Tajikistan	20 5	25	<p>The second phase of the Dushanbe–Kyrgyz Border Road Rehabilitation Project (approved in 2006), aimed at improving a regional road linking Dushanbe, Tajikistan, with its border with the Kyrgyz Republic. The road is part of CAREC Corridors 3 and 5, and makes travel and trade between Tajikistan and neighboring countries more convenient. By improving those sections, the project provided better connections, increased regional trade, and enabled smooth transportation of the area's agricultural products to Dushanbe and the regional markets.</p> <p>This supplementary grant financed the rehabilitation of damaged sections and protected a section from being submerged by a nearby hydropower project. Those sections had been previously rehabilitated under the Dushanbe–Kyrgyz Border Road Rehabilitation Project (Phase I), but frequent natural disasters and a sharp increase in traffic eroded their condition, requiring additional maintenance work. Specifically, this grant financed the additional components of (i) ancillary works at the central section (Km 140–217) and the border section (Km 337–346); (ii) upgrading the section at Km 95–140 and constructing a new bypass section at Km 110–112.6.</p> <p>The improvement boosted the performance of the road network and ensures efficient travel and transportation. Daily international freight traffic on the project corridor increased significantly, and vehicle travel time was reduced. Vehicle operating cost and accident rate have likewise declined significantly, which facilitated and stimulated international and domestic transport demand. The road improvements have also enabled around 260,000 residents in the Rasht Valley to access distant markets, and considerably improved social services and people's livelihoods. They also promoted small and medium-sized businesses and social networking activities and boosted agriculture and processing industries.</p>

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Table A5.2 *continued*

Project	Country	Year of Approval	Funding Agencies	Funding (\$ million)	Total Funding (\$ million)	Brief Description
Multitranches Financing Facility (MFF): Road Network Development Investment Program, Project 1	Afghanistan	2008	ADB	60	60	<p>This MFF is a supplementary fund to cover the cost overruns under the Andkhoy–Qaisar Road Project and the North–South Corridor Project.</p> <p>The project aimed to promote economic and social development and poverty reduction in the Afghanistan project areas through (i) improved road transport services; (ii) reduced transport costs and travel time on the project road; (iii) better access to social services, markets, and other economic opportunities; and (v) enhanced project management capability of the Ministry of Public Works (MPW).</p> <p>Project outputs were as follows: (i) improved national highway sections from Mazar-e-Sharif to Dara-i-Suf; (ii) cross-border facilities at Hairatan and Spin Boldak; (iii) improved public awareness about HIV/AIDS; (iv) improved national highway sections from Bamyan to Yakawlang; (v) improved primary road section from Andkhoy to Qaisar to a standard that allows smooth passage of all types of vehicles; (vi) primary roads equipped with facility for road tolling and axle-load control; and (vii) project managers, accountants, engineers, and other administrative staff within the MPW experienced in implementing large investment projects.</p>
MFF: Road Network Development Program, Project 2 (Ganja Bypass)	Azerbaijan	2008	ADB	55	55	<p>Azerbaijan's road network includes, in addition to secondary and local roads, two major highways: (i) the east–west highway linking Baku to the border of Georgia, and (ii) the north–south highway running from the Russian Federation border to Iran's border via Baku. The east–west highway, which is about 500 km long, is a main transport link to the western region and external trade. Vehicle axle overloading and the lack of resources for maintenance have left three-quarters of the entire road network in poor condition.</p>

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Table A5.2 *continued*

Project	Country	Year of Approval	Funding Agencies	Funding (\$ million)	Total Funding (\$ million)	Brief Description
						<p>The overall road network development program was originally designed to finance the two sections of the east–west highway: the Gazakh–Georgia border section (39 km) and the Ganja bypass road (39 km) forming part of Yevlakh–Ganja section. However, unprecedented price increases for fuel, utilities, and major road construction materials during implementation significantly increased the cost of constructing the first. Since the available funding was rendered insufficient to finance the Ganja bypass road, the project scope of the East–West Highway Improvement Project was changed to exclude the Ganja bypass road.</p> <p>To support the road network development program, this MFF financed the improvement of the Ganja bypass road. Ganja is Azerbaijan’s second-largest city and forms part of the country’s primary east–west highway. As part of the Asian Highway network, the highway carries traffic between the Caspian and Black seas and has the potential to become an important route for transit transport between Asia and Europe. By strengthening Azerbaijan’s transport links to Georgia, the project will encourage regional cooperation.</p> <p>At completion, 37.5 km of the two-lane paved Ganja bypass road had been rebuilt, significantly improving connectivity in the area as well as traffic between Azerbaijan and Georgia. Traffic volume increased significantly, with annual average daily traffic during 2013 at 4,485 vehicles, triple the 1,500 vehicles recorded in 2007. Travel time to pass Ganja was also reduced considerably from 40 minutes to 20 minutes, while the international roughness index value for the project road was improved from more than 6.0 in 2007 to 2.5 in 2013. These factors reduced transport costs by about 25%–30% in 2013 through reduced freight charges and fares for buses and taxis.</p> <p>The project also provided local people in the project area with increased opportunities for business and jobs, better access to markets and social services, thereby facilitating socioeconomic development. It strengthened Azerbaijan’s transport links to neighboring countries, thereby promoting regional cooperation.</p>

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Table A5.2 *continued*

Project	Country	Year of Approval	Funding Agencies	Funding (\$ million)	Total Funding (\$ million)	Brief Description
CAREC Corridor 1 (Bishkek–Torugart Road), Phase 1	Kyrgyz Republic	2008	ADB Government of the Kyrgyz Republic	20 10	30	<p>This grant supplements the CAREC Transport Corridor 1 (Bishkek–Torugart Road) Project, which sought to reduce transport costs and foster regional trade and tourism between the Kyrgyz Republic and the PRC. The transport corridor is the shortest road linking Kashgar, a vibrant cultural and trade center in the PRC, with the consumer markets in the northern Kyrgyz Republic, Kazakhstan, and the Russian Federation. However, poor road conditions and outdated and inefficient border-crossing facilities and procedures obstructed international traffic and trade.</p> <p>Project outputs included (i) improved 39 km of road along the Bishkek–Torugart corridor (from Km 400 to Km 439, within the Char Pass–Ak Beit Pass section), which has substantially improved road conditions—vehicles now travel at an average speed of 50–90 km/hr compared with 25–35 km/hr before the project. This also facilitated cross-border and local traffic, with average traffic at 648 vehicles per day on the project road in 2012, about 31% higher than at appraisal; (ii) a transport sector master plan for 2010–2025, which targets transformation of the Kyrgyz Republic from a landlocked country to a land-linking transit country. The government uses the plan as a guide to further develop transport subsector development plans; and (iii) a fully operational Bishkek–Torugart Road Corridor Management Department, which was set up to operate and maintain the main international road corridors in the country.</p>

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Table A5.2 *continued*

Project	Country	Year of Approval	Funding Agencies	Funding (\$ million)	Total Funding (\$ million)	Brief Description
North-South Corridor Project (Loan)	Afghanistan	2006	ADB Government of Afghanistan JFPR	118 3 20	141	<p>Afghanistan is landlocked and largely mountainous, and road transport is the principal means of travel. But the road network, first built in the 1960s and 1970s, deteriorated as a result of poor maintenance, and in 2001 only 10% of the roads were in good condition. As many development partners supported the rehabilitation of regional highways, ADB focused on connecting the Ring Road through the north-south corridors. After rehabilitating a major part of the national Ring Road, the government gave priority to developing the remaining sections of the north-south and east-west corridors connecting to the Ring Road and thus to major cities like Mazar-e-Sharif and Kabul, to improve access for the people living in remote areas at the center of the country. The project roads were part of the north-south and east-west corridors. The project aimed to promote economic and social development, and reduce poverty in the project area.</p> <p>At completion, the project had rehabilitated 133.94 km of the Mazar-e-Sharif-Dar-i-Suf road, and 86.71 km of the Bamyan-Yakawlang road. The two roads are along the north-south corridor and connect to the Ring Road through central Afghanistan. Besides the rehabilitation of the north-south national highways, other project outputs include (i) installation of cross-border facilities, (ii) an HIV/AIDS prevention and antihuman trafficking awareness campaign, (iii) project management and monitoring, and (iv) incremental project management support.</p> <p>Travel time was reduced from 6 hours to 1.5 hours between Bamyan and Yakawlang, and from 8 to 2 hours between Dar-i-Suf and Mazar-e-Sharif. Vehicle traffic has improved by over 10% on the road sections, and vehicle-operating costs reduced by over 45%. The project roads are deemed among the best roads in Afghanistan. Yakawlang, a predominantly agricultural area with high poverty, is now connected to markets through Bamyan. Because of the shorter travel time, families now allow women to commute from Yakawlang to attend university in Bamyan. The cross-border component reduced the transaction time at the Spin Boldak border crossing between Pakistan and Afghanistan.</p>

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Table A5.2 *continued*

Project	Country	Year of Approval	Funding Agencies	Funding (\$ million)	Total Funding (\$ million)	Brief Description
TRADE FACILITATION						
Pakistan Trade and Transport Facilitation (TTF) II Project	Pakistan	2009	World Bank Government of Pakistan	16.6 8.4	25	<p>This project improved performance of trade and transport logistics by (i) facilitating the implementation of the National Trade Corridor Improvement Program; and (ii) simplifying and modernizing Pakistan's international trade procedures and practices. The TTFP II was a continuation and expansion of the 2001 TTFP I, which was completed in June 2006 and supported the reduction of average logistics costs from 11% of the national trade account in 1996 to about 6% in 2006. The TTFP I was credited for establishing trade facilitation as a core component of Pakistan's international trade policy. It helped establish the National Trade and Transport Facilitation Committee both legally and operationally. The National Trade Corridor Improvement Program was introduced in 2005 to improve national transport logistics, infrastructure, and services. The TTFP II helped provide the analytical underpinnings necessary to implement the reform agenda and facilitate the preparation of investments under the program, and to further modernize traditional trade and transport facilitation practices and procedures in Pakistan.</p> <p>This project supported priority reforms to reduce delays, improve quality, and reduce transport costs. The project partly modernized, streamlined, and simplified commercial trade and transport facilitation practices and procedures. Initial beneficiaries of improved logistics systems were Pakistan's industry and commerce, which now enjoy better opportunities to reduce their own costs of doing business, and enhance their competitive position on the international markets. This also resulted in reduced costs to Pakistan's consumers.</p>

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Table A5.2 *continued*

Project	Country	Year of Approval	Funding Agencies	Funding (\$ million)	Total Funding (\$ million)	Brief Description
Regional Customs Modernization and Infrastructure Development Project (Kyrgyz Republic Component)	Kyrgyz Republic	2004	ADB Government of the Kyrgyz Republic	7.5 1.9	9.4	<p>This project complements ADB's Regional Trade Facilitation and Customs Cooperation Program, approved in 2002, which supported customs reform and modernization in the Kyrgyz Republic and Tajikistan. The project focused on two major components: (i) development of a unified automated information system (UAIS), which consisted of three interrelated subcomponents: (a) development of core application systems for the UAIS, (b) development of communication infrastructure, and (c) human resource development and a public awareness campaign; and (ii) infrastructure development of border-crossing points (BCP), which in turn comprised (a) improving the BCP infrastructure and facilities, (b) providing customs operations and antismuggling equipment, and (c) capacity building and interagency border cooperation.</p> <p>The project (i) improved efficiency and transparency of customs services, reinforcing the ongoing customs legal reforms and simplification of the customs procedures; and (ii) promoted trade facilitation and regional customs cooperation through concerted customs reforms and modernization in East and Central Asia.</p> <p>The automation of the customs service with the full UAIS rollout improved the efficiency and transparency of customs services. Customs revenue collection in 2012 was \$639 million, five times the \$114 million level in 2003. At the end of 2012, State Customs Service (SCS) reported a 70% achievement in customs declarations processing through the UAIS. Processing time for customs declarations significantly decreased, from 60 minutes to 5–15 minutes. The SCS also indicated that corruption levels declined because of reduced human interference in the customs process, as shown by a drop in the number of customs irregularities from 4,488 cases in 2005 to 3,076 cases in 2012, which is expected to fall further.</p>

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Table A5.2 *continued*

Project	Country	Year of Approval	Funding Agencies	Funding (\$ million)	Total Funding (\$ million)	Brief Description
ENERGY						
Regional Power Transmission Interconnection Project (Afghanistan Component) (Supplementary)	Afghanistan	2010	ADB	12	12	<p>This is a supplementary project covering the cost overruns under the Regional Power Transmission Interconnection Project (approved in 2006), which was designed to construct a transmission line between Tajikistan and Afghanistan. The objective is to export Tajik summer electricity surpluses of up to 300 megawatts (MW) to Afghanistan, which has an energy deficit.</p> <p>Construction on the Tajikistan side progressed well and was scheduled for completion in late 2010, but that of the larger portion on the Afghanistan side was behind schedule. The Afghanistan portion of the transmission line has two components: (i) a 157-kilometer (km) 220-kilovolt (kV) transmission line from Sherkan Bandar to Pul-e-Khumri substation, and (ii) two substations in Kunduz and Baghlan financed by the Islamic Development Bank. The transmission line was scheduled for completion in early 2011 to carry summer electricity from Tajikistan, but the operation urgently needed additional financing. The late start-up in construction and mounting security problems in the project area in 2009 delayed the work and increased costs. A funding gap of \$12 million would accomplish the line works and meet increases in the cost of equipment, labor, and materials.</p> <p>The project promoted regional cooperation and energy security in Afghanistan and export revenues for Tajikistan. It reinforced energy work under the CAREC Program, and helped expand energy security and trade in the region.</p>

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Table A5.2 *continued*

Project	Country	Year of Approval	Funding Agencies	Funding (\$ million)	Total Funding (\$ million)	Brief Description
Regional Power Transmission Interconnection Project (Afghanistan Component)	Afghanistan	2006	ADB Government of Afghanistan ARTF	35 4 17	56	<p>Years of conflict severely affected Afghanistan's electricity infrastructure, reducing its generation capacity to 250 MW in 2005 from 456 MW in the 1990s. The lack of generation capacity led to widespread load shedding, with supply available for only a few hours a day. The use of small-scale diesel generation increased air pollution and the average cost of generation was high. At the same time, there were large surpluses of hydropower generation in Tajikistan. Water was spilled without generating electricity during the summer for lack of transmission capacity and access to electricity export markets. The lack of a domestic market of sufficient size in Tajikistan and the inability to meet the demand for electricity in Afghanistan meant that regional cooperation was a mutually and economically beneficial approach to resolve the supply and demand issues in the two countries.</p> <p>The project interconnected the power grids in Afghanistan and Tajikistan through a 220 kV double-circuit transmission line that links the hydropower stations located on the Vakhsh River in Tajikistan to the border town of Sherkan Bandar; then to Kunduz, Baglan, and Pul-e-Khumri in Afghanistan. This line was ultimately linked to Afghanistan's major electricity demand center, Kabul, through the Afghan 220 kV corridor being constructed, connecting Pul-e-Khumri to Kabul.</p> <p>The project also upgraded and invested to reduce the winter power deficit in Tajikistan by (i) increasing the available level of generation, and (ii) decreasing the level of technical losses in south Tajikistan. Both measures aimed to export 300 MW to Afghanistan and generate additional 320 gigawatt-hour (GWh) annually in Tajikistan.</p> <p>The project enhanced cooperation in the power sector through transmission interconnectivity between Tajikistan and Afghanistan. It (i) increased power export and income-generation capacity of Tajikistan by increasing the capacity of its south grid hydropower generation, (ii) restored power supply and reduced cost for consumers in Afghanistan, (iii) improved capacity of the utility operation of the Afghanistan Electricity Authority, and (iv) improved the commercial operation of Barki Tojik.</p>

ADB = Asian Development Bank, ARTF = Afghanistan Reconstruction Trust Fund, CAREC = Central Asia Regional Economic Cooperation, JFPR = Japan Fund for Poverty Reduction.

Source: CAREC Program Portfolio, CAREC-related project completion reports, and CAREC multilateral institution partner online project databases.

Table A5.3 CAREC Technical Assistance Projects Approved in 2013

Technical Assistance Project	Country	Year of Closing	Funding Agencies	Funding (\$'000)	Total Funding (\$'000)
Regional Improvement of Border Services Project	Pakistan	2014	ADB Government of Pakistan	800 150	950
CAREC: Midterm Review of the Transport and Trade Facilitation Strategy and Implementation Action Plan (Additional Financing)	REG	2014	ADB	225	225
Preparing the CAREC Corridors 3 and 5 Enhancement Project	Tajikistan	2015	ADB Government of Tajikistan	500 150	650
Facilitation of Regional Transit Trade in CAREC	REG	2016	CAREC countries ADB, JFPR	100 1,500	1,600
Aligning Customs Trade Facilitation Measures with Best Practices in CAREC	REG	2016	CAREC countries ADB, JFPR	100 1,250	1,350
Coordinated Border Management for Results in CAREC	REG	2016	CAREC countries ADB, JFPR	100 1,250	1,350
Promoting Cooperation in Sanitary and Phytosanitary Measures for CAREC	REG	2014	CAREC countries ADB, PRCF	60 500	560
Aid for Trade for Central Asia	REG	2018	UNDP Government of Finland	416 2,000	2,416
Modernization of Customs Services in Azerbaijan Project	Azerbaijan	2014	UNDP Government of Azerbaijan	70 550	620
Strengthening Tajikistan's Trade and Investment Regime	Tajikistan	2015	ADB	225	225
Multitranches Financing Facility 2: Energy Development 2014–2023	Afghanistan	2014	ADB Government of Afghanistan	1,500 100	1,600
Addendum to the Afghanistan Power Sector Master Plan	Afghanistan	2014	ADB	225	225
Toktogul Rehabilitation Project Phase 2	Kyrgyz Republic	2014	ADB Government of the Kyrgyz Republic	700 50	750
Assisting the CAREC Institute Knowledge Program (Phase 1) (Additional Financing)	REG	2015	ADB	1,500	1,500
Prevention and Control of HIV/AIDS and Other Communicable Diseases in CAREC Countries	REG	2015	ADB HIV/PRC RPRF	1,800	1,800

ADB = Asian Development Bank, JFPR = Japan Fund for Poverty Reduction, PRCF = Poverty Reduction Cooperation Fund, PRC RPRF = People's Republic of China Regional Cooperation and Poverty Reduction Fund, REG = regional.

Source: CAREC Program Portfolio.

Table A5.4 CAREC Technical Assistance Projects Closed in 2013

Technical Assistance Project	Country	Year of Approval	Funding Agencies	Funding (\$'000)	Total Funding (\$'000)
TRANSPORT					
Transport Network Development Investment Program, Tranche 2	Afghanistan	2012	ADB	225	225
Second Road Network Development Program	Azerbaijan	2012	ADB	225	225
Inner Mongolia Road Development Project	PRC	2009	ADB Government of the PRC	600 150	750
Xinjiang Urban Transport and Environmental Improvement Project	PRC	2007	ADB Government of the PRC	700 200	900
TRADE FACILITATION					
CAREC: Transport and Trade Facilitation: Border-Crossing Point Improvement and Single Window Development Project	REG	2011	ADB	2,000	2,000
Support to Foreign Trade and Investment Promotion in Uzbekistan (Phase 2)	Uzbekistan	2010	UNDP	487	487
Enhancing Border Trade Services and Rules for Small and Medium-Sized Enterprises	Mongolia, PRC	2009	ADB	1,500	1,500
Black Sea Trade and Investment Promotion Programme	REG	2007	UNDP Government of Turkey, Government of Greece, Government of Austria, Black Sea Economic Cooperation	360 2,200	2,560
ENERGY					
CASAREM – Talimarjan Power Generation and Transmission (Supplementary)	Uzbekistan	2011	ADB	600	600
CAREC: Power Sector Regional Master Plan	REG	2010	ADB CAREC countries	2,000 500	2,500
CACILM Multi-Country Capacity Building Project (Kyrgyz Republic)	REG	2010	UNDP GEF, GIZ	76 356	432
Power Sector Rehabilitation Project	Kyrgyz Republic	2010	ADB Government of the Kyrgyz Republic	1,000 100	1,100
CASAREM – Talimarjan Power Generation and Transmission	Uzbekistan	2009	ADB Government of Uzbekistan	1,500 375	1,875
MULTISECTOR					
Strengthening CAREC, 2007–2012 (Supplementary)	REG	2011	ADB	750	750
Strengthening CAREC, 2007–2012 (Supplementary)	REG	2011	ADB	1,000	1,000
Strengthening CAREC, 2007–2009 (Supplementary)	REG	2010	ADB	3,000	3,000
Strengthening CAREC, 2007–2009	REG	2007	ADB CAREC countries	5,000 200	5,200

ADB = Asian Development Bank, CACILM = Central Asian Countries Initiative for Land Management, CAREC = Central Asia Regional Economic Cooperation, CASAREM = Central Asia/South Asia Regional Electricity Market, GEF = Global Environment Facility, GIZ = Deutsche Gesellschaft für Internationale Zusammenarbeit, REG = regional, UNDP = United Nations Development Programme.

Source: CAREC Program Portfolio.

Table A5.5 CAREC Multitranche Financing Facility Investments, Ongoing in 2013

MFF Investment Name	Country	Year of Approval	Funding Agencies	Funding (\$ million)	Total Funding (\$ million)	Brief Description of Project
TRANSPORT AND TRADE FACILITATION						
Multitranche Financing Facility (MFF): Road Network Development Investment Program (Grant)	Afghanistan	2008	ADB World Bank USAID Government of Afghanistan	400 150 400 300	1,250	The overall investment program involves the physical construction of about 2,900 kilometers (km) of national roads and maintaining about 1,500 km of existing ones while the nonphysical part includes reorganizing the Ministry of Public Works, creating a new agency to deal with national roads, establishing a maintenance facility, and introducing improved traffic safety measures and training programs to improve planning and project management. The first tranche was approved in 2008 and covered the cost overruns under the 240 km Andkhoy–Qaisar Road Project and 238 km North–South Corridor Project. The second tranche, released in 2010, rehabilitated the 90 km Qaisar–Bala Murghab section of the Herat–Andkhoy road, and constructed the Bala Murghab–Laman section (approximately 143 km) including the related civil works, overall project and contract management, construction supervision and monitoring, security arrangements, and related community development works.
MFF: Transport Network Development Investment Program (Grant)	Afghanistan	2011	ADB Government of Afghanistan AITF	754 18 33	805	This investment program will be for the physical and nonphysical improvements in road and railway networks in the country to further improve domestic and regional connectivity and widen access to social and economic opportunities from Central Asia to markets in the south, east, and west. The outputs of the project include (i) 578 km of reconstructed/rehabilitated regional and national roads, (ii) 225 km railway and stations constructed between Mazar-e-Sharif and Andkhoy, (iii) efficient operation and maintenance of the Hairatan to Mazar railway line, (iv) strengthened capacity of the Ministry of Public Works, and (v) improved transport sector governance. The first tranche in 2011 (i) improved the 50 km road stretch in Bagramy–Sapary, the 51 km road between Jabul Saraj and Nijrab, and the 44 km road between Faizabad and Beharak; (ii) and supported the operation and maintenance contract of the railway project assistance to improve planning at the Ministry of Transport and a new road and rail asset management system. The second tranche, approved in 2012, will be used to reconstruct the remaining 106 km section of the Kabul to Jalalabad road, 112 km of the Faizabad to Eshkashem road, and 33 km of the Lashkar Gah to Gereshk road.

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Table A5.5 *continued*

MFF Investment Name	Country	Year of Approval	Funding Agencies	Funding (\$ million)	Total Funding (\$ million)	Brief Description of Project
MFF: Road Network Development Program (Loan)	Azerbaijan	2007	ADB	500	3,361	This MFF program aims to develop an adequate, efficient, safe, and sustainable road network, linking Azerbaijan domestically and internationally. Its outputs include improved and efficient national road network and management under two components: road infrastructure development and road network management capacity development. The first tranche of the project, released in 2007, constructed about 59 km of a new four-lane expressway between Masali and Astara on the border with Iran and rehabilitated about 120 km of local roads leading to the said expressway, installed a weighing station, procured road maintenance equipment, and provided the necessary management assistance to implement the project. The succeeding tranches released in 2008 and 2011 upgraded the road between Ganja and Qazakh from two-lane to four-lane, developed cross-border infrastructure and facilities in Astara, and supported capacity building for road network management.
			Government of Azerbaijan	350		
			EBRD, IsDB, World Bank	2,511		
MFF: Second Road Network Development Investment Program (Loan)	Azerbaijan	2012	ADB	500	625	This investment program will construct approximately 63 km of the motorway between Masalli and Shorsulu, along the South–North corridor of the country and includes nonphysical investment to improve road safety and capacity development toward greater economic growth and expanded trade with neighboring countries. The project is expected to produce an efficient, adequate, safe, and sustainable southern motorway corridor from Baku in Azerbaijan.
			Government of Azerbaijan	125		
MFF: CAREC Corridor I (Zhambyl Oblast Section) [Western Europe–Western PRC International Transit Corridor] Investment Program (Loan)	Kazakhstan	2008	ADB	700	1,480	This MFF was conceived to improve and expand the Western Europe–Western PRC International Transit Corridor running from Khorgos at the PRC border, through Almaty and Shymkent, to the western border with the Russian Federation. Road investments will be made in the PRC, the Kyrgyz Republic, and Tajikistan. The corridor is a flagship transaction under the CAREC Program, which runs into Uzbekistan, Turkmenistan, Afghanistan, and Pakistan. Four tranches have already been approved for the project from 2008 until 2011 and were used in road development, reconstruction, upgrading, and installation of road maintenance facilities.
			IsDB	414		
			JICA	150		
			Government of Kazakhstan	216		

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Table A5.5 *continued*

MFF Investment Name	Country	Year of Approval	Funding Agencies	Funding (\$ million)	Total Funding (\$ million)	Brief Description of Project
MFF: CAREC Corridor 2 (Mangystau Oblast Sections) Investment Program (Loan)	Kazakhstan	2010	ADB Government of Kazakhstan	800 412	1,212	The investment program will (i) reconstruct 790 km of roads in CAREC Corridor 2 in Mangystau, which includes 430 km on the Aktau–Manasha section, 84 km on the Beineu–Akzhigit (Uzbekistan border) section, and 237 km on the Zhetybai–Fetisovo section; (ii) strengthen capacity for planning, project management, and asset management; and (iii) improve cross-border infrastructure and facilities. The first tranche was provided in 2010 to (i) reconstruct the 200 km road sections 372.6 km, 514.3 km, 574 km, and 632.3 km, including culverts and bridges, overpass, road signs, and signal posts along accident-prone spots; and (ii) provide institutional support to the Department of Roads of the Ministry of Transport and Communication. The second tranche released in 2012 will reconstruct about 790 km of the road sections of the CAREC Corridor 2 in the Mangystau Oblast and improve cross-border infrastructure and facilities.
MFF: Western Regional Road Corridor Development Program	Mongolia	2011	ADB Government of Mongolia	170 92	262	This MFF program supports inclusive economic growth and effective regional cooperation by enhancing connectivity in the Western region of Mongolia. The project outputs will provide access to remote areas and those between western Mongolia and neighboring countries, open links to economic opportunities and social services, reduce high costs of imports, and improve competitiveness of the region's exports. The first tranche, approved in 2011, is being used to construct local access roads and a maintenance center, and provide capacity building for maintenance, planning, procurement, and project management.
MFF: CAREC Corridor 2 Road Investment Program (Loan)	Uzbekistan	2010	ADB Government of Uzbekistan	610 990	1,600	This MFF intends to improve connectivity, make transport systems more efficient, and establish institutional effectiveness in Uzbekistan. The investment program will reconstruct approximately 222 km of road section in the A380 highway, which connects Uzbekistan to Afghanistan, Kazakhstan, the Kyrgyz Republic, Tajikistan, and Turkmenistan; and strengthen transport logistics and road sector sustainability. The investment program has strong links to CAREC Corridor 6, which reaches the so-called Ring Road in Afghanistan and thereafter the main ports in Pakistan and Iran. The project's three tranches, approved in 2010–2012, has reconstructed about 87% of the A380 highway, strengthened road logistics, improved cross-border facilities, and shortened the cross-border processing time.

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Table A5.5 *continued*

MFF Investment Name	Country	Year of Approval	Funding Agencies	Funding (\$ million)	Total Funding (\$ million)	Brief Description of Project
MFF: CAREC Corridor 2 Road Investment Program II (Grant)	Uzbekistan	2011	ADB Government of Uzbekistan	500 100	600	This investment program for Uzbekistan will boost domestic and international trade by financing the reconstruction of CAREC Corridor 2, which connects Uzbekistan to Afghanistan, Kazakhstan, the Kyrgyz Republic, Tajikistan, and Turkmenistan. The investment program will reconstruct a 236 km section of Corridor 2, and implement road system sustainability plans relating to road safety and asset management. The program, with two tranches approved in 2011 and 2012, helps improve connectivity by reconstructing about 165 km of road section in Corridor 2 and developing national road infrastructure safety strategy and road safety checklist and guidelines.
ENERGY						
MFF: Energy Sector Development Investment Program (Grant)	Afghanistan	2008	ADB EBRD, Government of Afghanistan, IsDB, World Bank	570 1,762	2,332	The physical and nonphysical outputs of this MFF will make the power system more reliable. The physical outputs of this financing include (i) rehabilitation, augmentation, and expansion of the North East Power System (NEPS); (ii) development of distribution systems for load centers supplied from NEPS; (iii) increased domestic generation capacity through new off-grid greenfield small and mini hydropower plants; and (iv) rehabilitation of gas fields. The nonphysical outputs include (i) training for better system operation and maintenance; (ii) better planning, project management and systems, including the introduction of a management information system; (iii) metering, billing, and collection of tariffs; and (iv) thematic coverage, including gender mainstreaming and private sector development. Since 2008, four tranches have been used for setting up monitoring and evaluation mechanisms, reporting, and measuring units in setting up power systems. Sub-projects have started, which supplied power to some 45,000 new households/commercial/industrial users.

ADB = Asian Development Bank, AITF = Afghanistan Infrastructure Trust Fund, CAREC = Central Asia Regional Economic Cooperation, EBRD = European Bank for Reconstruction and Development, IsDB = Islamic Development Bank, JICA = Japan International Cooperation Agency, PRC = People's Republic of China, USAID = United States Agency for International Development.

Source: CAREC Program Portfolio.

APPENDIX 6

CAREC Program Training Events

Transport and Trade Facilitation

The Central Asia Regional Economic Cooperation (CAREC) Institute and the Trade Facilitation team designed a series of activities to widely disseminate Corridor Performance Measurement and Monitoring (CPMM) reports and promote them as decision-making tools, share good practice results with senior CAREC officials, support the transformation of customs into trade facilitators by funding training programs conducted by World Customs Organization (WCO) experts, and build professional skills of transport service providers so that their performance complements the governments' efforts to streamline procedures.

Training programs for CAREC customs officers are being delivered jointly with the Shanghai Customs College and the WCO. The CAREC Institute has expressed interest

in supporting these activities. The CAREC Institute and the Trade Facilitation team, with the Asian Development Bank (ADB) Institute, designed further capacity-building programs to provide the substance for subsequent knowledge products.

In February 2013, ADB and the WCO organized a workshop on the Revised Kyoto Convention (RKC) of the WCO in Astana, Kazakhstan. The rights, obligations, and benefits of the RKC, which is the International Convention on the Simplification and Harmonization of Customs Procedures, were presented to participants from all CAREC member countries. The requirements for accession and self-assessment tools to guide countries during the accession process were explained.

In February 2013, Kazakhstan government officials participated in a national workshop on efficient cross-border transport,

which was conducted jointly by the Ministry of Transport and Communications of the Republic of Kazakhstan, the United Nations Economic and Social Commission for Asia and the Pacific (UNESCAP), and the CAREC Institute. Participants learned about the various transport facilitation models developed by the UNESCAP, and discussed the models' potential applications in CAREC corridors linking Europe and the People's Republic of China.

In March 2013, the CAREC Trade Facilitation team together with the CAREC Institute conducted the CPMM International Workshop: CAREC Experience and International Prospects in Almaty, Kazakhstan. The CPMM reports help identify sources of cost of and delays in the transit of goods, which can then guide policy making, investment decisions, and process improvements. Participants reviewed the CPMM experience of the past 4 years and discussed ways to maximize the use of data to facilitate trade and introduce CPMM to other subregions.

In April 2013, the CAREC Institute, the CAREC Trade Facilitation team, and the CAREC Secretariat organized a study tour, Integrated Trade Facilitation "At the Border" and "Behind the Border: Reforms and Implementation," in Georgia, which was co-sponsored by the ADB Institute. National focal points, customs officials, and representatives of border management agencies visited the Batumi seaport and customs clearance zone and Sarpi customs border crossing, which highlighted Georgia's trade facilitation reforms, particularly on the use of technology to modernize procedures and allow transparency and integrity. Officials discussed customs institutional reforms and border management strategy

and participants presented similar reforms by their own governments. Speakers came from the Organization for Security and Cooperation in Europe, United Nations Development Programme (UNDP), Border Management Programme in Central Asia, and the WCO.

ADB and the General Administration of Customs of the People's Republic of China co-sponsored a 2-week training on customs modernization and risk management for CAREC countries in May 2013. This was held at the Shanghai Customs College, which the WCO designated as a regional training center for the Asia Pacific region. Senior and mid-level customs officers shared their experiences and learned about customs modernization, accession to the RKC, risk management, and development of e-Customs. The course included field visits and onsite learning.

In June 2013, a CAREC Federation of Carrier and Forwarder Association (CFCFA) logistics training course in Bishkek sought to raise the level of professionalism, efficiency, and management skills of carriers, freight forwarders, and logistics companies in Central Asia. The topics included management of the supply chain, demand and customer service, procurement and inventory flows, global and third-party logistics, distribution centers and warehouses, and supply chain finance. Key challenges were also discussed and local industry associations added to the discussion on key issues. The course was organized with ADB assistance, in coordination with the Kyrgyz Republic Freight Forwarders Association, the Kyrgyz Freight Operators Association, and the Association of the International Road Transport Operators of the Kyrgyz Republic.

An analogous CAREC logistics training course was conducted in Dushanbe for shippers, freight forwarders, and supply chain managers in July 2013. It showed participants how to cope with delays along CAREC corridors, reduce losses in perishables, and minimize empty backhauls. Organized by the CAREC trade facilitation team and the ADB Tajikistan Resident Mission in coordination with the Association of International Automobile Transport of Tajikistan, the course focused on supply chain management, multimodal transport, and trade logistics development.

Together with the CAREC Institute, the CAREC trade facilitation team helped the CFCFA pilot professional education courses on supply chain management, logistics, and International Federation of Freight Forwarders Association (FIATA) standards. Held in Tashkent, Uzbekistan in August 2013, about 60 economic operators and 10 government officials participated in the 3-day course. CFCFA members designed, delivered, and benefited from the courses.

CAREC and the WCO co-organized in August 2013 a CAREC training workshop on time release studies (TRSs) in Tashkent, Uzbekistan. Representatives of the customs administrations of Kazakhstan, the Kyrgyz Republic, Tajikistan, Turkmenistan, and Uzbekistan attended the regional course, which discussed the TRS as a tool for ascertaining bottlenecks and the effectiveness of procedures, and designing improvements. It informs the design of investments at border-crossing points, helps interpret trade data from national single window systems, and is a useful reference point in analyzing CPMM data. A speaker from the WCO briefed the

participants on the experience of Japan and the mechanics of implementing the TRS.

A training workshop for CPMM coordinators was conducted in Almaty, Kazakhstan in October 2013, to modify the data collection instrument used to capture railway movements. The CPMM was expanded to include railway data in support of designated railway corridor pilots.

In November 2013, representatives of policy and regulatory agencies and the private sector from seven CAREC member countries attended the workshop, CAREC Participation in Global Supply Chains, in Tokyo, Japan. Organized by ADB, ADBI, and the CAREC Institute, the workshop sought to deepen participants' understanding of global supply chain (GSC) and global production networks (GPN), share best regulatory practices for integrating domestic industries with these, and recommend policies to promote GSC and GPN.

From November to December 2013, the 2-week CAREC Train the Trainers Workshop was held at the Shanghai Customs College for Kazakhstan customs officers. Co-sponsored by the General Administration of Customs of the People's Republic of China, the workshop aimed to develop the officers' training and participative classroom skills following which they in turn would design and deliver similar courses to colleagues and counterparts.

Trade Policy Sector

Capacity building proceeded in 2013 with the World Trade Organization (WTO) Accession Knowledge-Sharing Program. At the 18th Trade Policy Coordinating

Committee (TPCC) meeting, the World Bank presented its latest research results on regional trade in Central Asia. To enhance the effectiveness of WTO accession and strengthen the capacity development program of the TPCC, the International Monetary Fund (IMF) and ADB tapped WTO expertise in trade policy and trade liberalization reforms. Through its Institute for Training and Technical Cooperation, the WTO will collaborate with ADB and the IMF to deliver capacity development products to CAREC countries.

At the 19th TPCC meeting, the WTO gave a presentation on the importance of Central Asia for the rules-based multilateral trading system. A UNDP representative discussed UNDP support to trade policy and regulation in Central Asia and highlighted an Aid for Trade project.

Energy Sector

In June 2013, at the Energy Sector Coordinating Committee (ESCC) meeting, the Secretariat of the Energy Charter, which was established to promote energy cooperation among Eurasian states, introduced the organization and shared its expertise on energy sector reforms in the context of the WTO.

With CAREC Institute support, in September 2013, the ESCC visited the new solar power station in Kapchagai, Almaty, Kazakhstan, and countries presented their respective renewable energy initiatives. The United Nations Economic Commission for Europe (UNECE), UNESCAP, and the UNDP also presented their energy initiatives and encouraged further cooperation between them and the ESCC.

Central Asia Regional Economic Cooperation Program Development Effectiveness Review 2013

A Refined Perspective

This Central Asia Regional Economic Cooperation Program (CAREC) Development Effectiveness Review is the fifth annual consolidated picture of progress made by country and multilateral institution partners of CAREC toward economic development through regional cooperation. It measures the performance of CAREC projects and initiatives in transport, trade, and energy during 2013; highlights achievements; identifies areas for improvement; and proposes actions to meet emerging challenges and assist in strategic decision making.

About the Central Asia Regional Economic Cooperation Program

The CAREC Program is a practical, project-based, and results-oriented partnership that promotes and facilitates regional cooperation in transport, trade, energy, and other key sectors of mutual interest. CAREC has 10 member countries: Afghanistan, Azerbaijan, the People's Republic of China, Kazakhstan, the Kyrgyz Republic, Mongolia, Pakistan, Tajikistan, Turkmenistan, and Uzbekistan. Six multilateral institutions support CAREC's work: the Asian Development Bank (ADB), the European Bank for Reconstruction and Development, the International Monetary Fund, the Islamic Development Bank, United Nations Development Programme, and the World Bank. ADB serves as the CAREC Secretariat.

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