



PROJECT BRIEF

# CAREC Regional Road Corridor Improvement Project

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## Upgraded road and improved border crossings on key trade corridor will benefit the entire region

Central Asia lies at the crossroads of an increasingly integrated Eurasian continent. Strategically located between the vibrant economies of East Asia and Europe, and of South Asia and the Russian Federation, Central Asian countries are surrounded by economic opportunities. In cooperation under the Central Asia Regional Economic Cooperation (CAREC) Program, the region is upgrading critical road links and infrastructure at key border crossings to enable increased trade both within the region and with the region's large and rapidly growing neighbors.

The CAREC Regional Road Corridor Improvement Project will support this effort by building on earlier road improvement projects to complete a 550-kilometer (km) trade corridor linking the People's Republic of China (PRC) with Kyrgyz Republic and Tajikistan. The corridor also forms an

integral part of the broader regional road network that connects these countries with Afghanistan, Kazakhstan, Turkmenistan, and Uzbekistan.

The \$116 million Project (see *financing plan over*) has four objectives. It will upgrade 263 km of the two-lane road from Sary Tash, Kyrgyz Republic, to Nimich, Tajikistan, opening the most direct route from PRC to Central and South Asia. It will improve the Kyrgyz Republic-PRC border crossing at Irkeshtam and the Kyrgyz Republic-Tajikistan border crossing at Karamik. It will improve road sustainability in Kyrgyz Republic and Tajikistan by outsourcing road maintenance to the private sector. It will also support negotiation of a cross-border agreement among PRC, Kyrgyz Republic, and Tajikistan to streamline and simplify border and customs procedures to promote trade.



The Project will support a cross-border agreement among PRC, Kyrgyz Republic, and Tajikistan that would ease trade and cut travel times



Figure 1: **CENTRAL ASIA TRADE, AND TRADE WITH PRC**

Country	Total Trade (\$ million)		Trade with PRC (\$ million)		PRC Trade % of total	
	2001	2005	2001	2005	2001	2005
Afghanistan	667	2,821	0	0	0.0	0.0
Kazakhstan	15,563	46,771	832	6,927	5.3	14.8
Kyrgyz Republic	941	2,961	68	1,048	7.2	35.4
Tajikistan	1,447	2,372	8	158	0.5	6.7
Turkmenistan	4,765	7,564	60	99	1.3	1.3
Uzbekistan	4,372	6,777	63	663	1.4	9.8

Source: ADB. *Key Indicators 2006*. Manila, and national statistics.

#### FINANCING PLAN (\$ million)

Source	Tajikistan	Kyrgyz Republic	Total
ADB Grant	12.5	25.6	38.1
ADB Loan	40.9	–	40.9
Government of Tajikistan	23.1	–	23.1
Government of Kyrgyz Republic	–	13.9	13.9
<b>Total</b>	<b>76.5</b>	<b>39.5</b>	<b>116</b>

#### About the CAREC Program

The Central Asia Regional Economic Cooperation (CAREC) Program is a concrete example of countries and institutions cooperating to achieve a common purpose. The Program's overarching goal is development through cooperation, leading to accelerated economic growth and poverty reduction. By promoting and facilitating regional cooperation in transport, trade, energy, and other key areas of mutual interest, the CAREC Program helps the countries of greater Central Asia realize their immense potential in an increasingly integrated Eurasia.

Spanning nearly 4,000 kilometers across Central Asia, the CAREC Program includes Afghanistan, Azerbaijan, People's Republic of China (focusing on Xinjiang Uygur Autonomous Region), Kazakhstan, Kyrgyz Republic, Mongolia, Tajikistan, and Uzbekistan. CAREC is also an alliance of multilateral and other international agencies active in promoting economic cooperation in Central Asia, namely the Asian Development Bank (ADB), European Bank for Reconstruction and Development, International Monetary Fund, Islamic Development Bank, United Nations Development Programme, and World Bank. ADB serves as the CAREC Secretariat. This wide partnership enables CAREC to fulfill its role as a proactive facilitator of practical, results-based regional projects and policy initiatives critical to trade expansion, sustainable development, and meeting new challenges.

For more information, visit

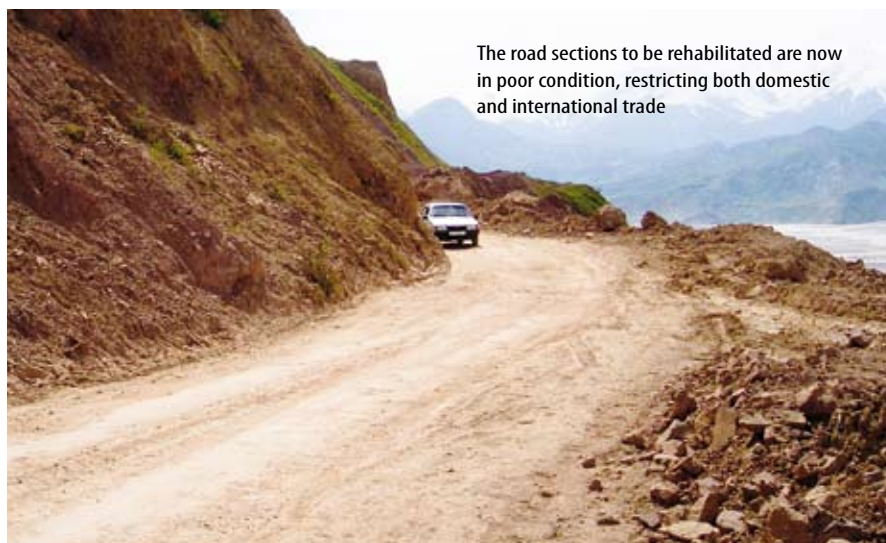
[www.adb.org/CAREC](http://www.adb.org/CAREC).

Trade between Central Asian countries and the PRC is already growing rapidly (see *Figure 1*). In 2005, PRC accounted for 18% of total imports by Central Asian countries (i.e. Afghanistan, Kazakhstan, Kyrgyz Republic, Tajikistan, Turkmenistan, and Uzbekistan), up from 2.7% in 2001. Kyrgyz Republic and Tajikistan have seen the most dramatic increase in trade. In 2005, Kyrgyz Republic-PRC trade totaled \$1.05 billion, representing 35% of all Kyrgyz Republic trade, and up from just \$68 million in 2001. Tajikistan-PRC trade totaled \$158 million, or almost 7% of all Tajikistan trade, and up from \$8 million in 2001.

The road sections to be rehabilitated

under the Project are currently in poor condition and restrict domestic and international traffic. By improving these sections, the Project will benefit the entire region by opening this promising corridor and supporting greater regional trade and cooperation. Trade between Tajikistan and Kyrgyz Republic is expected to grow from 27,236 tons in 2006 to 250,000 tons in 2015; Tajikistan-PRC trade is expected to grow from 14,260 tons in 2006 to 1 million tons in 2015; and PRC-Afghanistan trade from 0 tons in 2006 to 500,000 tons in 2015.

The immediate Project area includes a number of communities that are home to more than 250,000 people, about half of whom are living below their national poverty line. The Project will provide these communities with better and cheaper access to markets and social services. It will also result in expanded job opportunities by enabling increased agricultural production, development of the mining industry, and increased access to and interaction with other economic centers in the region.



The road sections to be rehabilitated are now in poor condition, restricting both domestic and international trade