



Central Asia Regional Economic Cooperation Program

Reference Document  
For Session 3 of the Senior Officials' Meeting  
June 2012

# **Transport Sector Progress Report and Work Plan (November 2011–March 2012)**

**Senior Officials' Meeting  
Central Asia Regional Economic Cooperation  
6–7 June 2012  
Hohhot, Inner Mongolia Autonomous Region,  
People's Republic of China**



## I. KEY DEVELOPMENTS

### A. Sector Implementation

1. Implementation of the CAREC Transport and Trade Facilitation Strategy (the Strategy) and Action Plan remains on track. Major achievements are summarized below.

- **Improvement of the CAREC Corridors.** By March 2012, the total 3,810 km of road sections of (49% of the total) had been completed, 3,610 km (47%) are ongoing, and the rest (5%) are planned for improvement in 2013 or beyond. Regarding railways, the total about 3,000 km of railway lines (50% of the total) had been completed, 2,200 km (36%) are ongoing, and the rest (14%) are planned in 2013 or beyond. Fifteen projects in other transport subsectors (i.e., 5 aviation, 3 ports, 3 logistics centers, and 4 trade facilitation) are ongoing (Appendix).
- **Technical Assistance (TA) Projects.** By March 2012, 17 country-specific TA projects had been completed, five will be completed in 2012, and three are ongoing and will be completed beyond 2012.<sup>1</sup> Of the 25 regional TA projects, three were completed<sup>2</sup> and six are ongoing. The status of the remaining 16 regional TA projects is to be determined.
- **Cross-Border Transport Facilitation.** At the meeting in Beijing in September 2011, CAREC National Focal Points (NFPs) discussed proposals to pursue cross-border transport facilitation in the region. They agreed that as a first step, ADB will organize information sharing workshops on ongoing and planned cross-border transport agreements in CAREC countries with a view to coming up with recommendations on measures/arrangements to remove nonphysical barriers to the movement of goods and people along CAREC corridors. For this purpose, a roundtable seminar is planned in Beijing on 2-3 July 2012. This seminar will involve presentations from each CAREC country on existing and planned transport facilitation arrangements, and sharing of experience in implementing similar arrangements in the Greater Mekong Subregion and Latin America.

2. A midterm review of the Strategy and Action Plan is planned during 2012–2013 to refine these two documents for effective implementation in the remaining period. The midterm review is also needed to specify the corridors in the two new participating countries: Pakistan and Turkmenistan in connection to the existing CAREC corridors. The midterm review will be conducted by the Asian Development Bank (ADB) in two phases. Phase I (October 2012–March 2013) will review the implementation progress of the Strategy and Action Plan. Based on the results of Phase I, an updated and refined Strategy and Action Plan will be developed in Phase II (April–September 2013).

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<sup>1</sup> These comprise (i) railway feasibility studies on the Dushanbe–Kyrgyz border [Karamik] section and Kolkhozabad–Nizhni Pianj section, (ii) Bekabad–Kanibadam section, and (iii) Kyrgyz border [Karamik]–Dushanbe–Nizni Pianj (Afghan border), all in Tajikistan.

<sup>2</sup> ADB funded Phase II of the Regional Trade Facilitation and Customs Cooperation and Cross–Border Transport Agreements among the People’s Republic of China, Kyrgyz Republic, and Tajikistan; and European Union’s Development of Coordinated National Transport Policies.

## B. Resolution of Key Issues Raised to SOM, November 2011

3. The following actions have been taken to address the key issues raised to the Senior Officials' Meeting (SOM) held in Baku, Azerbaijan in November 2011.

- **Medium-term Priority Transport Projects.** The Transport Sector Coordinating Committee (TSCC) has developed a list of medium-term priority projects, which comprises 69 projects amounting to \$23 billion. The majority of the projects in the list cover remaining sections of the CAREC corridors. The list was finalized in the 11th TSCC Meeting held on 14–15 May 2012 in Manila, Philippines. Progress measurement will be conducted for the projects with confirmed financing. The list will be updated every six months.
- **Inadequate Border Infrastructure and Facilities.** ADB plans to continue to help improve border infrastructure and facilities in Afghanistan, Mongolia, Tajikistan, and Uzbekistan under its 2012-2013 pipeline projects.
- **Access to the CBTA by Other CAREC Countries or Implementation of Other Transport Facilitation Arrangements** ADB will organize a roundtable seminar in Beijing on 2-3 July 2012 to share information on ongoing and planned cross-border transport agreements in CAREC countries with a view to coming up with recommendations on measures/arrangements to remove nonphysical barriers to the movement of goods and people along CAREC corridors.
- **Inadequate Road Maintenance.** The TSCC, with the CAREC Institute, will conduct training on road maintenance for concerned government officials and other stakeholders in CAREC countries in 2012–2013.
- **Need to Develop Capacities.** The CAREC countries, with support from development partners, continue to develop their capacities in the transport sector. Capacity development focuses on performance-based management contract for road maintenance during 2012–2013.

## II. KEY ISSUES FOR GUIDANCE BY THE SOM

4. The successful undertaking of the midterm review of the Strategy and Action Plan requires active participation of the ten CAREC countries. CAREC senior officials are requested to help ensure their country's full support for the midterm review, including timely provision of the requested data and information to the midterm review team.

## III. CHANGES TO SECTOR ACTION PLAN

5. No change has been made to the TSCC Work Plan submitted to the SOM in November 2011.

**CAREC Transport and Trade Facilitation Strategy Investment Projects as of March 2012**

	Lead CAREC Committee	CAREC Corridors	DMC	Project Title	Subsector	Targeted Total Length (km)	Project Cost (\$million)	Funding Source	Financed Amount	Implementation Period
1	TSCC	3-b, 6-a, b	AFG	IP 1: Qaisar-Bala Murghab Road	Road	90	174	ADB	174	2011-2015
2	TSCC	3-b, 6-a, b	AFG	IP 2: Bala Murghab-Laman Road	Road	143	376	ADB	376	2011-2015
3	TSCC	3-b, 6-a, b	AFG	IP 3: Leman-Armalick Road	Road	52	38	Saudi Fund	30	2011-2013
								TBD	8	
4	TSCC	5, 6-c	AFG	IP 4: Pul-e-Khumri-Doshi Road	Road	52	19	IsDB	19	2011-2012
5	TSCC	3-b, 6-a,b	AFG	IP 5: Naibabad-Hairatan Road	Road	55	14	ADB	14	C (2008)
6	TSCC	3-b, 6-a,b	AFG	IP 7: Hairatan-Mazare-e-Sharif Railway Project	Railway	75	170	ADB (Grant-0161)	165	C(2010-2012)
								Government	5	
7	TSCC	2	AZE	IP 1: East-West Highway Improvement	Road	367	1,250.0	ADB	52.00	C (2011)
				Yevlakh - Ganja Highway				IsDB	10.40	
								SFD	13.00	
								Government	50.95	
			Rehabilitation of Gazakh-Georgian Border Highway				ADB	47.50	C (2011)	
8	TSCC	2	AZE	IP 2: Railway Trade and Transport Facilitation	Railway		795.0	World Bank	450.0	2011-2014
								Czech ExIm Bank-215 mln Euro	282.3	
								Government of Azerbaijan-TBD	0.0	
								Azerbaijan Railways Company-TBD	0.0	
9	TSCC	2	AZE	IP 3: Acquisition of High Capacity Ferries and Ro/Ros by Caspian Sea Shipping	Port		69.0	Government	69.0	2010-2013
10	TSCC	2	AZE	IP 4: Construction of Baku International Sea Trade Port Complex (formerly AZE TA2: Feasibility Study for New Alyat Port)	Port		Total budget is not known yet	State budget and other sources	50.0	2011-2013
11	TSCC	1, 2, 5	PRC	IP 7: Xinjiang Airport Development	Airport			National Budget	436.9	C
				Urumqi International Airport Phase 3 Improvement and expansion					412.0	C (September 2009)
				Kashi Airport expansion					24.9	(December

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										2009)
12	TSCC	4b	PRC-IMAR	IP 1: Jining-Zhangjiakou Railway	Rail	179	840.0	MOR budget and Railway Construction Fund	840.0	C (2010)
13	TSCC	4b	PRC-IMAR	IP 3: Upgrade of State Highway 208, Jining-Erenhot Section	Road	333	NA	Government		C (2010)
14	CCC	4-b	PRC-IMAR	IP 4: Hohhot International Airport Logistics Facility	Logi		NA	PS		ongoing-2012
15	CCC	4-b	PRC-IMAR	IP 5: Erenhot Logistics Facility	Logi		NA	PS		C (auxiliary facility will be continuously developed and improved)
16	CCC	4-b	PRC-IMAR	IP 6: Inner Mongolia Highway and Trade Corridor (Trade Facilitation and Institutional Strengthening and Training Components)	Logi		262.7	PRC Government	162.7	C (2008)
								IBRD	100.0	
17	TSCC	1-c, 2, 5	PRC-XUAR	IP 1: Xinjiang Regional Road Improvement (Korla-Kuqa)	Road	299	594.0	ADB	150	C (2010)
								Ministry of Communications	197	
								PRC Development Bank	188	
								Xinjiang Regional Government	59	
18	TSCC	1-a	PRC-XUAR	IP 2: New Road (Jinghe-Ala Shankou)	Road	108	70.0	National Budget and Xinjiang Funds	70	C (2010)
19	TSCC	1-b	PRC-XUAR	IP 3: Lianyungang-Khorgas Expressway (Guozhigou and Qin Shui He)	Road	138	393.0	National Budget and Xinjiang Fund	393	C (2010)
20	TSCC	1-b	PRC-XUAR	IP 4: Jinghe-Yining-Khorgas Railway	Rail	286	875.0	Government	875	C (2009)

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21	TSCC	1-a	PRC-XUAR	IP 5: Double Tracking (Wuxi-Jinghe Rail Line)	Rail	382	394.0	Government	394	C (2009)
22	TSCC	1	PRC-XUAR	IP 6: Electrification of Hongliuhe – Ala Shankou Rail Line (formerly Electrification: Urumqui-Ala Shankou Rail Line)	Rail	1200	1,214.0	Railway Construction Fund	424.9	C (2010)
								China Construction Bank	789.1	
23	NJC	1-b	PRC-XUAR	IP 8: Khorgas Global Logistics Center	Logi		NA	PS		C (auxiliary facility will be continuously developed and improved)
24	TSCC	1-a,c	KAZ	IP 1: Astana-Karaganda Road Rehabilitation	Road	238	895.0	Concession	895.0	2013-2015
25	TSCC	1-b,3	KAZ	IP 2: Almaty-Kapchagay (Kapshagai) Road Rehabilitation	Road	104	429.0	Concession	429.0	2013-2015
26	TSCC	2-a	KAZ	IP 3: Aktau-Beyneu Road Rehabilitation ( MFF CAREC Corridor 2 [Magystau Oblast Section] Investment Program)	Road	470	1,212.0	Rep.Budget, Loans		2010-2015
								ADB	800	
								Government	412	
27	TSCC	1-b, 6-b, c	KAZ	IP 4: Rehabilitation of Western Europe- Western PRC Transit Corridor	Road	2452	5.360	Republic Budget, Loans		2009-2015
29	TSCC	1-a (3)	KAZ	IP 5: Electrification of Almaty-Aktogay Section	Rail	541.4	984.0	Concession	984.0	2015-2018
30	TSCC	1-a	KAZ	IP 6: Electrification of Dostyk – Aktogay Railway Section	Rail	309.4	510.0	Concession	510.0	2015-2018
31	TSCC	1-a	KAZ	IP 7: Electrification of Aktogay–Mointy Railway Section	Rail	522.4	736.0	Private Sector	736.0	2015-2018
32	TSCC	1-b	KAZ	IP 8: Construction of Korgas–Zhetygen (Jetygen) Rail Line	Rail	293	620	Republic Budget, Own loans of JSC KTZ		C (2011)

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33	TSCC	1b, 3-a, 6-b, c	KAZ	IP 9: Reconstruction of Shymkent Airport (formerly Expansion of Shymkient, Semey, and Kokchetau Airports)	Airport		51.3	Government	51.3	2013-2014
34	TSCC	2-a	KAZ	IP 10: Expansion of Aktau Port	Port		278.0	Japan/ Government	278.0	2006-2014
35	TSCC	1-c	KGZ	IP 1: Bishkek–Torugart Road Rehabilitation (CAREC Transport Corridor I)	Road	539.0	397.4	Export-Import Bank of China	200.0	2010-2015
								ADB	125.0	2010-2015
								ACG (including IsDB)	72.4	2012-2015
36	TSCC	2, 5, 3-b	KGZ	IP 2: Southern Transport Road Rehabilitation (Osh-Sary Tash-Irkeshtam) Osh-Sary Tash-Irkeshtam Road Rehabilitation	Road	237.0	150.7	ADB	32.8	2008-2012
								IsDB	17.3	2008-2011
								Export-Import Bank of China	75.3	2009-2012
								State Development Bank of China	25.3	2008-2011
37	TSCC	1-b, 3-b	KGZ	IP 3: CAREC Regional Road Corridor Improvement (Sary Tash-Karamyk) Irkeshtan-Sary Tash-Karamyk Road Rehabilitation	Road	136.0	48.6	ADB	48.6	2008-2012
38	TSCC	1,3	KGZ	IP 4: Electrification of Lugovaya–Bishkek (Alamedin) Railway	Rail	157.0	250.0	TBD	250.0	2011-2016
39	TSCC	1,3	KGZ	IP 5: Balykchi – Chaldovar –Lugovaya Railroad Rehabilitation Project	Rail	323.4	65.6	TBD	65.6	2011-2015
40	TSCC	1,3	KGZ	IP 6: Equipment Purchase for Wagon Repair/Maintenance Facility	Rail		4.0	TBD	4.0	2011-2012
41	TSCC	2, 3	KGZ	IP 7: Reconstruction of Osh International Airport	Airport		105.0	TBD	105.0	2011-2014



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42	TSCC	1-c, 2, 3-b	KGZ	IP 8: Kyrgyz ATC System Capacity Enhancement	Airport		34.0	External financing with some from national budget	24.7	2011-2013
43	TSCC	4-a	MON	IP 1: Western Regional Road Development	Road	748.0	-	ADB	-	2005-2020
				Package 1: Temeen huzuu-Baga Ulaan davaa	Road	110.8km	5.2	ADB, Gov	5.2	tbd
				Package 2: Baga Ulaan davaa-Mankhan	Road	103.3km		ADB, Gov		tbd
				Package 3: Mankhan-Khovd	Road	85.3km	17.6	PRC, Gov	17.6	2010-2013
				Package 5: Ulgii-Khashaatiin davaa	Road	60km		PRC, Gov		ongoing to 2013
44	TSCC	4-b	MON	IP 2: Ulaanbaatar-Russian Border Road Rehabilitation (Construction of Altanbulag-Ulaanbaatar-Zamiin-Uud highway)	Road	367.0	2,100.0	TBD	2,100.0	2012-2016
45	TSCC	4-b	MON	IP 3: Railway Rolling Stock Fleet Expansion Project (formerly Modernization of the Mongolia Railway)	Rail		60.0	PRC	60.0	ongoing to 2012
46	TSCC	4-a	MON	IP 4: Improvement of Olgyi and Hovd airports	Airport		15.00	TBD	29.19	from 2013
47	TSCC	4-b	MON	IP 5: Construction of New International Airport in Ulaanbataar	Airport		320.0	JICA	288.0	ongoing to 2016
							TBD	UTY Funds	TBD	
							TBD	Government	TBD	
48	CCC	All	MON	IP 6 Customs Modernization	TF		6.76	ADB	6.76	C
49	NJC	4-b	MON	IP 7: Establishment of Altanbulag Free Trade Zone	Logi		90.0	TBD	90.0	2010-2015

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50	NJC	4-a	MON	IP 8: Improvement of Tsagaannur Free Trade Zone	Logi		30.0	TBD	30.0	ongoing to 2015
51	NJC	4-b	MON	IP 9: Establishment of Zamyn Uud Free Trade Zone	Logi		100.0	National budget and assistance from multi-lateral institutions	100.0	2010-2015
52	TSCC	4-b	MON	IP 10: Access Road to the New International Airport in Ulaanbaatar	Road	35.0	50.0	Japan's Official Development Assistance soft loan	50.0	2013-2015
53	TSCC	3-b, 5	TAJ	IP 1: Dushanbe-Kyrgyz Border Road Rehabilitation Phase II	Road	77.0	30.0	ADB	30.0	ongoing to 2011
							3.5	OPEC Laon	3.5	
							9.5	Government	9.5	
54	TSCC	3-b, 5	TAJ	IP 2: Dushanbe-Kyrgyz Border Road Rehabilitation, Phase III	Road	114.0	53.4	ADB	53.4	ongoing to 2013
							23.1	Government	23.1	
55	TSCC	6-c	TAJ	IP 3: Dushanbe–Khujand–Chanak (Uzbekistan Border) Road	Road	335.9	281.1	PRC	281.1	implemented in 2010
							79.8	Government	79.8	
56	TSCC	5, 6-c	TAJ	IP 4: Kurgan-Tyube-Dusti-Nizhni Pianj Road Rehabilitation	Road	87.4	53.0	JPN	53.0	ongoing to 2014
57	TSCC	3-b	TAJ	IP 5: Dushanbe–Tursunzade–Uzbekistan Border Road	Road	61.5	120.0	ADB	120.0	2010-2014
							34.3	Gov	34.3	
							27.0	EBRD	27.0	
58	TSCC	5, 6c	TAJ	IP 6: Vahdat–Yavan Railway Construction (New) (formerly TAJ TA 2: Vahdat-Yavan Railway Feasibility Study)	Rail	46.3	180.0	Government	180.0	2012-2015

**CAREC Transport and Trade Facilitation Strategy Investment Projects as of March 2012**

	Lead CAREC Committee	CAREC Corridors	DMC	Project Title	Subsector	Targeted Total Length (km)	Project Cost (\$million)	Funding Source	Financed Amount	Implementation Period
59	TSCC	2a, 6a	UZB	IP 1: CAREC Regional Road Improvement (Phase 1)	Road	131.0	267.9	ADB	75.3	ongoing to 2012
								UZB budget	192.6	
60	TSCC	2-a, 3-a, 6	UZB	IP 3: Acquisition of New Cargo and Passenger Locomotives (formerly UZB IP 3: Acquisition of New Locomotives)	Rail		122.5	PRC	112.3	2009-2011/ 2013-2014
								Export-Import Bank of China	70.1	
								UTY	7.7	
								JICA	220.6	
61	TSCC	6-a, b	UZB	IP 5: Construction: Tashguzar-Boysun-Kumgurgan Section (formerly Electrification of Samarkand-Navoi and Samarkand-Kashi Sections) This project was completed, and can be removed.	Rail	221.8	447.4	JICA	157.5	C (2010)
								UTY Funds	289.9	
62	TSCC	2-a, 6-a	UZB	IP 6: Electrification of Navoi-Uchkuduk-Sultanuizdag-Nukus Section (formerly Electrification of Navoi-Bukhara and Bukhara-Kashi Sections) Completion of construction railway infrastrucute for Navoi - Uchkuduk-Sultanuizgad-Nukus Section	Rail		149.2	UTY Funds/UZB budget	149.2	ongoing to 2012
63	TSCC	6-a, b, c	UZB	IP 7: Electrification of Tukimakchi-Angren Section (formerly Electrification of Navoi-Uchkuduk Section)	Rail	113.9	85.4	KfW	35.3	C (2010)
								UTY	28.0	
								Kuwait Fund of Arabic Economic Development	22.1	
64	TSCC	6a, 2a	UZB	IP 10: Organizing of high-speed traffic working on Tashkent-Samarkand railway section.	Rail		366.5	SJSC' Uzbekiston Temir Yullari	366.5	2010-2011

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65	TSCC	2b,3a,6a	UZB	IP 11: Upgrading the Bukhara Airport (formely UZB TA 3: Upgrading the Bukhara Airport and IP 9)	Aviation		14.7	UAE	14.7	2009-2011
66	TSCC	2a, 6a	UZB	IP 16: CAREC Regional Road Improvement (Phase 2)	Road	222	739.0	ADB	600.0	2010-2015
								UZB Government	139.0	
67	RJC	All	REG	IP 1: Border Crossing Point Infrastructure Development (formerly REG IP 1 and IP3)	TF		500.0			ongoing to 2017
68	CCC	All	REG	IP 2: Customs IT Systems Enhancements	TF		100.0			ongoing to 2017
69	CCC	All	REG	IP 3: Logistics Center Development	TF		300.0			ongoing to 2014
70	RJC	All	REG	IP 4: Trade and Industrial Logistics Centers with Info Exchange System	TF		22.8			ongoing to 2009

ACG=Arab Coordination Group; ADB=Asian Development Bank; AFG=Afghanistan; AZE=Azerbaijan; C=Completed; CCC=Customs Cooperation Committee; EBRD=European Bank for Reconstruction and Development; KAZ=Kazakhstan; KfW= Kreditanstalt für Wiederaufbau; KGZ=Kyrgyz Republic; IBRD=International Bank for Reconstruction and Development; IDB/IsDB=Islamic Development Bank; IMAR=Inner Mongolia Autonomous Region; IP=investment project; IT=information technology; JICA=Japan International Cooperation Agency; JPN=Japan; JSC KTZ= JSC "National company "Kazakhstan Temir Zholy"; MON=Mongolia; MOR=Ministry of Railways; NA=not applicable; NJC=National Joint Transport and Trade Facilitation Committee; OPEC=Organization of Petroleum Exporting Countries; PPP=public-private partnership; PRC=People's Republic of China; PS=private sector; REG=regional; RJC=Regional Joint Transport and Trade Facilitation Committee; SFD=Saudi Fund for Development; TAJ=Tajikistan; TBD=to be determined; TF=Trade Facilitation; TSCC=Transport Sector Coordinating Committee; UAE=United Arab Emirates; UZB=Uzbekistan; UTY=Uzbekistan Temir Yullari; XUAR=Xinjiang Uygur Autonomous Region