

# **Regional Transport Operations in Mongolia and the PRC Reality and ADB Involvements**

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# CAREC Corridors in PRC and Mongolia

- PRC – 4 corridors out of 6 designated CAREC corridors run through the PRC (Corridor 1a,1b,1c,2a,2b,4a, and 5)
- Mongolia – Corridor 4a and 4b runs through Mongolia

# SIX CENTRAL ASIA REGIONAL ECONOMIC COOPERATION CORRIDORS

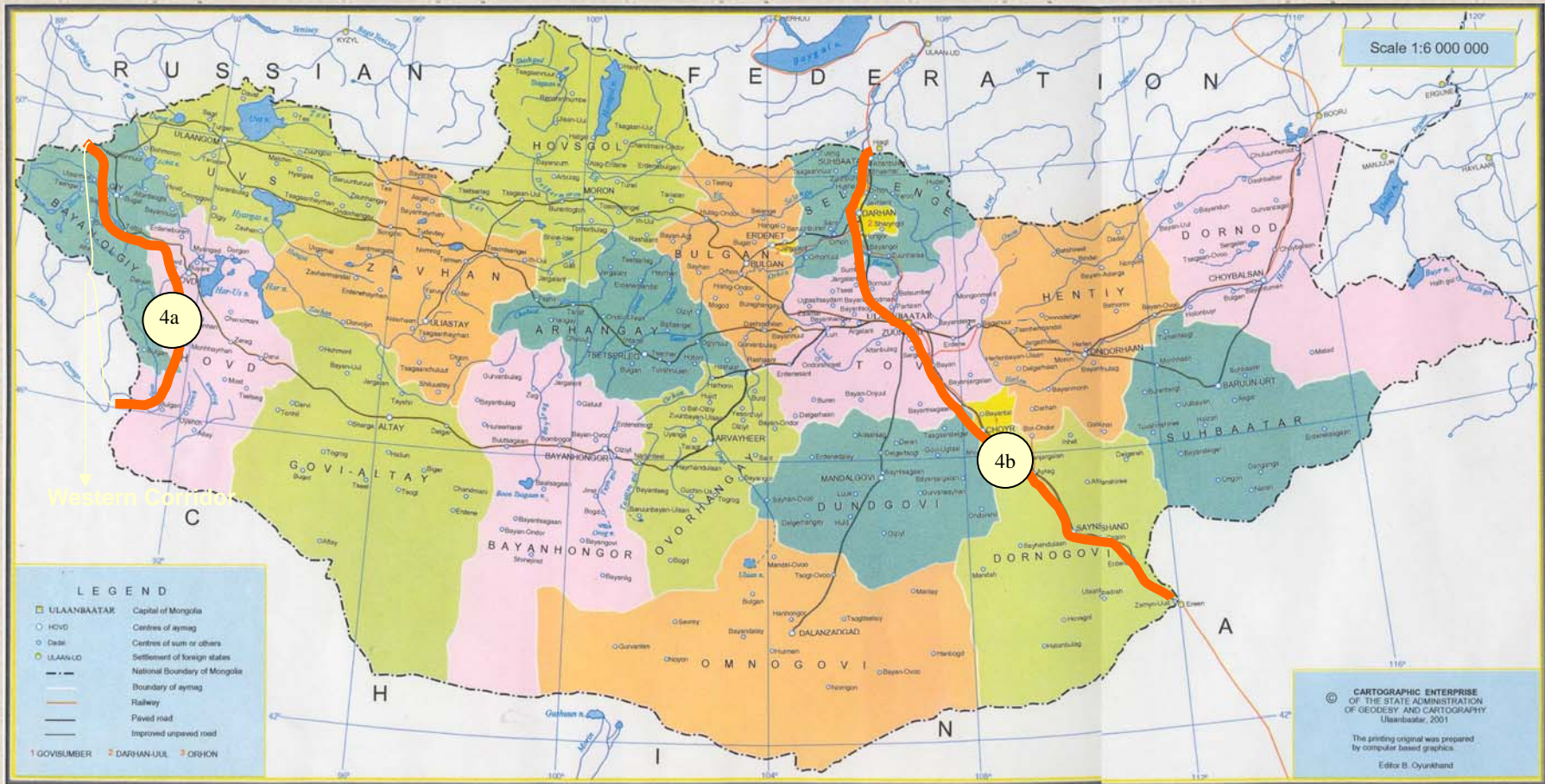


- National Capital
  - Provincial Capital
  - City/Town
  - Naval Port
  - Cross Border Point
  - CAREC Corridor 1
  - CAREC Corridor 2
  - CAREC Corridor 3
  - CAREC Corridor 4
  - CAREC Corridor 5
  - CAREC Corridor 6
  - International Boundary
- Boundaries are not necessarily authoritative.

# CAREC Corridors in Mongolia

- Corridor 4a – a road corridor connecting Xinjiang of the PRC to the Russian Federation via the Yarant/Ulaanbaishint/Tsaganuur road.
- Corridor 4b – currently a rail corridor. It will soon be accompanied by a paved all-weather road.

# CAREC Corridors in Mongolia



4a

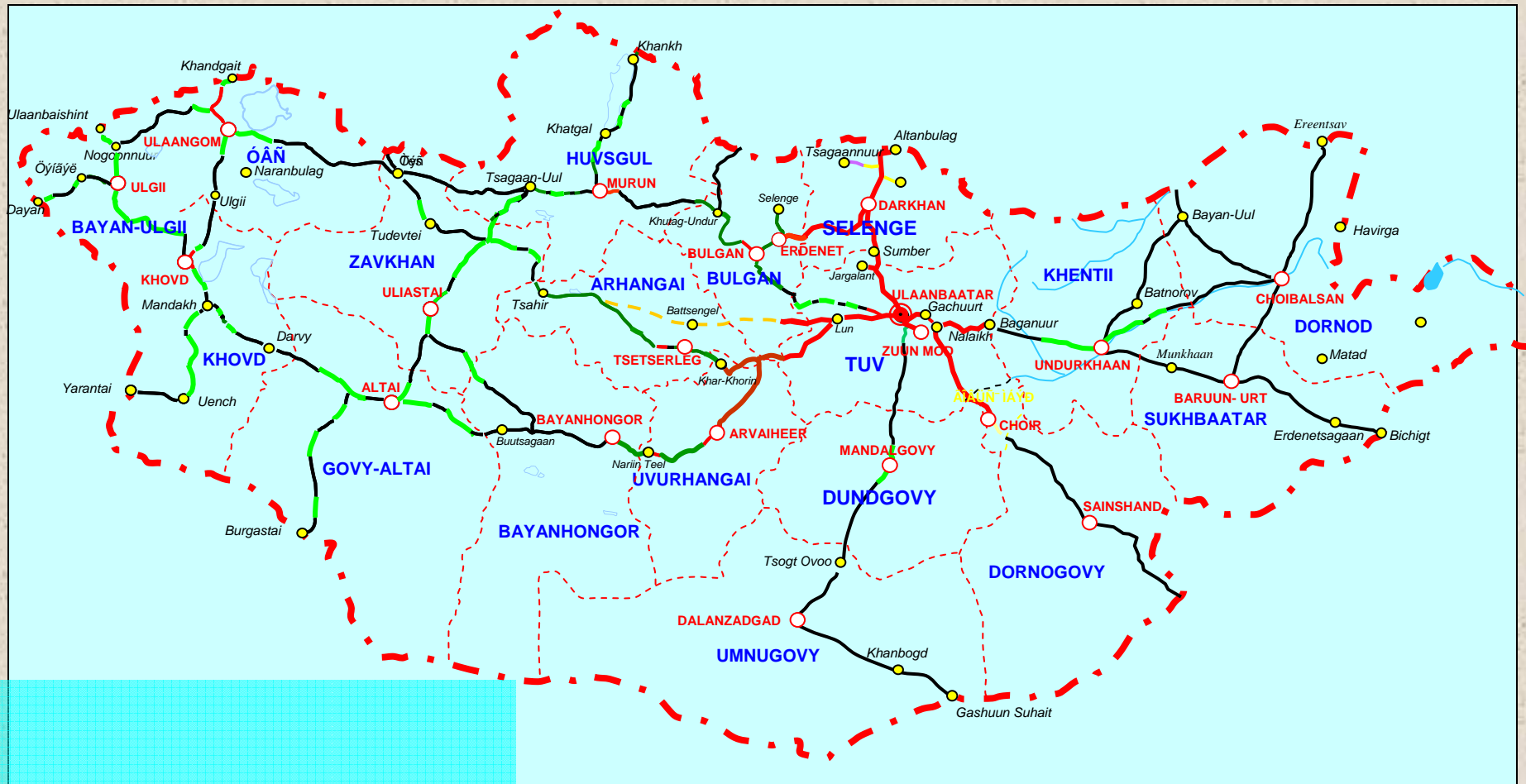
770 km

4b

1009 km

**Question is how well these  
Corridors fit into Mongolia's  
Country Strategy on  
Transport Sector?**

# PRESENT SITUATION OF ROAD NETWORK IN MONGOLIA



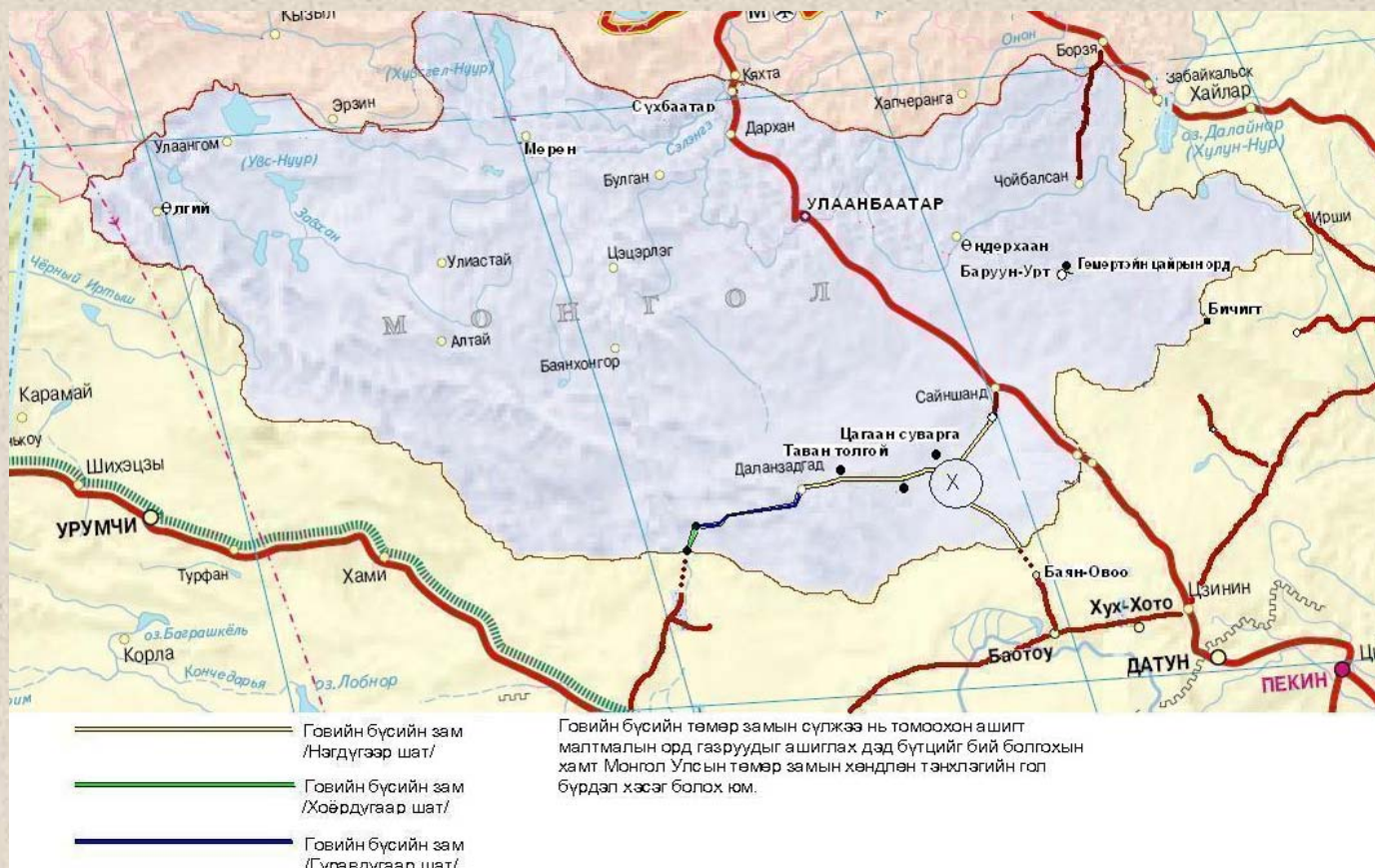
Asphalt road	2278.60
Gravel road	1980.30
Improved earth road	1867.90
Earth road	43123.33
<b>TOTAL</b>	<b>49250</b>

Country	Total Area (sq. km.)	Population (million) July 2003 estimates	Land Boundaries	Coastline
Mongolia	1,565 million	2.7	PRC, Russia	Landlocked

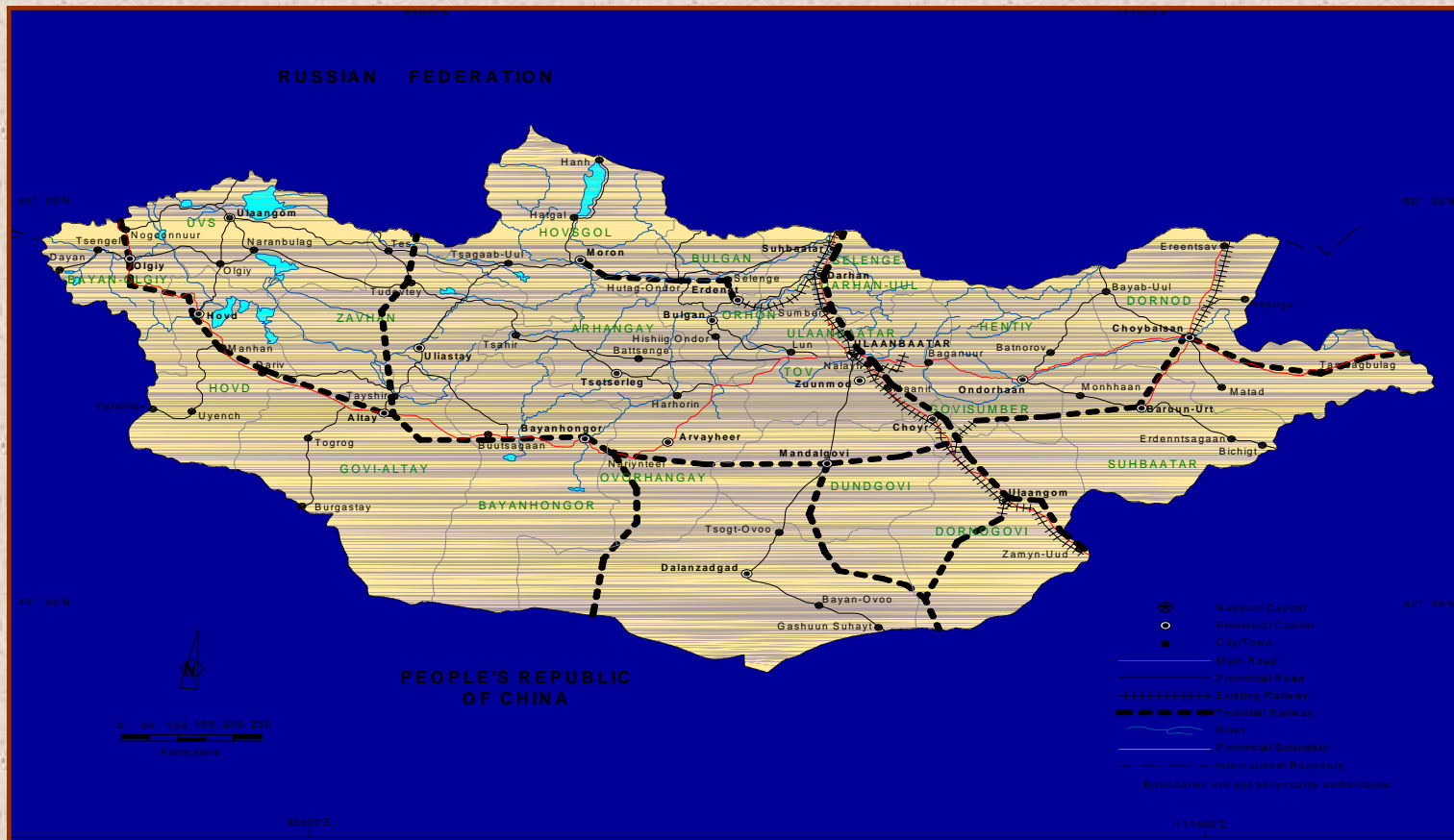




# RAILWAY TRANSPORT IN MONGOLIA – CURRENT STATUS



# Planned Railway Network in Mongolia



# Mongolia's Main Constraints in Achieving Targets

- Mongolia needs substantial financial resources to develop these corridors.
- Government estimates that rail corridors along needs about \$4.5 billion while road corridors will need additional funds too
- Mongolia is only an ADF country for ADB financing purpose. Received about \$50 million per annum as ADB assistance for all sectors in the past
- ADB assistance for next 3 years will average to about \$80 million per annum for all sectors

# ADB Involvements in CAREC Transport Projects in Mongolia

- Corridor 4a (road)
  - Phase I
    - 2008 ADB approved a grant of \$37.6 million
    - 3 year implementation period. Expected to be completed by 2011
    - Consultant selection and preparation of bidding documents ongoing
  - Phase II
    - Expected that additional loan of \$45 million will be approved in 2010
    - Will have at least 3 year implementation period

# ADB Involvements in CAREC Transport Projects in Mongolia

- Corridor 4b (road)
  - Current Status
    - ADB already approved 3 loans totaling \$87 million to upgrade the road corridor
    - Completed two projects (upgrading of 500Km) successfully
    - Third project of upgrading 428Km is ongoing
    - Ongoing project face financing issues – ADB exploring possibilities of providing \$24 million as a supplementary loan
  - Further Improvements Proposed:
    - Widening of UB to Altanbulag (Russian border) – Identified CAREC project . No firm financing arranged yet
    - Government proposes to upgrade the entire corridor to expressway status. No firm financing arranged yet
    - Regional Logistics project in Zamyn-Uud, ADB to provide loan of \$23 million in 2011.

# CAREC Corridors in the PRC

- Corridor 1, 2, 4 and 5 runs through the PRC
- Like in the case of Mongolia the Corridors fits well into country's national plans

# Availability of Resources in the PRC

- Unlike Mongolia a substantial amount of resources has been allocated for the development of infrastructure in the PRC
- Financial Stimulus Package allocated RMB 4 trillion over 5 years of which about 30% is allocated to the Transport Sector

# ADB Involvements in CAREC Corridors in the PRC

- Ongoing Projects
  - Korla-Kuqa road upgrade (296km)
    - Part of Corridor 1c, 2 and 5
    - ADB provided \$150 million out of total investment of \$594 million
    - Construction ongoing
    - No major issues and expect to complete construction by 2011
- New Projects
  - ADB allocated \$200 million for 2011 for a road project in Inner Mongolia



# ADB involvements in the PRC Reality

- Financial Limitations
  - Limitations to availability of ADB funds. Only \$1.5 billion can be approved as loans to the PRC per annum
- CAREC identified eight investment projects with a total investment of over \$4 billion
- So far only one ADB assisted project (\$150 million)

# What Needs to be Done to Improve Regional Cooperation

- Investments - Road, Rail and Air, infrastructure needs further upgrading
- Trade Facilitation - Custom and immigration facilities needs upgrading and procedures to be harmonized
- Appropriate Legal Environment - Bilateral and Regional
- Capacity Building