



# **Kyrgyz Republic**

## **Country Progress Report on the Implementation Action Plan for the Transport and Trade Facilitation Strategy**

**Prepared by**

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## I. Transport and Trade Facilitation

1. Since the endorsement of the Action Plan for the Transport and Trade Facilitation Strategy (Action Plan) by the Seventh Ministerial Conference on Central Asian Regional Economic Cooperation (CAREC) in November 2008, the Government of the Kyrgyz Republic (the Government) has undertaken the following to support the implementation of the Action Plan:

- (i) **National Joint Transport and Trade Facilitation Committee (NJC), or a Similar Organization.** The National Council for Trade and Transport Facilitation of the Kyrgyz Republic was established in January 2008. The key objectives of the National Council are to promote a single state policy on trade and transport regulations, simplification of trade and transport procedures, user-oriented infrastructure development, a single state database on economic entities, and "single window" and "one-stop shop" for traders. The Council is chaired by the Prime Minister and includes high-level government officials from relevant key ministries and agencies. The Council has had no meetings since its establishment. So, the Government issued a resolution transferring the chairmanship from the Prime Minister to the Minister of Economic Development and Trade in the National Council on 21 February 2009, expecting that this change will expedite the work of the Council.

**Transport and Trade Facilitation Policy Reforms and Actions.** The Government's road sector development strategy was updated in 2008. The strategy is part of the Road Development Program in the Kyrgyz Republic (2009–2011) and the National Development Strategy for 2009–2011 that was updated in 2008, awaiting Government approval. Since road transport carries the major part of freight and passenger traffic, the strategy prioritizes reconstruction of international road transport corridors and local feeder road transport networks.

The rehabilitation of six road segments and the construction of a railway line are included in the National Development Strategy for transport infrastructure: Osh–Sary Tash–Irkeshtam (258 km), Suusamyr–Talas–Taraz (199 km),<sup>1</sup> Bishkek–Naryn–Torugart (539 km), Sarytash–Karamyk (136 km), Osh–Batken Isfana (385 km), Karakol–Tup–Kegen (76 km), and a railway (People's Republic of China [PRC]–Kyrgyz Republic–Uzbekistan).

In the civil aviation subsector, the main priority is given to the modernization of Manas (Bishkek), Osh (south), and Issyk-Kul (north) airports.

Important initiatives include the introduction of new approaches for public private partnership (PPP), a law on toll roads, and the development of a new concept for Road Fund. The Government approved the law on toll roads on 5 November

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<sup>1</sup> New project cost estimate is \$27.3 million. The total length of the road proposed for reconstruction is 198 km, some sections of which are being reconstructed by Islamic Development Bank (IsDB): (i) Section km 0–52: The project cost is estimated at Islamic Dinar (ID) 7.00 million (US\$9.15 million). In September 2007 IsDB approved supplementary financing of ID2.37 million (US\$ 3.6 million); (ii) Section km 52–77: The project was approved in June 2008 and the Financing Agreement was declared effective in January 2009. The amount is ID 7.00 million (US\$ 11.2 million); and (iii) the remaining section of km 25 is planned to be financed by IsDB subject to the completion of previous phases.

2008, which is now under consideration by the Parliament. With the support of the Asian Development Bank (ADB), a draft PPP law was prepared by the Ministry of Economic Development and Trade and is currently under review by various government agencies. The approval of the PPP law is expected in 2009.

Preparation of a cross-border agreement (CBA) between Tajikistan, Kyrgyz Republic and PRC is ongoing. ADB is supporting the negotiations under a regional technical assistance that is attached to the Regional Road Corridor Improvement Project. The CBA will facilitate the smooth cross-border movement of people and goods and will remove non-physical barriers to regional trade and transport along the CAREC Corridors 2, 3b, and 5. The Kyrgyz Government established the working group for drafting the CBA in 2007.

To eliminate barriers to import/export, the Kyrgyz Republic is focusing on simplification and streamlining of administrative procedures for foreign trade, as well as introduction of advanced information technologies and “single window” principles for cross-border operations. In June 2008 the Government approved the introduction of the “single window” principle in foreign trade. The concept envisages that designing of the single window will take about 1 year, and actual integration into the customs information system for about 2 years. The first pilot joint KAZ and KGZ customs control started at the cross-border points of "Aisha Bibi" (KAZ) and "Chon-Kapka" (KGZ) on 24 December 2008.

In 2008, the concept of safe-packet was developed as a simplified transit guarantee system to prevent non-authorized inspections by customs and other controlling bodies, to reduce the transportation time, and to replace commercial and support documents for customs clearance. ADB confirmed financing of 20,000 safe-packets for the first phase of the pilot project.

## II. Status of Investment Projects

2. This section explains the status of the investment and technical assistance projects in the country, which are included in the Action Plan.

### A. Transport

3. **Roads and Road Transport.** The three investment projects will rehabilitate, reconstruct, and improve existing road segments. Two projects have entered into the implementation stage.

Investment Project (IP)	Status
KGZ IP 1: Bishkek–Torugart Road Rehabilitation (new to ongoing)	<ul style="list-style-type: none"> <li>• Project status has been changed from new to ongoing project.</li> <li>• Project is proceeding well.</li> <li>• The ADB grant of \$20 million was approved in 2008.</li> <li>• ADB financing of \$50 million is expected in 2009 for the road segment 440–538 km.</li> <li>• Negotiations with IDB and Arab Coordination Group are in progress for co-financing the road segment 265–400 km (\$75 million in 2009).</li> </ul>

Investment Project (IP)	Status
	<ul style="list-style-type: none"> <li>• Negotiation is also ongoing with Export-Import Bank of China for financing up to \$200 million the remainder of the Bishkek-Torugart road.</li> <li>• In conjunction with Bishkek-Torugart Road Rehabilitation Project (CAREC Corridor 1c), the Government of Japan agreed to provide a grant of \$6.9 million for the reconstruction of three bridges (Ala-Archa, Alamedin and Keng-Bulong) in the Chui region, Kyrgyz Republic. The construction will begin in summer 2009 and will be by 2011. On 19 February 2009 the Grant Agreement was signed between the Ministry of Finance of the Kyrgyz Republic and the Government of Japan on the project.</li> </ul>
KGZ IP 2: Southern Transport Road Rehabilitation (Osh-Sary Tash-Irkeshtan)	<ul style="list-style-type: none"> <li>• Project is proceeding well.</li> <li>• Actual financing totals about \$159 million (as of February 2009), comprising ADB (\$32.8 million), IsDB (\$17.3 million), Export-Import Bank of China (\$75 million), and PRC (loan: \$25.3 million and grant: \$9 million).</li> </ul>
KGZ IP 3: CAREC Regional Road Corridor Improvement (Sary Tash-Karamik) (new to ongoing)	<ul style="list-style-type: none"> <li>• Project is proceeding well.</li> <li>• ADB grant (\$25.6 million) was approved in 2007.</li> <li>• Preconstruction work was completed in 2008 and actual construction started in early 2009.</li> </ul>

4. **Railways and Railway Transport.** The projects under this subsector involve electrification and rehabilitation of existing railway lines. Equipment will also be purchased for repair and maintenance.

Investment Project (IP)	Status
KGZ IP 4: Electrification of Lugovaya–Bishkek (Alamedin) Railway	<ul style="list-style-type: none"> <li>• Programmed for 2015–2017.</li> <li>• The Kyrgyz Temir Joly proposed the changes in the project title Electrification of the Lugovaya–Bishkek (Alamedin) Railway.</li> </ul>
KGZ IP 5: Track Rehabilitation (Chaldovar-Balykchy)	<ul style="list-style-type: none"> <li>• Programmed for 2011–2014.</li> </ul>
KGZ IP 6: Equipment Purchase for Wagon Repair and Maintenance Facility	<ul style="list-style-type: none"> <li>• Programmed for 2011–2012.</li> </ul>

5. **Airports and Civil Aviation.** The projects will rehabilitate the Osh Airport and enhance the capacity of the Kyrgyz Air Traffic Control.

Investment Project (IP)	Status
KGZ IP 7: Rehabilitation of Osh Airport	<ul style="list-style-type: none"> <li>• New project cost is estimated at \$112 million, according to the feasibility study prepared by the RGP Kazaeroproject in January 2009. New project cost estimate is substantially higher than</li> </ul>

Investment Project (IP)	Status
	<p>the original one (\$40 million).</p> <ul style="list-style-type: none"> <li>• The estimate does not include yet the equipment of the SE “KAN” (Kyrgyz Air Navigation).</li> <li>• Project documents were developed to upgrade lighting and signaling equipment of the Osh airport, according to the ICAO Category (CJSC “Aerolight – St.Petersburg.”</li> <li>• The feasibility study for the reconstruction of the Osh International Airport (RGP Kazaeroproject) was also prepared.</li> </ul>
KGZ IP 8: Kyrgyz Air Traffic Control Capacity Enhancement	<ul style="list-style-type: none"> <li>• New project cost estimate is \$23 million: \$12 million for the Manas airport and \$11 million for Osh and Issyk-Kul airports</li> </ul>

## B. Corridor Performance Measurement and Monitoring Activities

6. According to the Ministry of Transport and Communications, the traffic volumes as of January 2009 are as follows:

Chaldovar–Trogart (CAREC Corridor 1c): 2,800 vehicles/day  
 Chaldovar–Osh (CAREC Corridor 3b): 2,040 vehicles/day  
 Karasuu–Irkeshtam (CAREC Corridor 2): 2,070 vehicles/day  
 Irkeshtam–Karamyk (CAREC Corridor 5): 281 vehicles/day

7. ADB, acting as the secretariat, and the partner forwarder/carrier and logistics association(s) in each CAREC country signed a memorandum of understanding (MOU) at the Corridor Performance Measurement and Monitoring (CPMM) meeting held in Guangzhou, PRC on 23–24 February 2009. The MOU defines the roles and responsibilities of both parties and covers 1 year of CPMM activities, renewable for another year. Data collection by partner forwarder/carrier and logistics associations started in March 2009.

## III. Follow-up Actions

8. The following actions are necessary to ensure the effective implementation of the Action Plan:

- (i) Expedite the work of the National Council for Trade and Transport Facilitation;
- (ii) Identify and obtain financing for projects in railway transport and civil aviation subsectors, which are still pending due to the lack of financing;
- (iii) Monitor the CAREC corridor performance and monitoring activities regularly; and
- (iv) Introduce the public private partnership (PPP) approaches to the transport sector, particularly the PPP experience in other countries, general understanding of PPPs, selection and evaluation of PPP projects, and mechanism of road tolls.

## Appendixes

### 1 - List of Projects in the Kyrgyz Republic (Appendix 1)

## 2 - Updated Project Profiles (Appendix 2)

### **List of Investment Projects in the Kyrgyz Republic**

- 1 KGZ IP 1: Bishkek-Torugart Road Rehabilitation (new to ongoing)
  - 2 KGZ IP 2: Southern Transport Road Rehabilitation (Osh-Sary Tash-Irkeshtan)
  - 3 KGZ IP 3: CAREC Regional Road Corridor Improvement (Sary Tash-Karamik) (new to ongoing)
  - 4 KGZ IP 4: Electrification of Lugovaya–Bishkek (Alamedin) Railway
  - 5 KGZ IP 5: Track Rehabilitation (Chaldovar-Balykchy)
  - 6 KGZ IP 6: Equipment Purchase for Wagon Repair and Maintenance Facility
  - 7 KGZ IP 7: Rehabilitation of Osh Airport
  - 8 KGZ IP 8: Kyrgyz Air Traffic Control Capacity Enhancement
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- 1 KGZ IP 1: Bishkek-Torugart Road Rehabilitation
  - 2 KGZ IP 2: Southern Transport Road Rehabilitation (Osh-Sary Tash-Irkeshtan)
  - 3 KGZ IP 3: Reconstruction of Taraz-Talas-Suusamyr Road
  - 4 KGZ IP 4: CAREC Regional Road Corridor Improvement (Sary Tash-Karamik)
  - 5 KGZ IP 5: Electrification of Bishkek-Balykchy Railway
  - 6 KGZ IP 6: Track Rehabilitation (Chaldovar-Balykchy)
  - 7 KGZ IP 7: Equipment Purchase for Wagon Repair and Maintenance Facility
  - 8 KGZ IP 8: Rehabilitation of Osh Airport
  - 9 KGZ IP 9: Kyrgyz Air Traffic Control Capacity Enhancement

**KGZ IP1: Bishkek–Torugart Road Rehabilitation (CAREC Transport Corridor 1)****COUNTRY: KYRGYZ REPUBLIC****CAREC Corridors 1-c**

<b>1. Project Name:</b> Bishkek–Torugart Road Rehabilitation Project (CAREC Corridor 1c)
<b>2. Type of Project:</b> Road Rehabilitation
<b>3. Project Location:</b> Kyrgyz Republic
<b>4. Sector/Subsector:</b> Transport / Roads
<b>5. Background and Rationale:</b> The Kyrgyz Republic has approximately 4,300 kilometers (km) of principal roads and the Bishkek–Torugart road is of major importance. It is part of CAREC corridor 1-c that links northern Europe to the People's Republic of China (PRC) and Astana in Kazakhstan with Kashi (Kashgar) in Xinjiang. As such, the Bishkek–Torugart road has regional and international significance and should be improved, and then properly maintained. The road is also of national and local importance since it connects Bishkek to Balykchy (Lake Issyk-Kul ) and also the eastern and southern parts of the country.
<b>6. Objectives:</b> The Project will contribute to reducing transport costs and fostering regional trade and tourism between the Kyrgyz Republic and the PRC.
<b>7. Scope:</b> The Project will improve 539 km of the Bishkek–Torugart road and also improvement in the customs and border infrastructure.
<b>8. Estimated Cost:</b> \$300 million.
<b>9. Financing Plan and Arrangements:</b> The Asian Development Bank (ADB) grant of \$20 million was approved in 2008, with additional ADB financing of \$50 million in 2009 for the road segment 440–538 km. Negotiations with IDB and Arab Coordination Group are in progress for co-financing the road segment 265–400 km (\$75 million in 2009). Negotiation is also ongoing with Exim Bank of China for financing up to \$200 million the remainder of the Bishkek-Torugart road.
<b>10. Implementation Schedule:</b> Ongoing-2014
<b>11. Executing Agencies:</b> Ministry of Transport and Communications
<b>12. Estimated Benefits and Beneficiaries:</b> By improving the Bishkek–Torugart road, the Project will substantially reduce the existing obstruction to trade and foster regional economic cooperation. The entire region will benefit from the Project, while the immediate project area will gain through economic development and increased access to markets and social services. Improving the project road will reduce transport costs, contribute to commercial and industrial development, develop tourism, and generate employment opportunities. The overall economic internal rate of return for the Project is 14.7%, and the net present value is about \$37.8 million.
<b>13. Social and Environmental Issues:</b> No major negative social and environmental impacts.
<b>14. Priority of Project:</b> High
<b>15. Project Status:</b> The Project was ratified on 13 December 2008 (The Law was signed by the President of the Kyrgyz Republic). The legal opinion was issued by the Ministry of Justice on 18 December 2008. On 6 January 2009 the grant agreement became effective. Under the grant, the process of hiring consultants for construction supervision has started. A consultant will be engaged for development of the Transport Sector Master Plan and capacity of the department on road corridor Bishkek-Torugart.
<b>16. Follow up Actions Required:</b>
<b>17. Issues/Constraints:</b>
<b>18. PPP/PSP:</b>



**KGZ IP2: Southern Transport Corridor Road Rehabilitation  
(Osh-Sary Tash-Irkeshtan)  
COUNTRY: KYRGYZ REPUBLIC  
CAREC Corridors 2, 3-b, 5**

<b>1. Project Name:</b> Osh - Sary Tash – Irkeshtan Road Rehabilitation Project
<b>2. Type of Project:</b> Road rehabilitation
<b>3. Project Location:</b> Kyrgyz Republic
<b>4. Sector/Subsector:</b> Transport / Roads
<b>5. Background and Rationale:</b> The Osh-Sary Tash section is part of CAREC corridors 2 and 3-b while the Sary Tash-Ishkeshtam section is part of CAREC corridors 2 and 5. Thus, this Project will contribute not only to connecting CAREC neighbors, but also the People's Republic of China (PRC), Europe, and South Asia. Domestically it will provide better access to markets for goods and social services.
<b>6. Objectives:</b> The main objectives are to (i) promote inclusive economic growth in the region and the project area through a more efficient, safer and user friendly transport corridor; and (ii) increase regional trade especially with adjacent countries such as PRC, Kazakhstan, Uzbekistan, and Tajikistan.
<b>7. Scope:</b> The scope of the project involves improvement of about 258 kilometers (km) of road (Osh-Gulcha-Irkeshtam), purchasing equipment to maintain the entire Osh-Irkeshtan road and an awareness program targeted on HIV/AIDS, infectious diseases and human trafficking.
<b>8. Estimated Cost:</b> The estimated cost is \$170 million; actual financing as of February 2009 is \$159.6 million
<b>9. Financing Plan and Arrangements:</b> Asian Development Bank (ADB) loan (\$32.8 million) for road segment 3–80 km; Islamic Development Bank (IsDB) (\$17.3 million) for road segment 80–124 km; Exim Bank of China (\$75.2 million) for road segment 124–190; PRC (\$25.3 million) for road segment 190–240; the Government provides the PRC with access to natural resources in exchange for funding the project; and PRC provided grant of \$ 9 million for the rehabilitation of the road segment 240–258 km, which was completed.
<b>10. Implementation Schedule:</b> Ongoing to 2011
<b>11. Executing Agencies:</b> Ministry of Transport and Communications
<b>12. Estimated Benefits and Beneficiaries:</b> The Project will have significant benefits through reducing transport costs and facilitating trade at the local, national, regional and international levels.
<b>13. Social and Environmental Issues:</b> No major negative social and environmental impacts.
<b>14. Priority of Project:</b> High
<b>15. Project Status:</b> At the moment, about 59% of the ADB section have been completed. About 10% of the IsDB road segment have been completed.
<b>16. Follow up Actions Required:</b>
<b>17. Issues/Constraints:</b>
<b>18. PPP/PSP:</b> Contracts have been awarded to the private sector.

**KGZ IP3: CAREC Regional Road Corridor Improvement (Sary Tash-Karamik)****Country: Kyrgyz Republic****CAREC Corridors 3-b, 5**

<b>1. Project Name:</b> Sary Tash-Tajik Border Road Rehabilitation
<b>2. Type of Project:</b> Road rehabilitation and upgrade
<b>3. Project Location:</b> Southern Kyrgyz Republic, Sary Tash-Karamik), which is connected with the Osh-Sary Tash-Irkeshtan road (Corridors 2 and 3), providing a link with the People's Republic of China (PRC).
<b>4. Sector/Subsector:</b> Transport/Roads
<b>5. Background and Rationale:</b> The Project road will play a large role in facilitating the development of both the Kyrgyz Republic and Tajikistan by further linking them to their Central Asian neighbors. The Project road is a section of two CAREC corridors, linking the country to Tajikistan, Uzbekistan, Kazakhstan Afghanistan, and beyond. Improving and maintaining the Project road will further increase regional transportation links, contributing to greater regional economic development and promoting transit and trade between the CAREC economies.
<b>6. Objectives:</b> The objective of the project is to assist the Kyrgyz Ministry of Transport and Communications (MOTC) implement the construction and rehabilitation of the approximately 136 kilometers (km) CAREC Regional Road Corridor from Sary-Tash to the Tajikistan Border at Karamik.
<b>7. Scope:</b> rehabilitation and upgrade of road.
<b>8. Estimated Cost</b> \$39.5 million (Kyrgyz section)
<b>9. Financing Plan and Arrangements:</b> The Asian Development Bank (ADB) will finance \$25.6 million on a grant basis, while the Government will finance \$13.9 million.
<b>10. Implementation Schedule:</b> Ongoing-2012
<b>11. Executing Agencies:</b> Ministry of Transport and Communication
<b>12. Estimated Benefits and Beneficiaries:</b> People living along the alignment will directly benefit from improved transport services and access to markets and social services.
<b>13. Social and Environmental Issues:</b> No major negative social and environmental impacts.
<b>14. Priority of Project:</b> High
<b>15. Project Status:</b> The ADB grant was approved. Construction started in early-2009.
<b>16. Follow up Actions Required:</b>
<b>17. Issues/Constraints:</b>
<b>18. Public-Private Sector/Private Sector Participation Opportunities (PPP/PSP):</b>

**KGZ IP4: Electrification of the Lugovaya–Bishkek (Alamedin) Railway**  
**Country: Kyrgyz Republic**  
**CAREC Corridors 1 and 3**

<b>1. Project Name:</b> Electrification of the Lugovaya-Bishkek (Alamedin) Railway
<b>2. Type of Project:</b> Investment in infrastructure/railroad electrification
<b>3. Project Location:</b> Kyrgyz Republic, Chui Oblast, section of railroad between Lugovaya and Bishkek (Alamedin)
<b>4. Sector/Subsector:</b> Transport/Railways
<b>5. Background and Rationale:</b> Recent developments in the railroad sector indicate an increase in the tons and ton-kms of freight. Specifically, freight turnover amounted to 715.4 million ton-km in 2004, and 751.9 million ton-km in 2006. Electrification of the Lugovaya to Bishkek (Alamedin) link of the northern railroad will produce an annual savings on fuel of \$2.3 million by switching to electric power. Electrification of the railroad will improve the operational characteristics of the line by increasing train speed. Based on the data from other railroad administrations, the estimated increase of technical speed is 25 to 30% compared to that of diesel engines. For the single track lines such as the Lugovaya-Bishkek (Alamedin) link, improved speeds will greatly improve the line capacity in terms of the number of trains and freight/passengers that can be transported. Electrification will also reduce the overall operational costs by increasing cargo weights, improving the locomotive capacity, and also provide an environmentally friendly transportation solution. Electrification of the Lugovaya-Bishkek (Alamedin) Railways will help in resolving a socially important issue of increasing mobility of the population of the Kyrgyz Republic and development of railway passenger transportation.
<b>6. Objectives:</b> The Project will (i) modernize the railroad track; (ii) procure electrically powered locomotives; (iii) electrify the railroad link; (iv) reduce fuel costs; (v) improve environmental situation by using eco friendly power source; (vi) improve link capacity in both number of locomotives and freight; (vii) increase average track speeds; (viii) phase out old obsolete diesel locomotive park; (ix) reduce operational costs; and (x) improve overall railroad efficiency.
<b>7. Scope:</b> The project can be divided into three main components: (i) construction of the power grid, power supply substations and auxiliary equipment; (ii) rehabilitation of the track; and (iii) Procurement of electrically-powered locomotives, both freight and passenger.
<b>8. Estimated Cost:</b> \$100 million (preliminary estimate)
<b>9. Financing Plan and Arrangements:</b> To be determined.
<b>10. Implementation Schedule:</b> 2015–2017
<b>11. Executing Agencies:</b> KTJ.
<b>12. Estimated Benefits and Beneficiaries:</b> rail users including shippers.
<b>13. Social and Environmental Issues:</b>
<b>14. Priority of Project:</b> High
<b>15. Project Status:</b> In 1992 "Transelectroproject" of the Ministry of Communications (Design and Study Institute) conducted a feasibility study on electrification of the Lugovaya-Rybachie section of the Frunze Department of the Almaty Railways. The study proposed the use of locomotives VL80S locomotives for cargo transportation and ChS-4 locomotives for passenger and suburban transportation. In 2008 the All-China Corporation on import and export of machines and equipment "Mashimpex" studied the issue and proposed a feasibility study for electrification of the railway section from Lugovaya station to Alamedin station (Bishkek). The Project will be implemented during 2010–2015 with Phase II 2015–2025. Negotiations with Chinese partners on a possibility of financing the Project have been suspended due to the financial and economic crisis.
<b>16. Follow up Actions Required:</b> Securing financing.
<b>17. Issues/Constraints:</b>
<b>18. PSP Opportunities:</b>

**KGZ IP5: Track Rehabilitation Project (Chaldovar – Balykchy)**  
**Country: Kyrgyz Republic**  
**CAREC Corridors and 3**

<b>1. Project Name:</b> Track Rehabilitation Project (Chaldovar-Balykchy)
<b>2. Type of Project:</b> Track Rehabilitation
<b>3. Project Location:</b> Kyrgyz Republic
<b>4. Sector/Subsector:</b> Transport/Railways
<p><b>5. Background and Rationale:</b> The railroad is part of the old Turksib railway that was constructed in the early 1930s, and has not been properly maintained and rehabilitated since the breakdown of the Soviet Union due to insufficient funds with the Kyrgyz Temir Jolu Railroad Authority.</p> <p>As a result of increased traffic, rehabilitation of the railway is essential to ensure safe and accident-free operations of the only railroad link in the northern part of the country. The railway is a vital supply link for the capital and the densely populated Chui oblast and adjacent regions.</p> <p>The railway supplies coal to the power and heating stations in Bishkek, and transports almost all the oil, petroleum and petroleum products consumed in the country.</p> <p>There is a need to assess the current condition of the track that is estimated to have already accumulated 75% to 80% wear of the rails over the years. Annually, tens of thousands of sleepers need to be replaced to keep the track in reasonable condition.</p> <p>In addition to track repair, signaling equipment is obsolete and in a very bad shape and requires replacement with more modern equipment.</p> <p>A preliminary assessment study is required to review the railroad assets in use and recommend priority investments that will enhance the safety and operational efficiency.</p>
<p><b>6. Objectives</b></p> <ul style="list-style-type: none"> <li>• Modernize the railroad track;</li> <li>• Improve link capacity in both number of locomotives and freight;</li> <li>• Increase average track speeds;</li> <li>• Reduce operational costs; and</li> <li>• Improve the overall railroad efficiency.</li> </ul>
<p><b>7. Scope:</b> The project can be divided into four main components:</p> <ol style="list-style-type: none"> <li>1. Study of the current condition of the track.</li> <li>2. Rehabilitation of the track.</li> <li>3. Rehabilitation of auxiliary and support equipment and systems.</li> <li>4. As well as procurement of equipment to identify track defects.</li> </ol>
<b>8. Estimated Cost:</b> An estimate of \$65 million plus initial Technical Assistance for the Feasibility Study costing about \$600,000.
<b>9. Financing Plan and Arrangements:</b> To be determined.
<b>10. Implementation Schedule:</b> 2010: track assessment study; 2011–2014: rehabilitation
<b>11. Executing Agencies:</b> KTJ.
<b>12. Estimated Benefits and Beneficiaries:</b> rail users including shippers.
<b>13. Social and Environmental Issues:</b> none are foreseen at this time.
<b>14. Priority of Project:</b> Medium
<b>15. Project Status:</b>
<b>16. Follow up Actions Required:</b> Secure funding.
<b>17. Issues/Constraints:</b> Securing funding.
<b>18. PSP Opportunities:</b>

**KGZ IP6: Equipment Purchase for Wagon Repair/Maintenance Facility**  
**Country: Kyrgyz Republic**  
**CAREC Corridors 1 and 3**

<b>1. Project Name:</b> Equipment Purchase for Wagon Repair/Maintenance Facility
<b>2. Type of Project:</b> Technology upgrade
<b>3. Project Location:</b> Kyrgyz Republic
<b>4. Sector/Subsector:</b> Transport/Railways
<p><b>5. Background and Rationale:</b> Most of the existing wagon and coach fleet is old. The average age of coaches is 28 years, or about 80% of the expected service life of the equipment. By 2010, up to 85% of the coaches will have to be retired. The existing coach repair shop is capable of only performing depot repair operations, and for overhaul, coaches are taken to Russian Federation and other neighboring countries. The number of cars and coaches KTJ has justifies opening up an independent facility. Similar situation is with the wagons. An average age of freight wagons, cars and tank cars is 30 years, and by the year 2015 most of the wagons and cars will have to be retired. KTJ has developed an initiative to establish a comprehensive wagon/coach repair/overhaul facility to extend the service life of the existing fleet, and to acquire adequate maintenance and repair facilities and capabilities.</p> <p>The key reasons to have an independent overhaul shop include: (i) extend service life of wagons and cars; (ii) reduce the cost of wagon/coach overhaul by using local labor and performing repair/overhaul tasks in-house; and (iii) improve safety of passenger and freight transportation by providing timely repair services.</p> <p>When solving the problem of tear-and-wear of passenger wagon-lits and cargo wagons, the SE NC KTJ (State Enterprise National Company “Kyrgyz Temir Jolu”) is emphasizing the expansion and modernization of its repair and rehabilitation facilities. In 2007–2008, after procuring specialized equipment, repair and rehabilitation works have been implemented for 21 passenger wagon-lits (including capital rehabilitation repairs of 12 wagon-lits) and 75 cargo wagons. Roundhouse servicing covered 80 passenger and 475 cargo wagons. Expanding rehabilitation works on various levels requires further modernization of the Belovodskiy wagon repair plant. Having this issue solved will allow, in addition to modernization of cargo wagons, depot repairs and overhauls of all types of wagons, to perform overhauls of open-top and covered wagons enabling extension of the service life of such wagons by 50%.</p>
<b>6. Objectives:</b> The Project will (i) improve operations and safety; (ii) reduce costs; (iii) upgrade local capacity; and (iv) local job creation.
<b>7. Scope:</b> Replacement/upgrade of existing facilities and equipment.
<b>8. Estimated Cost:</b> \$4 million
<b>9. Financing Plan and Arrangements:</b> To be determined
<b>10. Implementation Schedule:</b> 2011–2012
<b>11. Executing Agencies:</b> KTJ
<b>12. Estimated Benefits and Beneficiaries:</b> all rail users in the Kyrgyz Republic.
<b>13. Social and Environmental Issues:</b>
<b>14. Priority of Project:</b> Medium.
<b>15. Project Status:</b> Proposed by the Government. KTJ has already prepared a list of equipment and machinery required for such a shop and has found suppliers of the key equipment in the neighboring CAREC countries and Russian Federation.
<b>16. Follow up Actions Required:</b> Secure funding.
<b>17. Issues/Constraints:</b>
<b>18. PSP Opportunities:</b> Subcontractors could be used for certain types of repairs.

**KGZ IP7: Rehabilitation of Osh Airport**  
**Country: Kyrgyz Republic**  
**CAREC Corridors 2, 3-b**

<b>1. Project Name:</b> Rehabilitation of Osh International Airport
<b>2. Type of Project:</b> Infrastructure Rehabilitation
<b>3. Project Location:</b> Osh, Osh Oblast, Kyrgyzstan
<b>4. Sector/Subsector:</b> Transport/Airports
<p><b>5. Background and Rationale:</b> Osh International Airport (OIA; ICAO/IATA designation codes are UAFO/OSS) is the biggest airport in the southern Kyrgyz Republic (as well as for northern Tajikistan), and is the only alternate airfield for Manas International Airport serving the north and the capital city of Bishkek. Currently, all OAI facilities are outdated and obsolete, and require rehabilitation or replacement. The existing technical limitations negatively affect the airport's development, flight and ground safety, customer service quality and revenues. The runway at Osh is 2,610 meters (m) long and 50 m wide, with taxiways built in 1962 (the airfield was designed for the aircraft types that operated in 1950–1960's), and the ramp, in 1962. No extensive airfield surface rehabilitation has ever been performed on the airfield (except for some repairs on certain runway/taxiway sections), and the surface strength of the airfield has been dramatically reduced due to prolonged operation. The Project will upgrade the airfield's key facilities (key airfield surfaces and ATC/ATM equipment) to ICAO standards and recommended practices (SARPs), dramatically improve flight and ground safety and the quality of service for passengers. Located conveniently on the major CAREC corridors transecting the Ferghana Valley, the airport will be able to cope with increased traffic resulting from CAREC corridor development. Increased revenues will enable the airport to self-finance additional development envisioned by the management/community.</p>
<p><b>5. Objectives:</b> The project goals are:</p> <ul style="list-style-type: none"> <li>- bring the airport to the standards and practices recommended by the International Civil Aviation Organization (ICAO);</li> <li>- increase the aerodrome category, its operational minimum to enable to accept aircraft in more complicated meteorological conditions;</li> <li>- increase the traffic volume;</li> <li>- increase the level of flight safety, as well as aviation security;</li> <li>- improve the quality of passenger services;</li> <li>- expand the list of services provided;</li> <li>- improve the financial and economic condition of the airport by increasing profitability;</li> <li>- expand opportunities for the airport to be used as an alternative aerodrome for other airports the region;</li> <li>- promote tourism development in the southern part of the Kyrgyz Republic; and</li> <li>- improve the environmental condition in the vicinity of the aerodrome (new equipment will be used, which is compliant with modern international standards of environmental safety).</li> </ul> <p>The major objectives are (i) improve the airport infrastructure to meet current ICAO requirements for civilian airports; (ii) increase the airport's classification; (iii) ensure adequate flight and ground safety; (iv) turn OIA into an adequate alternate airfield for Manas International Airport and other airports in the region; (v) provide for development of tourism and commerce in southern Kyrgyz Republic; (vi) improve level of customer services and customer satisfaction; and (vii) improve environmental conditions in the airport.</p>
<p><b>7. Scope:</b> Project scope covers: (i) rehabilitation and improvement of airfield runway, taxiways and apron. Runway extension by 400 m; (ii) reconstruction of the passenger terminal; (iii) procurement/installation of 2 jet ways; (iv) replacement of lighting equipment on RWY122 to meet ICAO Cat I standards; (v) reconstruction of airport power supply grid; (vi) ramp lighting; (vii) procurement of two fire trucks and one crash fire rescue vehicle; (viii) procurement of ramp equipment for aircraft handling; (ix) procurement of airfield ground support vehicles; (x) procurement of C-SCANS, X-ray machines and other passenger screening equipment; and (xi) construction of a</p>

cargo terminal. Installation of modern ATC equipment to replace obsolete and dilapidated Soviet-made radar, nav aids, ATC/ATM equipment and radio equipment is also needed, and represents an important step bringing regional aviation closer to compliance with ICAO's standards and recommended practices (SARPs). In addition, it will enable Osh to be used as a full-fledged all-weather alternative for Tashkent and Bishkek. The following equipment requires urgent replacement: (i) meteorological equipment; (ii) aerodrome radar; (iii) VHF radio stations "Air-to-Ground"; (iv) HF radio stations; (v) automatic direction finder; (vi) ATIS automatic information system; (vii) navigation equipment VOR/DME; (viii) message switching center (MSC); (ix) tape recording equipment.

The scope of the project related to the OJSC "IAM," which excludes the equipment related to the SE "KAN" (Kyrgyz Air Navigation), consists of:

- reconstruction and improvement of the artificial pavement of the aerodrome;
- runway expansion by 400 m from MKnoc=302 (magnetic course of landing); expansion of the apron; expansion and replacement of the pavement of the runway and the apron; replacement of the pavement and expansion of taxiways to the width of 23 m, arrangement of shoulders of 7.5 m on each side; and construction of a drainage channel from MKnoc= 302 and a stream-protecting slab from MKnoc=302);
- construction of an airport terminal;
- installation of two passenger jet bridges;
- replacement of the lighting equipment from one landing course (MKnoc=122) in line with ICAO I Category;
- reconstruction of airport electricity supply network;
- apron lighting;
- procurement of two fire trucks and one vehicle for rescue operations, ground handling equipment, airfield equipment, inspection equipment, and a cargo warehouse.

**8. Estimated Cost:** Estimated cost according to the feasibility study prepared by the RGP Kazaeroproject in January 2009 is US\$112 million. The estimate does not include yet the equipment of the SE "KAN" (Kyrgyz Air Navigation)."

**9. Financing Plan and Arrangements:** To be determined.

**10. Implementation Schedule:** 2011–2012.

**11. Executing Agencies:** OJSC Manas International Airport; and State Enterprise "Kyrgyz Air Navigation."

**12. Estimated Benefits and Beneficiaries:** The population living in southern Kyrgyz Republic, cross-border areas of Uzbekistan and northern Tajikistan will benefit from the upgraded airport through improved and more reliable services, safer conditions, and better access to destinations by air.

**13. Social and Environmental Issues:** No social or environmental impacts are foreseen at this time.

**14. Priority of Project:** Medium.

**15. Project Status:** Proposed by the Government.

**16. Follow up Actions Required:** Project documents have been developed to upgrade aerodrome lighting and signaling equipment of the Osh airport, according to the ICAO Category (CJSC "Aerolight – St. Petersburg." The feasibility study for the reconstruction of the Osh International Airport (RGP Kazaeroproject) has also been developed.

**17. Issues/Constraints:**

**18. Public-Private Sector/Private Sector Participation Opportunities (PPP/PSP):** Concession opportunities exist in airport operations.

**KGZ IP8: Kyrgyz ATC Capacity Enhancement**  
**Country: Kyrgyz Republic**  
**CAREC Corridors 1c, 2, and 3b/Other**

<b>1. Project Name:</b> Kyrgyz ATC Capacity Enhancement Project
<b>2. Type of Project:</b> Technology and Training
<b>3. Project Location:</b> Kyrgyz Republic
<b>4. Sector/Subsector:</b> Transport/Airports
<p><b>5. Background and Rationale:</b> The Kyrgyz Republic is located in the heart of Central Asia and CAREC, on the crossroads of international routes. The country's terrain, predominantly mountainous, poses certain difficulties in terms of ensuring secure flying operations and providing navigational and air traffic control (ATC) support to pilots. Kyrgyz ATC has been coping with increased international operations. This situation has been made more complicated by the Anti-Terror Coalition's operations in Afghanistan, either transiting Kyrgyz airspace or operating out of one of the country's airports, Manas International Airport.</p> <p>Existing equipment, including long range and local area radars and navigational aids at the key airports of Manas (Bishkek) and Osh, is outdated and does not meet modern requirements in terms of providing pilots and ATC controllers with adequate flying information and assisting with navigating in the rough terrain. ATC controllers require additional training, including English language training to comply with stringent ICAO language proficiency requirements.</p> <p>Installation of modern ATC equipment to replace obsolete and dilapidated Soviet-made radar, nav aids, ATC/ATM equipment and radio equipment is an important step bringing regional aviation closer to compliance with ICAO's standards and recommended practices (SARPs). It will also improve both airfields' minima and provide for safer takeoff/landing in a difficult terrain. The list of equipment requiring replacement at the Manas airport during 2009–2011 includes: (i) meteorological equipment; (ii) non-directional beacons (NDB); (iii) navigation equipment VOR/DME; (iv) automatic terminal information system (ATIS); (v) HF radio stations; (vi) automatic direction finder (ADF); (vii) VHF radio stations; (viii) tower equipment; (ix) message switching center (MSC); (x) tape recording equipment. One other important component of the proposed project is to develop a new set of Air Navigation Procedures (AIPs) to comply with provisions of the new Air Code of KGZ and international standards.</p>
<p><b>6. Objectives:</b> The proposed Project is designed to improve the overall levels of flight safety in northern and southern Kyrgyz Republic for transient, inbound/outbound and local area air traffic. Additionally, it will increase the attractiveness of the Kyrgyz Republic as an overflight-friendly territory that will generate more overflight fees. The Project will (i) adopt a new reference frame WGS –84; and (ii) recalculate all approach schemes at airports of the Kyrgyz Republic.</p>
<b>7. Scope:</b> The Project will upgrade air traffic control in the Kyrgyz Republic.
<b>8. Estimated Cost:</b> \$23 million: \$12 million for the Manas airport and \$11 million for Osh and Issyk-Kul airports
<b>9. Financing Plan and Arrangements:</b> External financing with some from national budget.
<b>10. Implementation Schedule:</b> 2010–2014
<b>11. Executing Agencies:</b> Civil Aviation Authority.
<b>12. Estimated Benefits and Beneficiaries:</b> Air passengers and air cargo flights in, to/from, and over-flying the Kyrgyz Republic.
<b>13. Social and Environmental Issues:</b> None are foreseen.
<b>14. Priority of Project:</b> High
<b>15. Project Status:</b> Proposed by the Government
<b>16. Follow up Actions Required:</b> Securing financing and implementing project.
<b>17. Issues/Constraints:</b> Securing financing.
<b>18. PSP Opportunities:</b>