



Regional: Railway Sector Development in CAREC Countries

Project Name	Railway Sector Development in CAREC Countries	
Project Number	52137-001	
Country	RegionalAfghanistanAzerbaijanGeorgiaKazakhstanKyrgyz RepublicMongoliaPakistanChina, People's Republic ofTajikistanTurkmenistanUzbekistan	
Project Status	Proposed	
Project Type / Modality of Assistance	Technical Assistance	
Source of Funding / Amount	TA: Railway Sector Development in CAREC Countries	
	People's Republic of China Poverty Reduction and Regional Cooperation Fund	US\$ 1.00 million
	United Kingdom Fund for Asia Regional Trade and Connectivity under the Regional Cooperation and Integration Financing Partnership Facility	US\$ 1.00 million
Strategic Agendas	Inclusive economic growth Regional integration	
Drivers of Change	Governance and capacity development Knowledge solutions Partnerships Private sector development	
Sector / Subsector	Transport - Rail transport (non-urban) - Transport policies and institutional development	
Gender Equity and Mainstreaming	No gender elements	
Description	<p>The knowledge and support technical assistance (TA) will accelerate the sound development of the railway subsector in Central Asia Regional Economic Cooperation (CAREC) countries through (i) railway transport market research; (ii) project identification and preparation; (iii) knowledge sharing; and (iv) capacity development.</p> <p>The TA is aligned with the Asian Development Bank (ADB) Strategy 2030, ADB's Operational Plan for Regional Cooperation and Integration (2016 2020) , the CAREC Strategy 2030, CAREC Transport and Trade Facilitation Strategy 2020 (TTFs 2020), and the CAREC Railway Strategy 2017 2030. It is also complementary to other regional cooperation programs, such as the Belt and Road Initiative (BRI) of the People's Republic of China (PRC), the Transport Corridor Europe Caucasus Asia program supported by the European Union, the Trans Asia Railway supported by the United Nations Economic and Social Council for Asia and the Pacific (UNESCAP) and the Lapis Lazuli Corridor Agreement. The TA supports regional and inter-regional trade and cooperation and promotes ADB as a prime development partner in the railway sector in Central and West Asia, aiming for a strong, long-term engagement with CAREC member countries.</p>	

Project Rationale and Linkage to Country/Regional Strategy	<p>Transport remains the primary vehicle for regional cooperation and integration in CAREC countries. Aiming to transform CAREC countries from land-locked to land-linked status, the CAREC program supports the expansion of trade and improvement of economic development by more closely connecting the CAREC region with its larger and rapidly growing neighbors. Central Asia has great potential to benefit from growing Eurasian transit traffic and the intraregional trade which will develop in the coming decades. The development of an effective, efficient, sustainable, safe, and user-friendly multimodal corridor network is the primary means of achieving this goal. Transport has therefore remained the largest sector of activity in the 17-year history of the CAREC Program, accounting for more than 80% of investments and amounting to \$25 billion.</p> <p>Despite their importance, railways are struggling to remain competitive. Since rail networks have a long life, existing network configurations do not necessarily match new traffic patterns; many railways in the region are struggling to adapt to these changing conditions. Besides gaps in effective railway infrastructure, the lack of robust commercial capabilities and inadequate legal and regulatory frameworks has caused railway market shares to decline generally, and most railways are not fully able to capture available trade flows. An increasing amount of freight traffic is carried by roads rather than rail, costing the economy more than it should in the form of traffic congestion, road crashes and deterioration of road assets. As a result, interregional and intraregional trade is subjected to high transportation cost and bottlenecks. Further development of railways requires ways to prioritize investments, structure financing and to improve institutions. A regional railway system improved with both infrastructure investments and soft measures will enhance access to regional and international markets and help increase economic growth and social welfare.</p> <p>While new investments are needed to maintain and improve the competitiveness of railways, they are bulky, long-term and risky in nature, making them difficult to attract commercial financing. There is the continued need to seek financing and funding from both government and international financial institutions, with further considerations on how such public funds can crowd in private financing. Furthermore, an adequate regional traffic model is currently lacking, yet required to identify most promising rail transport routes, and hence to prioritize investments in rail infrastructure.</p> <p>The institutional and commercial changes needed to improve financial sustainability of railway organizations are difficult to implement and time-consuming, requiring a systematic injection of knowledge and continued capacity building support. CAREC railways need to engage in a process of commercialization and reform to become efficient, customer-oriented transport operators, making investments economically viable. While the approach and pace of reform will differ among CAREC railway organizations, there is valuable knowledge to share in common areas, such as financial restructuring, corporatization, marketing, asset management, interoperability and railway safety.</p> <p>At the 17th Meeting of the CAREC Transport Sector Coordinating Committee held on 18 20 April 2018 in Istanbul, Turkey, member countries expressed particular interest in regional technical assistance that would help move the work of the RWG further forward to address described common challenges.</p>
Impact	Railway transport is a mode of choice for trade: quick, efficient, accessible for customers, and easy to use throughout the region
Outcome	Railway investments in CAREC countries are prioritized to match market opportunities and backed by sector reforms
Outputs	Regional (rail) traffic model developed Project pre-feasibility facility established Knowledge products prepared Capacity of EA in ADB related concerns improved
Geographical Location	Afghanistan - Nation-wide; Azerbaijan - Nation-wide; China - Nation-wide; Georgia - Nation-wide; Kazakhstan - Nation-wide; Kyrgyz Republic - Nation-wide; Mongolia - Nation-wide; Pakistan - Nation-wide; Tajikistan - Nation-wide; Turkmenistan - Nation-wide; Uzbekistan - Nation-wide

Summary of Environmental and Social Aspects

Environmental Aspects

Involuntary Resettlement

Indigenous Peoples

Stakeholder Communication, Participation, and Consultation

During Project Design

During Project Implementation

Business Opportunities

Consulting Services Individual international and national consultants will be hired on intermittent basis on output-based contracts where appropriate. Resource persons with specialized knowledge on key areas of the TA's scope will also be hired on basis of need. ADB will engage the consultants following the ADB Procurement Policy and ADB Procurement Regulations (2017, as amended from time to time) and their associated staff instructions Terms of Reference for Consultants (accessible from the list of linked documents in Appendix 3).

Responsible ADB Officer	Sluijter, Jurgen
Responsible ADB Department	Central and West Asia Department
Responsible ADB Division	Transport and Communications Division, CWRD
Executing Agencies	<i>Asian Development Bank 6 ADB Avenue, Mandaluyong City 1550, Philippines</i>

Timetable

Concept Clearance	06 Jun 2018
Fact Finding	-
MRM	-
Approval	-
Last Review Mission	-
Last PDS Update	06 Nov 2018

Project Page	https://www.adb.org/projects/52137-001/main
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