

**PROJECT INFORMATION DOCUMENT (PID)
APPRAISAL STAGE**

Report No.: PIDA11180

Project Name	Central Asia Road Links - Tajikistan (P145634)
Region	EUROPE AND CENTRAL ASIA
Country	Central Asia
Sector(s)	Rural and Inter-Urban Roads and Highways (90%), Public administration- Transportation (10%)
Theme(s)	Trade facilitation and market access (40%), Rural services and infrastructure (40%), Regional integration (20%)
Lending Instrument	Investment Project Financing
Project ID	P145634
Borrower(s)	Ministry of Finance
Implementing Agency	Ministry of Transport
Environmental Category	B-Partial Assessment
Date PID Prepared/Updated	14-Oct-2014
Date PID Approved/Disclosed	20-Oct-2014
Estimated Date of Appraisal Completion	14-Nov-2014
Estimated Date of Board Approval	25-Feb-2015
Decision	

I. Project Context

Country Context

Landlocked, largely mountainous, with a population of 8.2 million and a GNI per capita of US\$990 in 2013 (Atlas methodology), the Republic of Tajikistan is not only the poorest country in Central Asia but also in the Europe and Central Asia region. Tajikistan is Central Asia's least accessible, most isolated country, with only limited regional and international connectivity. This is partly a function of the country's geography and topography: internal and regional communications and transportation are problematic, especially in winter. It is also due to regional trade and transit obstacles. The Republic of Tajikistan depends on external trade for its development, and its export-driven business in agriculture and industry requires fast, reliable and economically affordable transport. The Republic of Tajikistan's economic performance has been impressive in recent years, with an annual GDP (US\$8.51 billion in 2013) and growth averaging over 7 percent annually during 2010-2013, and poverty level decreased from 72% in 2003 to 47.2% in 2009 and, based on more recent, albeit not exactly comparable survey data, to about 36 percent in 2012/2013.

Logistics costs in Tajikistan are already very high in an international comparison, accounting for about 18-23 percent of exported value and 16-18 percent of imported value according to a recent

study . These high values greatly impact trade, the competitiveness of domestic products as well as the potential for economic diversification due to the rise of costs of inputs and costs of exports. While railways are the backbone for connectivity solution of the region to regional and international markets, the share of road transport in overall traffic flows has been continually increasing. This is particularly true for short-distance (and at times even for longer distance) and intra-regional movements, especially in countries such as the Republic of Tajikistan and the Kyrgyz Republic given their relatively small rail network. Road transport is sometimes the only option given the alpine topography of the region. It is also favored for time-sensitive items such as fruits and vegetables, textiles and clothing and other consumer goods, which constitute a large share of the region's non-oil sector. Passenger transport in the region is almost exclusively done by cars and buses and served only to some extent by air and railways.

Trade, transit and transportation are encumbered by poor connectivity, both domestically and regionally. Relatively small investments in trans-border links are known to have impacts on “agglomeration” processes disproportionate to the simple economic value-added from lower transport costs. These processes facilitate trade, the competitiveness of domestic products, and the potential for diversification. Regional road transport corridors can dramatically reduce these costs, increase the scope for increased trade. Increasing connectivity to markets and opportunities across borders is a priority of current policies and investments of the governments of the Central Asia Republics.

This agenda is also at the core of the support intended by the World Bank and other development partners. Support towards these objectives has been underway for several years, for example investments in transport infrastructure and upgrades of energy systems and networks. Efforts to rehabilitate six strategic transport corridors in the Central Asia region have been spelled out in the on-going Transport and Trade Facilitation Strategy and Action Plan for 2008-2017 and endorsed by Central Asia Regional Economic Cooperation (CAREC). Within CAREC, medium-term priority projects in the transport sector to be implemented during the period from 2011 to 2015 have obtained confirmed financing in the amount of US\$15.5 billion from development partners and governments. Additionally, within the framework of CAREC, the countries, including the Republic of Tajikistan are currently working together on improving cross-border trade facilitation under the ADB-financed Regional Improvement of Border Services (RIBS) Project (approved in April 2013). Within this project, the national single window is being developed in addition to the upgrade of infrastructure and procedures at selected border crossing points, including the ones targeted by the proposed project.

Sectoral and institutional Context

Rehabilitating and managing the country's transport infrastructure poses particular challenges due to geography and limited international connectivity. The Government of the Republic of Tajikistan puts highest priority towards improving transport connectivity at the national and regional level with a view to transform peripheral regions into the core of new economic neighborhoods, including China and Afghanistan. Severely constrained by the predominantly alpine topography, travel within the country is mostly done by road. The total length of the country's road network is 26,776 km, including 13,968 km under the Ministry of Transport (MoT), or 52.2% of total network. The roads under MoT's responsibility include 5,291 km of international and national roads and 8,684 km of rural roads. The State Program on Transport Sector Development 2010-2025 addresses all aspects of the transport sector, in particular asset management.

Improvements in road operations and asset management practices are slowly being introduced, but much remains to be done. Overloading of trucks is a major problem in the Republic of Tajikistan, increasing road deterioration and overall transportation costs. MoT is currently in the process of reviewing the rules, regulations and standards of axle load control which are currently enforced by the State Service on Control and Regulation with around 287 staff (out of which 47 are in the central office). The State Service uses mobile scales located at borders posts and at its regional offices to enforce current regulations and a ban of traveling during the day has been issued for overloaded trucks with some limited results. The scales available in the country are old and require the vehicles to stop for the control of weight and inspection. . An up-grade of the existing axle-load-control system is planned with the introduction of weight-in-motion technology. To improve asset management and spend limited resources allocated towards maintenance of rehabilitated road sections, MoT is also in the process of creating a modern road database as well as IT hardware and software. This requires additional resources towards the development of procedures as well as a set of equipment to evaluate the network data at project or network level.

II. Proposed Development Objectives

The Central Asia Road Links (CARs) program has the overall development objective to increase transport connectivity between neighboring countries in Central Asia along priority cross-border road links and to support improvements in road operations and asset management practices. The program is the result of a collaborative effort initiated by respective governments in the Central Asia region which has been developed as a regional, multi-phase program considered as a regional transformational project under IDA16 and IDA 17.

The project development objective (PDO) of the Second Phase of the Central Asia Road Links Program (CARs-2) is to increase transport connectivity between the Republic of Tajikistan and neighboring countries along priority cross-border road links in Sugd Oblast and to support improvements in road operations and asset management practices. The road sections to be financed under CARs-2 prioritize connectivity between Sugd Oblast in Tajikistan with Batken and Osh Oblasts in the Kyrgyz Republic and Ferghana Oblast in Uzbekistan.

III. Project Description

Component Name

Rehabilitation of Priority Road Sections in Sugd Oblast

Comments (optional)

This component is expected to finance civil works and consultants' services for the rehabilitation of about 85 kilometers of road sections that link Tajikistan with its neighboring countries including in order of priority (subject to confirmation of filling the financing gap): (i) Kuchkak-Kim-Isfara (by pass)- Guliston (border crossing with the Kyrgyz Republic), (ii) Dehmoi-Proletarsk (including link to intermodal rail terminal)-Mandaniyat (border crossing with the Kyrgyz Republic), and (iii) Kim-Kanibadam-Patar (border crossing with Uzbekistan).

Component Name

Improvement of Road Operations and Asset Management Practices

Comments (optional)

This component is expected to finance the provision of goods and consultants' services to (i) review technical standards, norms, and parameters on vehicle (truck) weight, and axle load limits, and the development of an axle loading control plan as well as procure equipment, (ii) procure roughness

profiler, procure and install traffic count stations, (iii) support the adaptation of the road database as well as the deployment of a road asset management system, and (iv) assist the MoT on the preparation of a Transport Sector Development Strategy until 2050.

Component Name

Project Management and Implementation

Comments (optional)

This component is expected to finance the provision of goods, consultants' services, and training, operating costs, including a financial audit to support project coordination, implementation and management by MoT.

IV. Financing (in USD Million)

Total Project Cost:	54.00	Total Bank Financing:	45.00
Financing Gap:	9.00		
For Loans/Credits/Others			Amount
BORROWER/RECIPIENT			0.00
International Bank for Reconstruction and Development			0.00
International Development Association (IDA)			45.00
Total			45.00

V. Implementation

The overall responsibility for the implementation of all activities under the project will lay with the Ministry of Transport of the Republic of Tajikistan (MoT), including fiduciary responsibility for project execution. The Project Implementation Group (PIG) within the MoT will be responsible for day-to-day administration of project activities which include, inter alia: (i) the management of designated accounts; (ii) financial management and reporting on the overall project; (iii) ensuring the execution of the audit of the project; (iv) preparation of quarterly financial and bi-annual progress reports; (v) the management of the environmental and social safeguards aspects; and (vi) undertaking all procurement and contract management activities for all components. MoT has no prior experience with directly handling the project implementation as other donor-financed projects are being implemented through a structure of separate Project Implementation Units (PIUs) specifically established for the project purpose and with no direct link with MoT. The proposed implementation arrangement of the project is rated as substantial given the high risk country context and concerns related to political interference and corruption in the sector, as well as social tensions in the project area.

VI. Safeguard Policies (including public consultation)

Safeguard Policies Triggered by the Project	Yes	No
Environmental Assessment OP/BP 4.01	x	
Natural Habitats OP/BP 4.04		x
Forests OP/BP 4.36		x
Pest Management OP 4.09		x
Physical Cultural Resources OP/BP 4.11		x
Indigenous Peoples OP/BP 4.10		x

Involuntary Resettlement OP/BP 4.12	x	
Safety of Dams OP/BP 4.37		x
Projects on International Waterways OP/BP 7.50		x
Projects in Disputed Areas OP/BP 7.60		x

Comments (optional)**VII. Contact point****World Bank**

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