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Q1: TITLE OF CASE STORY

The Central Asia Regional Economic Cooperation (CAREC) Program

Q2: CASE STORY ABSTRACT

The Central Asia Regional Economic Cooperation (CAREC) Program is a partnership of 10 countries and six multilateral development partners working to promote and facilitate regional cooperation in the areas of transport, trade facilitation, trade policy and energy. The CAREC Program is a practical, project-based program that has grown from 6 projects worth \$247 million in 2001, to 158 projects worth \$24.6 billion in 2014.

This case story focuses on the success of the CAREC Program in helping facilitate trade through several initiatives in the region.

Q3: LONG DESCRIPTION OF THE CASE STORY

The CAREC 2020: A Strategic Framework for the Central Asia Regional Economic Cooperation Program 2011–2020 (CAREC 2020) was formulated at the end of the first decade of program implementation in 2011 and translated the original program goals into a more focused set of objectives. Strategies and action plans at the sector level have been refined to align with CAREC 2020, including lessons from implementation, and responding to the changing environment. CAREC membership has expanded to include Pakistan and Turkmenistan.

In line with CAREC 2020, the CAREC Transport Sector Coordinating Committee (TSCC) and the Customs Cooperation Committee (CCC) have together been implementing the CAREC Transport and Trade Facilitation Strategy (TTFS). The TTFS seeks to achieve three target outcomes: (i) competitive corridors across the CAREC region; (ii) efficient movement of people and goods through CAREC corridors and across borders; and (iii) sustainable, safe, user-friendly transport and trade networks. The consolidated approach of the TTFS seeks to optimize the use of resources devoted to increasing the region's competitiveness and trade. In 2013, a midterm review of the TTFS was conducted to improve the contribution of sector outputs to outcomes by reexamining their linkages. The refined TTFS reflects the CAREC 2020 strategic framework, the expanded CAREC membership, and lessons learned from the initial phase of implementation. The resulting TTFS 2020, containing an implementation action plan for 2014–2020, seeks to achieve the three original goals more efficiently and comprehensively, and was endorsed at the 12th Ministerial Conference. Completion of the six strategic multimodal corridors continues to be a priority. The TTFS 2020 also introduces corridor extensions that will (i) connect with seaports; (ii) provide alternative routes along existing corridors; (iii) increase geographic coverage and interconnectivity; (iv) include a rail network, which is ideal for long-distance freight; and (v) establish intermodal hubs.

The TTFS 2020 incorporates the results framework which identifies the following outputs in three operational priority areas to meet the CAREC 2020 objectives of expanded trade and improved competitiveness:

(i) a multimodal corridor network developed. consisting of support for corridor extensions. railway network and

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multimodal logistics hub, and improved border-crossing points (BCPs);
(ii) trade and border-crossing services improved, consisting of reformed and modernized customs, coordinated border management, and national single-window systems; and modernized and reformed sanitary and phytosanitary (SPS) measures; and
(iii) institutional strengthening, consisting of improved planning, financing, and management of road and railway assets; road safety management; and increased private sector participation.

The TTFS 2020 identified the following outcome indicators:

(i) Competitive corridors established: (a) a fivefold increase in interregional trade value over the 2005 baseline of \$7.9 billion, and (b) 30% increase in travel speed along CAREC corridor sections to 30 kilometers (km) per hour.

(ii) Efficient movement of goods and people facilitated: (a) 35% decrease in time to clear a BCP to 5.7 hours, and (b) 20% decrease in cost incurred at a BCP to \$149.

(iii) Sustainable, safe, and user-friendly transport and trade networks developed: (a) 60% of the six CAREC corridors with international roughness index of less than 4 meters per km, (b) a regional road safety strategy prepared by 2017 and targets achieved by 2020, (c) national joint transport and trade facilitation committees (NJC)s functioning to sustain integrated transport and trade facilitation initiatives, and (d) transport and trade facilitation capacity strengthened.

Transport:

As early as 2012, 80% of corridor roads targeted in the TTFS 2008-2017 to be in good condition by 2013, was practically achieved. In 2013, 1,312 km were built or upgraded, surpassing the 1,200 km target for the year; this also represents 17% of the total 7,800 km of corridor length identified for improvement by 2020. This achievement brought the cumulative completed length for 2008–2013 to 4,970 km of road sections, which is equivalent to 85% of the 24,000 km targeted to be in good condition.

The additional road length includes the Bishkek–Torugart Road section in the Kyrgyz Republic, the East–West Highway in Azerbaijan, the Western Regional Road in Mongolia, and the Aktau–Beyneu Road in Kazakhstan. The regional Ulaanbaatar– Russian Border Road Rehabilitation Project was mostly completed and is open to traffic.

For railways, approximately 3,226 km amounting to about 85% of the targeted 3,800 km, had been completed. In 2013, construction of the Atamyrat–Ymamanzar– Akina Railway (88 km) was initiated. In other transport subsectors, such as civil aviation, ports, and logistics centers, 13 projects were being implemented.

Trade Facilitation:

Estimates of the 2013 indicators from the CAREC CPMM Annual Report indicated that the average time to clear a border crossing was reduced. The average time taken to clear a border crossing improved by 8% or almost an hour faster, from 10.9 hours in 2012 to 10 hours in 2013. Road border-crossing times shortened remarkably, from an average of 8.9 hours to 5.6 hours, because of shorter durations across almost all corridors.

Examples of recent successful projects with positive developmental impacts:

1. The Hairatan to Mazar-e-Sharif Railway Project in Afghanistan built a 75-kilometer (km) railway line and transshipment facilities and a railway station at Mazar-e-Sharif, and upgraded the marshaling yard and railway station at Hairatan with signaling and telecommunication systems. Rated highly successful, the line established an integrated system connecting the ring road and airport, and to the Uzbekistan rail system, which leads to markets in Asia and Europe. Between 2008 and 2012, freight increased from 4,500 to 6,500 tons per day, trade with Uzbekistan rose from \$3.5 billion to \$6.8 billion, cost of freight transport dropped by \$0.08 per ton/km and freight time fell from 2 hours by road to 1 hour by rail. Job opportunities grew by 10% annually, as 1,200 locals were employed in logistics operations.

2. The North–South Corridor Project in Afghanistan rehabilitated the 140 km Mazar-e-Sharif–Dar-i-Suf road and the 98.9 km Bamyān–Yakawlang road, and installed cross-border facilities in Spin Boldak and Hairatan, and was rated highly successful. Despite the extremely difficult security and weather conditions, outputs were fully achieved. The two roads connect to the major national road network through central Afghanistan and are now two-lane asphalt-paved, and have set a

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benchmark for road quality. Cross-border facilities including scanners, computers with internet connections, and cargo handling equipment, were installed at Spin Boldak. Travel time was reduced from 6 to 1.5 hours between Bamyan and Yakawlang, and from 8 to 2 hours between Dar-i-Suf and Mazar-e-Sharif; towns are now connected during the 4 winter months; vehicle traffic increased by 10%; and vehicle-operating costs dropped by 45%. The overall impact is positive, having linked rural areas to markets, cut transport time by 75%, and reduced transport costs by 40%; traffic volumes quadrupled compared with the 2005 level. Cross-border facilities improved throughput and reduced transaction time.

3. The Road Network Development Program (Project 2) in Azerbaijan, funded by a multitranchise financing facility, improved the 39 km Ganja bypass road, which is in the second largest city and forms part of the country's primary east–west highway from Baku to the border of Georgia, and a main route between the Caspian and Black seas as part of the Asian Highway network to Europe. The project was rated successful. Traffic volume tripled from 1,500 to 4,485 vehicles between 2007 and 2013, travel time shortened from 40 minutes to 20 minutes, and the international roughness index improved from above 6 in 2007 to 2.5 in 2013. As a result, lower freight charges and fares reduced transport costs by 25%–30%. Several local public transport services began operating and the number of fatal accidents dropped by more than 10%. The project stimulated rural growth by improving access to remote areas and allowing a more efficient movement and exchange of goods and services. Local businesses grew by 30% from 2008 to 2012. Residents travel to town centers more frequently, from 5 to 17 times a year.

4. The CAREC Transport Corridor 1 (Bishkek–Torugart Road) Project improved 39 km of the road that connects the capital to the border with the People's Republic of China (PRC), and is the shortest road link from Kashgar in the PRC to consumer markets in the north. Vehicles now travel at 50–90 km per hour compared with 25–35 km per hour. Between 2007 and 2011, trade with the PRC increased from \$417 million to \$936 million, travel time from Bishkek to Kashgar dropped from 3–4 days to 1.5–2 days, average traffic volume increased at 13% annually, and average sales of roadside businesses rose from Som27,633 to Som33,000. The project was rated successful.

5. The Dushanbe–Kyrgyz Border Road Rehabilitation Project (Phase II) in Tajikistan improved 118.7 km along CAREC Corridors 3 and 5, and 59.9 km of rural roads in the Nurobod and Rasht districts. Between 2006 and 2012, daily international freight traffic increased from 10 to 82 trucks, annual average daily traffic on the main road rose from 864 to 2,071 vehicles, and average travel time dropped from 10 to 7 hours. It provided access to markets, jobs, and social services, and was also rated successful.

6. The Regional Customs Modernization and Infrastructure Development Project (Kyrgyz Republic) developed and installed the unified automated information system in 37 border-crossing points (BCPs), with satellite-based communications, and rehabilitated 3 BCPs with antismuggling equipment and power generators. Border-post procedures were also streamlined. Customs processing time dropped from 60 minutes in 2005 to 5–15 minutes in 2012, corruption was reduced as the number of irregularities fell from 4,488 to 3,076 cases, 15 regional customs offices became streamlined to 6, and customs collection rose from \$114 million to \$639 million.

Monitoring and evaluation:

Central Asia Regional Economic Cooperation (CAREC) Program Corridor Performance Measurement and Monitoring (CPMM). Since its inception in 2008, CPMM's process-based methodology has successfully captured data on the time and cost of moving goods along the six CAREC corridors that link member countries to each other and to other global markets. It has proved instrumental in identifying bottlenecks – notably those at border crossing points (BCPs) – and supporting policy reform efforts, particularly in formulating concrete, actionable measures to improve the operational efficiency of these corridors and facilitate trade flows in the region.

CPMM was conceived as a tool for monitoring and evaluating the progress of TTFS implementation. The TTFS mandates that the performance of the six priority transport corridors be measured and monitored periodically to: (i) identify causes of delays and unnecessary costs along the links and nodes of each CAREC corridor, including BCPs and intermediate stops; (ii) help authorities determine courses of action to address

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identified bottlenecks; and (iii) assess the impact of regional cooperation initiatives.

The CPMM methodology is based on a Time-Cost-Distance framework and involves four major stakeholders: namely the (1) drivers, (2) CPMM partners/coordinators, (3) field consultants and (4) ADB as the CAREC secretariat.

Q4: Please add here web links to project/programme materials.

<http://www.carecprogram.org>

<http://www.carecprogram.org/uploads/docs/CAREC-DEfR/CAREC-Development-Effectiveness-Review-2013.pdf>

<http://www.carecprogram.org/index.php?page=carec-projects>

<http://www.carecprogram.org/uploads/pages/corridor-map-1024x640.gif>

<http://www.carecprogram.org/uploads/docs/CAREC-CPMM-Reports/CAREC-CPMM-Annual-Report-2013.pdf>

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Q5: YOUR CONTACT DETAILS

Name:	Alisa Dicaprio
Ministry/Institution/Organization:	Asian Development Bank
Country:	.
Email Address:	.

Q6: FUNCTION

Public sector

Q7: FUNDING PARTNER Tick the appropriate box(es)

Bilateral donor, Multilateral organization,
South-South partner, Private sector,
Other (please specify)
Governments or CAREC Countries

Q8: Additional information

Respondent skipped this question

Q9: START DATE OF PROJECT/PROGRAMME

Respondent skipped this question

Q10: STATUS OF PROJECT/PROGRAMME

On-going

Q11: DURATION OR, IF ON-GOING, EXPECTED DURATION OF PROJECT/PROGRAMME

More than 5 years

Q12: COST OF PROJECT/PROGRAMME

More than US\$20 million

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Q13: Additional information

Since 2001, 158 projects worth \$24.6 billion have been approved (loans, grants, and technical assistance). For a complete list see <http://www.carecprogram.org/index.php?page=carec-projects>

Q14: TYPE OF FUNDING FOR PROJECT/PROGRAMME

Loan

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Q15: PROJECT/PROGRAMME TYPE

Regional

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Q16: SINGLE COUNTRY/CUSTOMS TERRITORY

Respondent skipped this question

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Q17: REGION(If the region does not appear in the drop down menu, please enter manually.)

Other (please specify) Central and West Asia

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Q18: MULTI-COUNTRY(Enter all countries or customs territories)

•Afghanistan, Azerbaijan, People's Republic of China, Kazakhstan, Kyrgyz Republic, Mongolia, Pakistan, Tajikistan, Turkmenistan, Uzbekistan

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Q19: CASE STORY FOCUS Tick the appropriate box(es)

REDUCING TRADE COSTS FOR MERCHANDISE GOODS

,
Customs reform, Other border agency reforms,
Upgrading transport infrastructure

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Q20: HOW SUCCESSFUL WAS THE PROJECT/PROGRAMME Tick the appropriate box(es)

Successful

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Q21: WHAT WERE THE OUTPUTS OF THE PROJECT/PROGRAMME Tick the appropriate box(es)

Officials trained, New customs procedures,
New other border agency procedure,
New border equipment (e.g. scanner),
New or updated one-stop border post,
New or updated electronic single window,
New border infrastructure (e.g. customs offices, storage, etc.)
,
New or updated transport infrastructure (e.g. roads, bridges, airports)

Q22: Additional information(maximum 300 words)

- i) a multimodal corridor network developed, consisting of support for corridor extensions, railway network and multimodal logistics hub, and improved border-crossing points (BCPs);
- (ii) trade and border-crossing services improved, consisting of reformed and modernized customs, coordinated border management, and national single-window systems; and modernized and reformed sanitary and phytosanitary (SPS) measures; and
- (iii) institutional strengthening, consisting of improved planning, financing, and management of road and railway assets; road safety management; and increased private sector participation.

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Q23: WHAT WERE THE OUTCOMES OF YOUR PROJECT/PROGRAMME Tick the appropriate box(es)

Reduction in road haulier waiting times,
Reduction in customs clearance time,
Reduction in other border agency clearance time
,
Increase in merchandise imports,
Increase in merchandise exports,
Increase in road haulage volumes

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Q24: Additional information(maximum 300 words)

The CAREC Program is ongoing. Please refer to <http://www.carecprogram.org> for updated information.

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Q25: WHAT WERE THE IMPACTS OF THE PROJECT/PROGRAMME Tick the appropriate box(es)

Increase in domestic investment,
Increase in foreign investment,
Export market diversification,
Import market diversification,
Reduction in export market concentration,
Reduction in import market concentration,
Reduction in incidence of absolute poverty

Q26: Additional information(maximum 300 words)

Respondent skipped this question

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Q27: LESSONS LEARNT Tick the appropriate box(es)

Importance of agreeing clear project implementation responsibilities

Q28: Additional information(maximum 300 words)

Respondent skipped this question

Q29: PROJECT OR PROGRAMME MONITORING AND EVALUATION FRAMEWORK Tick the appropriate box(es)

M&E framework used, Project baselines set