



# Central Asia & Tajikistan Transport Sector Development Challenges

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Transportation Through Central Asia Until the Year 2015  
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## Presentation Outline

- Central Asia regional transport issues, including roads, rail and air transport
- Tajikistan transport sector (rail, road and aviation)
- World Bank activities in the sector
- Challenges that the Bank can help addressing
- Examples of Bank interventions in Europe and Central Asian (ECA) Region



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## Central Asia Road Transport

- About 66,000 km of main roads, of which 29,000 km carry most of the regional and international traffic
- Most major roads run north–south reflecting orientation of trade with Russia
- Few east–west main roads, several missing links
- Road and Rail connections are not well developed
- Rapidly increasing traffic levels and change in the types of vehicles (40T trucks are now common)
- Deteriorating road network conditions
- Truck fleet is generally of poor quality – the majority of trucks were part of the previous state transport fleets during the FSU, and do not meet international transit standards (TIR)
- Most of the fleet is privately owned and operated, usually by sole traders or by small and medium enterprises



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## Central Asia Road Network Condition

- Much of the road network is in poor condition
  - maintenance budgets are generally low, partly because fuel and other road user charges are low by international standards;
  - technical standards of the road networks are based on the FSU specifications (6T axles) and are inappropriate for current traffic levels (12T axles);
  - there is limited use of new technologies and techniques in road construction and maintenance
  - National road enterprises responsible for road maintenance, little use of private sector
- Need to strengthen institutional capacity of road organizations to adopt modern road management practices



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# Central Asia Rail Transport

- Rail network extends for more than 22,000 km, significant proportion in poor condition with speed restrictions
- Most lines oriented north-south, also reflecting vital industrial and strategic needs of the FSU
- Rail links often cross borders several times
- Disjointed networks in TAJ and KRG - dependency on UZB
- All are state owned enterprises (some privatization planned in KAZ)

Railways	Total Route Length (km)	Freight transport (million ton-km)	Passenger transport (million passenger-km)	Number of Staff ('000)	Labor productivity (tkm+pkm/staff)
Kazakhstan	14,648	147,700	10,686	176,800	1,254
Kyrgyzstan	424	561	50	4,756	69
Tajikistan	482	1,085	41	6,013	60
Turkmenistan	2,554	7,476	1,127	15,932	159
Uzbekistan	3,993	18,887	2,065	42,449	429
<b>TOTAL</b>	<b>22,101</b>	<b>175,709</b>	<b>13,969</b>	<b>182506</b>	<b>1,988</b>

Source: Railways in Central Asia, Turkmenistan data for 2002, Tajikistan data for 2002.



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# Central Asia Rail Operations

- Relatively high labor productivity in KAZ; low in other countries
- Predominantly freight: 92% of traffic units and higher for revenues
- Passenger services heavily cross-subsidized by freight revenues
- Main advantage is common standards for infrastructure and rolling stock, providing for high level of interoperability (compared to Europe)

	Traffic density Traffic units/route-km (million)	Labor Productivity Traffic units/employee (000)
EU Railways*	3.67	650
Central Asian Railways	8.38	954
Kazakhstan	10.55	1,263
Kyrgyz Republic	1.02	88
Tajikistan	2.05	187
Turkmenistan	3.37	540
Uzbekistan	5.61	488

\* - excluding UK



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## Central Asia Regional Aviation

- UZB and KAZ have moderate domestic markets
- KAZ, UZB and TKM have well developed international hubs
- Tourism is relatively underdeveloped though high potential
- UZB & TKM state owned carriers with both "Russian" and "western" aircraft, KAZ has one dominant airline with mostly western aircraft. KRG and TAJ have small operators
- Considerable variation in size and quality of airports and services

Key Indicators of CAR Air Services (2004)					
	Aircraft Departures (Thousands)	Passengers Carried (Thousands)	Air Freight Ton -Km (millions)	Inbound Tourists (Thousands)	Outbound Tourists (Thousands)
Kazakhstan	20	1,010	21	2,410	2,374
Kyrgyz Republic	5	205	5	140	45
Tajikistan	7	413	7	4	3
Turkmenistan	25	1,412	14	NA	NA
Uzbekistan	22	1,466	71	231	400

Source: 2005 World Development Indicators, World Bank 2005



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## Suggested Recommendations for Central Asia Regional Aviation

- Kazakhstan and Uzbekistan should explore the benefits of liberalization
- Kyrgyz Republic and Tajikistan should explore closer cooperation
- Possible role for International organizations:
  - Coordination of technical assistance
  - Co-sponsor seminars to enhance synergies between aviation and tourism sectors,
  - Engage private sector and governments to ensure a wider commitment for and understanding of policy changes and its impacts
  - Co-sponsor a regional workshop on air cargo needs



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## TAJIKISTAN - Map of Automobile Road and Railroad Development



## Tajikistan Today

- Politically very stable
- Consistent and outward oriented economic policies
- Continuance in economic team
- Consistently high rates of economic growth
- Situated in the middle of the growth quadrangle of China, Russia, India and Kazakhstan - spillover effect?
- Possesses vast amount of energy resources, exports aluminum and cotton
- Result - attractive to foreign investment



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## Tajikistan Transport Sector Overview - Roads

- The *truck fleet* aging and decreasing by 2% annually
- *Transport performance* 5 times less than average in similar countries
- *The network:*
  - 5000 km main roads and 9000 secondary roads
  - IFIs and bilaterals active in rehabilitation of trunk roads (ADB, IsDB and China)
  - Secondary roads are largely neglected, w/ 80% in poor condition
- *The financing:*
  - State budget covers only 20% of the needs - \$14M in 2006
- *Construction Industry:*
  - Maintenance and investment firms
  - 60 (state owned) maintenance organizations or GUSADs around the country; depend upon state budget transfers
  - 130 registered construction firms, none of which qualified to conduct large works
  - Only \$7M out of \$500M ongoing contracts awarded to domestic firms



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## Tajikistan Transport Sector Overview - Rail

- Extends 560 km - part of Central Asian rail network
  - Cannot function autonomously (Northern and Southern parts not connected directly)
  - 80% of international traffic goes thru Uzbekistan
- No IFI/bilateral involvement in developing the railway subsector
- Tajik Rail Business Plan includes:
  - A new connection to South
    - Dushanbe-border of Afghanistan
  - Electrification of Northern part around Khujand area
    - Main corridor for freight in Ferghana valley



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## Dushanbe – Vakhsh Railway Link

### Objectives (as per MOTC):

- Increase in the volume of cargo and passenger carriage
- Reliable railway link between the capital and Khatlon Region, whilst bypassing Uzbekistan's territory
- In the long term, this link could be utilized as transit for the cargo and passenger trains commuting to Pakistan via Afghanistan.
- Direct effect in poverty reduction in Tajikistan (needs to be accurately measured) through:
  - o Effecting the consumer prices, as the transportation cost constitutes as much as 60-70% in the pricing structure of the imported goods
  - o Creating new work places, thereby contributing to decrease of unemployment rates



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## Tajikistan Transport Sector Overview - Air

- Relatively well-developed
- Main airports:
  - Dushanbe - 3100 m runway
  - Khujand - 2600 m runway
  - Can now accommodate jumbo jets
- Tajik Air
  - Soviet-inherited fleet of 40 different aircrafts
  - Makes money only from international flights, domestic flights are largely unprofitable
- On-going dialogue of the Bank with GoRT:
  - Programmatic Development Policy Credit framework
  - Three entities to separately manage infrastructure, operations and air control/navigation
  - The unbundling process will end in 2008 (the Bank's proposal)



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## There are number of challenges that need to be met

- The challenges are threefold:
  - Remote Location
  - Limited Scale of Domestic Market
  - Mountainous Terrain
- Key issues:
  - Weak management
  - Railway and aviation reforms necessitated by the GoRT (ref: National Development Strategy)
  - Subsidies in rail, aviation and urban transport; compensation mechanisms largely inadequate
  - Weak domestic construction industry
  - Insufficient level of financing for road maintenance

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## World Bank Activities in Transport

- Transport Sector Exploration Mission in February 2007
  - Did an overview of the sector, identified key challenges in the sector
- ADB is leading efforts in transport
- Current CPS (ends in FY09) does not envisage any financing in transport sector
- World Bank probably to focus on Economical and Sector Work
  - Proposed Transport Sector Policy Advisory Note to help the GoRT adopt a strategic approach for development of the transport
- However, comparative advantage of the Bank should be deployed to address most critical issues in the sector

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## Key issues that the Bank will probably help to address

- **Cost recovery of ongoing investment projects**
  - Dushanbe-Chanak highway (\$280M Chinese financing) an example
    - Introduce tolling in some sections of the road (e.g. Shahrستان and Anzob Tunnels)
    - Great exercise for a PPP
- **Improved road maintenance activities**
  - On a pilot-basis, introduce Output and Performance Based Maintenance to commercialize relationship of GUSADs with the MOTC
- **Review of Tajik Railway business plan:**
  - Bank has a long experience in railway restructuring in the region (Romania, Georgia, Turkey, Azerbaijan and Poland)
- **Review of Aviation Sector**
- **Trainings**



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## Examples of World Bank Interventions Lending

- **Highway rehabilitation in Poland** - three operations prepared and disbursed very quickly using country systems
- **Trade and Transport Facilitation in Croatia:** Rijeka Gateway Project improvements ports, highway interchange, customs, cargo storage areas
- **Romania Railway Restructuring Projects** - financing of staff redundancy, network modernization
- **Support to the transportation corridors in the South Caucasus**



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## Examples of World Bank Interventions Analytical Work

- Advice on use of PPPs in transport:
  - overall strategy and how-to seminars (Russia);
  - sub-sector strategy (Bulgaria);
  - specific transactions (Hungary, Georgia);
  - ex-post evaluation (Romania).
- Advice on railway restructuring: Croatia
- Railway integration study in South East Europe
- Rapid rural infrastructure assessment: Armenia, Georgia
- Overall transport sector strategy: Russia, Ukraine



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**Thank You!**



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