Priorities of Hard and Soft Infrastructure Improvement in North and Central Asia. The Case of North-South Transport Corridor

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A Leading Multilateral Development Bank in Eurasia

17 Years of stable growth and investment in sustainable development

276 successful national development projects and integration projects

$7bn EDB charter capital

$4,6bn current investment portfolio

$1,8bn equity

The EDB invests in promoting better living standards for >200 million people living in Eurasian region

As of 31 April 2023
Eurasian Transport Network

Sinergy by connecting East – West and North – South transport corridors in Central Asia

9%
Growth in the length of the paved road network in 2000-2021.

2x
Reduction of road deaths in 2000-2021

200x
Growth in the number of container trains in China – Europe – China traffic over the past 10 years

660+34 thousands TEU
Transit traffic through Central Asia in 2022 along UTLC ERA and TITR

VPoA Priority 1: Fundamental transit policy issues
VPoA Priority 4: Regional Integration and Co-operation
The aim of the report is to propose steps to develop hard and soft infrastructure of the International North–South Transport Corridor (INSTC).

102

Infrastructure projects identified (for a total amount 38.2 bn $)

>40

barriers for elimination by soft infrastructure improvement

VPoA Priority 1: Fundamental transit policy issues
Barriers in the field of hard and soft infrastructure

**VPoA Priority 2: Infrastructure development and maintenance**

- Roads
- Railways
- Ports and terminals
- Inland waterways, canals
- Transport and logistics centres
- Border crossing points
- Shortage of investment in development
- Missing links
- Bottlenecks

**VPoA Priority 3: International trade and trade facilitation**

- Intermodal services
- Border crossing
- Limited financial resources available to the country
- Non-harmonised procedures
- Idles time at border crossing points
- No through rate
- Mutual settlements
- Permits
- Weight and dimension standards
- Papers and procedures
- Visas for professional drivers
- Non-optimised legal regime
- Inadequate level of cooperation among countries, carriers, and logistics operators
**INSTC Investment projects**

**Group 1 (priority)**
1. Modernization of the Baku-Baku railway link.
3. Construction of the Hadrut-Agdam section of the railway.
4. Modernization of the Astara RSCP.
6. Construction of a new bridge terminal at the capital.
7. Stage 2-4 of construction of the new section of the M25 road.

**Group 2**
2. Construction of the Baku-Russian border crossing.
4. Reconstruction of the bridge over the river in the center of the city.
5. Reconstruction of the railway link.
6. Reconstruction of the railway link.
7. Reconstruction of the railway link.
9. Reconstruction of the railway link.
10. Reconstruction of the railway link.

**Group 3**
1. Reconstruction of the railway link.
2. Reconstruction of the railway link.
3. Reconstruction of the railway link.
4. Reconstruction of the railway link.
5. Reconstruction of the railway link.
6. Reconstruction of the railway link.
7. Reconstruction of the railway link.
8. Reconstruction of the railway link.
9. Reconstruction of the railway link.
10. Reconstruction of the railway link.

**North-South Route**

- **Roads**
- **Railways**

**Source:** EBRD

**VPoA Priority 2: Infrastructure development and maintenance**
Investment projects – challenges and opportunities

Western INSTC Route getting **69%** of total investments to priority projects (Group 1)

<table>
<thead>
<tr>
<th>Sector</th>
<th>Priority 1</th>
<th>Priority 2</th>
<th>Priority 3</th>
<th>Total Investments ($ billions)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Roads</td>
<td>4.61</td>
<td>5.06</td>
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<td>11.74</td>
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<tr>
<td>Railways</td>
<td>3.64</td>
<td>5.35</td>
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<tr>
<td>Sea Ports</td>
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<td>Maritime Transport</td>
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<td>0.12</td>
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<tr>
<td>Border Crossing Points</td>
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<tr>
<td>Shipbuilding</td>
<td>0.02</td>
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<tr>
<td>Inland Waterways</td>
<td>0.58</td>
<td>1.40</td>
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</tbody>
</table>

Public financing - **67** out of **102** projects

VPoA Priority 2: Infrastructure development and maintenance
Bankable projects in the focus of attention of MDBs and private sector

Bankable projects:

- Toll roads,
- Roadside ancillary infrastructure, incl. logistical centers and BCPs,
- Transport fleet modernization,
- Digital infrastructure

could be implemented as public-private partnerships
Soft infrastructure improvement

1. Harmonisation of border crossing procedures, including customs formalities
2. Through rates and coordination of tariff policies
3. Improvement of payment, mutual settlement, and insurance mechanisms
4. Digitalisation of shipping documents and procedures
5. Coordination mechanism for corridor management
6. A marketing policy designed to attract new traffic

VPOA Priority 3: International trade and trade facilitation
Cross-Border PPPs: New EDB Study

1. Cross-border PPPs: Definition, Criteria, Areas of Implementation
2. International Best Practices: 5 Cases in the sectors of Road, Rail, Pipeline Transport and Energy
3. Cross-border PPPs in the EAEU and Central Asia: Prospects, Risks, Opportunities
4. Guidelines for Cross-Border PPPs

will be published on June 8, 2023
Thank you for your attention!