



PAGE 4: B.1) YOUR CASE STORY: TITLE AND DESCRIPTION

Q1: TITLE OF CASE STORY

Hairatan (Norther Uzbekistan) to Mazar-e-Sharif (Afghanistan) Railway Project

Q2: CASE STORY ABSTRACT

ADB has helped open up Afghanistan to increased trade and commerce through the construction of a new rail system. The Project involves the construction of a new 75 kilometers (km) railway line between Hairatan at the border with Uzbekistan and Mazar-e-Sharif in Afghanistan. The Project represents a first phase of a larger rail network planned across the north and other parts of the country, including links to Herat, Tajikistan, and Pakistan. It expands the existing transport network in Afghanistan and improves substantially internal and international connectivity. The Project is part of the Transport Strategy and Action Plan agreed under the Central Asia Regional Economic Cooperation (CAREC) Program. It adds capacity to two transport corridors under CAREC and is opening up alternative routes of supply for national and international trade, as well as for humanitarian relief to Afghanistan.

Q3: LONG DESCRIPTION OF THE CASE STORY

Rationale:

The Project was designed to support Afghanistan develop a reliable, efficient, safe, and sustainable transport link within the country and between the country and its neighbors. Hairatan was identified as Afghanistan's most important dry and river port, acting as the gateway for almost half of Afghanistan's total imports. Key commodities and goods moving through this point include oil and fuel, wheat and flour, fertilizer, construction materials such as cement and bitumen, agricultural and off-highway equipment and consumer goods. Hairatan is also a largest port for the supply of humanitarian relief to Afghanistan. However, the existing transport infrastructure and facilities at Hairatan could not cope with an expanding volume of trade and humanitarian relief. An existing rail line between Termez in Uzbekistan and Hairatan did not have a rail link into Afghanistan. Freight destined for Afghanistan and beyond had to be off-loaded and reloaded into trucks at this border. This is both slow and extremely costly. Moreover, other established trade and supply routes servicing Afghanistan were disrupted because of security constraints. The Termez Hairatan railway line helps but Afghanistan and other Central Asian countries would benefit if this were to be extended into Mazar-e-Sharif ending at the airport there, which is being expanded with German assistance, and connecting to the Ring Road being financed by the Asian Development Bank (ADB). This expanded rail line was therefore found to be important in removing major critical physical bottlenecks at the border, quadrupling capacity and ultimately aiding regional trade. A second important feature of the Project was its strong strategic and logistical content to countries in Central Asia. Afghanistan is the natural transit route to reach ports in Pakistan and the Caspian, for the onward sale of goods to South and East Asia, Middle East, and Europe. The railway line cuts bottlenecks at Hairatan, raises the profile of Afghanistan as a transit route and complements the connectivity improvements arising out of the two CAREC corridors (3 and 6), now under construction.

In December 2011, 2 years after the project broke ground, the Hairatan to Mazar-e-Sharif railway was operational. Goods could be transported in trucks along Afghanistan's main road system from Mazar-e-Sharif

PUBLIC SECTOR CASE STORY TEMPLATE

in Balkh Province, about 300 kilometers north of the capital city of Kabul, and then shipped efficiently by rail into Uzbekistan and further to Central Asia and Europe. Vital relief goods and other materials could flow in from the other direction as well.

Impact:

More than 7 million people have benefited from the new railway through jobs and increased trade. This has included freight operators, traders, businesses, and local communities served by the railway. Having an efficient, safe, and reliable railway transport network operating in northern Afghanistan has resulted in people getting jobs in areas where opportunities were very limited. Employment in the project area has grown by more than 10% per year since 2010. About 1,200 people are currently employed in logistics and unloading operations, while more jobs are expected to emerge in logistics services at railroad stations.

The benefits are spreading throughout Afghanistan as the railway promotes economic growth, as well as regional trade and cooperation. The lower transport costs have reduced the price of goods and have resulted in higher quality goods coming into the country.

The project constructed new stations between Hairatan and Mazar-e-Sharif and installed modern signal and telecommunication systems for safe and efficient operation.

By 2012, freight transported by train had reached about 6,500 tons per day, and the volume of vehicle traffic on the old, overburdened road had decreased. The freight travel time from Hairatan to Mazar-e-Sharif had been cut from 2 hours by road to 1 hour by rail, while carbon dioxide emissions from heavy vehicles had dropped from 2.3 million tons to 1.7 million tons per year.

As goods move efficiently back and forth across the border, businesses are enjoying the benefits. Local companies registered growth of about 15%-65% between 2009 and 2012 in Balkh Province. The value of trade between Afghanistan and Uzbekistan reached \$732 million in 2011 and 2012, up from \$170 million in 2008. The value of Afghanistan's total trade was \$6.8 billion in 2011 and 2012, an increase from \$3.5 billion in 2008.

Normally, 5 years are needed for such an undertaking. To make such an impact in a record time of 2 years in a challenging environment, ADB had to use various innovative methods. These included taking advance actions before the project was approved, and using an operation and maintenance contract that rewarded the Uzbekistan railway company for performing the work efficiently

Links to the future:

The success of the rail system has paved the way for a national railway development plan, which is being developed with ADB's help. The future railway system, expected to be developed by 2025 and covering 4,425 kilometers, will link the country's major population centers. It is also expected to help make the country a strategic north-south trade corridor between Central and South Asia and, through further links, to the sea.

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

http://adb.org/projects/details?page=details&proj_id=42533-022

<http://www.adb.org/news/us-treasury-awards-ADB-landmark-afghan-railway-project>

<http://www.adb.org/features/building-afghanistans-new-railway-lifesaving-link>

<http://www.adb.org/features/laying-tracks-border>

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Q5: YOUR CONTACT DETAILS

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

Q6: FUNCTION

Public sector

Q7: FUNDING PARTNER Tick the appropriate box(es)

Respondent skipped this question

Q8: Additional information

Respondent skipped this question

Q9: START DATE OF PROJECT/PROGRAMME

September 2009

Q10: STATUS OF PROJECT/PROGRAMME

Fully implemented

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

1-3 years

Q12: COST OF PROJECT/PROGRAMME

More than US\$20 million

Q13: Additional information

The 75-km railway was funded with a \$165 million ADB grant

Q14: TYPE OF FUNDING FOR PROJECT/PROGRAMME

Grant

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Q15: PROJECT/PROGRAMME TYPE

Single country / customs territory

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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.)

Respondent skipped this question

PAGE 9: C.2) ABOUT THE CASE STORY

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

Respondent skipped this question

PAGE 10: C.4) ABOUT THE CASE STORY

Q19: CASE STORY FOCUSTick the appropriate box(es)

Upgrading transport infrastructure

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

Very successful

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

Officials trained,

New or updated transport infrastructure (e.g. roads, bridges, airports)

,

New network infrastructure (e.g. broadband)

Q22: Additional information(maximum 300 words)

A new 75-km single railway line with 1520 mm gauge constructed. Marshalling yard upgraded to handle 20,000 ton per day and a railway station constructed. Signalling and telecommunication systems installed. A performance based O&M contract was signed between the government and the O&M operator on 27 July 2011. The government has prepared a draft long-term plan for 2013-2025 for the development of the railway sector covering about 4,425 km. The draft legal and regulatory framework prepared by the consultants in 2012 has been reviewed by the government. The government is presently finalizing the same. About 32 staff of the government has been trained. In addition, staff in batches of 10 are planned to be trained in next 2 years under the ongoing operation and maintenance contract.

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

Increase in merchandise imports,
Increase in merchandise exports

Q24: Additional information(maximum 300 words)

The line is helping to slash travel time, lower freight costs, and expand cross-border freight consignments allowing for some 4 million tons of goods to be transported in the first year of operation.

By 2012, freight transported by train had reached about 6,500 tons per day, and the volume of vehicle traffic on the old, overburdened road had decreased. The freight travel time from Hairatan to Mazar-e-Sharif had been cut from 2 hours by road to 1 hour by rail, while carbon dioxide emissions from heavy vehicles had dropped from 2.3 million tons to 1.7 million tons per year.

As goods move efficiently back and forth across the border, businesses are enjoying the benefits. Local companies registered growth of about 15%-65% between 2009 and 2012 in Balkh Province. The value of trade between Afghanistan and Uzbekistan reached \$732 million in 2011 and 2012, up from \$170 million in 2008. The value of Afghanistan's total trade was \$6.8 billion in 2011 and 2012, an increase from \$3.5 billion in 2008.

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

Increase in employment,
Increase in women's employment,
Increase in per capita income

Q26: Additional information(maximum 300 words)

Employment in the project area has grown by more than 10% per year since 2010. About 1,200 people are currently employed in logistics and unloading operations, while more jobs are expected to emerge in logistics services at railroad stations.

Increase in economic growth and regional trade and cooperation

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Q27: LESSONS LEARNT Tick the appropriate box(es)

Other (please specify) (no reply provided)

Q28: Additional information(maximum 300 words)

Respondent skipped this question

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

Other (please specify) (no reply provided)