FROM NEGOTIATION TO INVESTMENT, CONSTRUCTION, & TRADE:
A NEW DECADE OF PROGRESS

RECCA Annual Review 2016

Islamic Republic of Afghanistan
Ministry of Foreign Affairs

www.recca.af
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In the name of Allah, the Most Merciful, the Most Compassionate,

On September 7, 2016, following a 7300 kilometers and fourteen-day journey, the first freight train fully stocked with goods from eastern China arrived at Hairatan Rail Station in northern Afghanistan. Twice monthly trains from China will return from Afghanistan with our finest marble, leather, wool, cashmere, saffron, pine seed, and dried fruit products. This new “Sino-Afghanistan Special Railway Transportation Project” follows from the One-Belt-One-Road Initiative Memorandum of Understanding that I co-signed, on 16 May 2016, with my Chinese counterpart H.E. Foreign Minister Wang Yi in Beijing.

The Silk Road through Afghanistan is becoming a reality—brick-by-brick, with the arrival of new shipping containers by rail and road, through the transfer of digital data, and as each negotiation between regional governments unleashes the full potential from greater business-to-business and people-to-people interaction between our proud nations and rich cultures of Eurasia. This is why we have chosen the theme “From Negotiation to Investment, Construction, and Trade: A New Decade of Progress” as the theme for the RECCA Annual Review 2016.

Since its initial gathering in December 2005 in Kabul, the Regional Economic Cooperation Conference on Afghanistan has demonstrated Afghanistan’s utility as a lynchpin for connectivity and regional economic cooperation located at the Heart of Asia. At the same, the agenda for action promoted at consecutive RECCA forums held over the past decade has demonstrated tangible results for the Afghan people—as detailed in this ten-year progress update—in the form of increased economic growth, employment opportunities, public revenue, and trust and confidence-building through an ever expanding network of investments and cross-border exchanges with our neighbors and broader region.

The RECCA Annual Review 2016 serves as a contribution to the Regional Economic Cooperation Side Event (“Dialogue on Regional Infrastructure Priorities”) for the Brussels Conference on Afghanistan (4-5 October 2016) and the forthcoming RECCA Regional Business Forum this November in Istanbul. In doing so, it underscores the importance of the National Priority Programs on, in particular, Infrastructure and Connectivity Development, Energy, Private Sector Development, and National Mineral and Resource Development, as well as the corresponding Development Councils and Self-Reliance through Mutual Accountability Framework (SMAF).

This Review also seeks to lay the groundwork for the Seventh Regional Economic Cooperation Conference on Afghanistan, planned for 2017 in Ashgabat, Turkmenistan. Through Regional Consultations (including on-line dialogues through www.recca.af) and Investment Road Shows, we hope to develop together with our regional partners an economic strategy that benefits all countries and peoples of Central, South, and Southwest Asia.

I wish to personally thank the RECCA Regional Focal Points, Afghan Ministries and Agencies, and international partners, including the UN Development Programme, who contributed to the preparation of this Review.

Sincerely,

Salahuddin Rabbani
Minister of Foreign Affairs
<table>
<thead>
<tr>
<th>Abbreviation</th>
<th>Description</th>
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<tr>
<td>ACCI</td>
<td>Afghanistan Chamber of Commerce and Industries</td>
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<td>ADB</td>
<td>Asian Development Bank</td>
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<td>AFRA</td>
<td>Afghanistan’s Railway Authority</td>
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<td>AISA</td>
<td>Afghanistan Investment Support Agency</td>
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<td>ANRP</td>
<td>Afghanistan National Railway Plan</td>
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<td>AIIB</td>
<td>Asian Infrastructure Investment Bank</td>
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<td>AKT</td>
<td>Afghanistan-Kyrgyz Republic-Tajikistan</td>
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<td>APTTA</td>
<td>Afghanistan-Pakistan Trade &amp; Transit Agreement</td>
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<td>ASYCUDA</td>
<td>Automated System for Customs Data</td>
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<td>ATAR</td>
<td>Afghanistan Trade &amp; Revenue Projects</td>
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<td>ATGP</td>
<td>Afghanistan Tajikistan Gas Pipeline</td>
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<td>CASA-1000</td>
<td>Central Asia South Asia 1000 MW Electricity Line</td>
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<td>CAREC</td>
<td>Central Asia Regional Economic Cooperation</td>
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<td>CPEC</td>
<td>China-Pakistan Economic Corridor</td>
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<td>CBA</td>
<td>Central Bank of Afghanistan</td>
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<td>CBTA</td>
<td>Cross Border Trade Agreement</td>
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<td>CSATTF</td>
<td>Central and South Asia Transport and Trade Forum</td>
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<tr>
<td>CCI</td>
<td>Chamber of Commerce and Industries</td>
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<td>DABS</td>
<td>Da Afghanistan Breshna Sherkat</td>
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<td>DGEC</td>
<td>Directorate General for Economic Cooperation</td>
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<td>DPs</td>
<td>Dry Ports</td>
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<td>CHP</td>
<td>Combined Heat &amp; Power</td>
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<td>EBRD</td>
<td>European Bank for Reconstruction Development</td>
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<td>EU</td>
<td>European Union</td>
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<td>FDI</td>
<td>Foreign Direct Investment</td>
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<td>FTZ</td>
<td>Free Trade Zone</td>
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<td>GAIL</td>
<td>Gas Authority of India Limited</td>
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<td>GoA</td>
<td>Government of Afghanistan</td>
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<td>GDP</td>
<td>Gross Domestic Products</td>
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<td>GCC</td>
<td>Gulf Cooperation Council</td>
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<td>HVDC</td>
<td>High Voltage Direct Current</td>
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<td>IDB</td>
<td>International Development Bank</td>
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<td>IFC</td>
<td>International Finance Corporation</td>
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<td>IMF</td>
<td>International Monetary Fund</td>
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<td>JCCI</td>
<td>Joint Chamber of Commerce and Industries</td>
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<td>JRCCI</td>
<td>Joint Regional Chamber of Commerce and Industries</td>
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<td>LITACA</td>
<td>Livelihood Improvement in Tajikistan-Afghanistan Cross-border Areas</td>
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<td>MAIL</td>
<td>Ministry of Agriculture, Irrigation &amp; Livestock</td>
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<td>MoCI</td>
<td>Ministry of Commerce and Industries</td>
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<td>MoCIT</td>
<td>Ministry of Communications and Information Technology</td>
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<td>MoEW</td>
<td>Ministry of Energy &amp; Water</td>
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<td>MoF</td>
<td>Ministry of Finance</td>
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<td>MoFA</td>
<td>Ministry of Foreign Affairs</td>
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<td>MoLSAMD</td>
<td>Ministry of Labor and Social Affairs, Martyrs, and Disabled</td>
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<td>MoMP</td>
<td>Ministry of Mines and Petroleum</td>
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<td>MoPW</td>
<td>Ministry of Public Works</td>
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<td>MoTCA</td>
<td>Ministry of Transport &amp; Civil Aviation</td>
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<td>MoUs</td>
<td>Memorandum of Understandings</td>
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<td>NEPA</td>
<td>National Environmental Protection Authority</td>
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<td>NGO</td>
<td>Non Govermmetical Oranization</td>
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<td>O&amp;M</td>
<td>Operations and Maintenance</td>
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<td>OBOR</td>
<td>One Belt One Road</td>
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<td>OFC</td>
<td>Optical Fiber Cable</td>
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<td>OSCE</td>
<td>Organization for Security and Cooperation in Europe</td>
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<td>OSJD</td>
<td>Organization for Co-operation between Railways</td>
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<td>PPP</td>
<td>Public Private Partnership</td>
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<td>RECCA</td>
<td>Regional Economic Cooperation Conference on Afghanistan</td>
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<td>SAARC</td>
<td>South Asian Association for Regional Cooperation</td>
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<td>SEZ</td>
<td>Special Economic Zone</td>
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<tr>
<td>SCO</td>
<td>Shanghai Cooperation Organization</td>
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<td>TAPI</td>
<td>Turkmenistan-Afghanistan-Pakistan-India</td>
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<td>TAP-500kV</td>
<td>Turkmenistan-Afghanistan-Pakistan 500kV Transmission Line</td>
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<td>TUTAP</td>
<td>Turkmenistan, Uzbekistan, Tajikistan, Afghanistan, Pakistan</td>
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<tr>
<td>UIC</td>
<td>International Union of Railways</td>
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<tr>
<td>UNDP</td>
<td>United Nations Development Fund</td>
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<tr>
<td>UNESCO</td>
<td>United Nations Economic and Social Commission for Asia and the Pacific</td>
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<tr>
<td>UNOPS</td>
<td>United Nations Officer for Projects</td>
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<tr>
<td>UNSPECA</td>
<td>United Nations Special Program for the Economies of Central Asia</td>
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<tr>
<td>US</td>
<td>United States</td>
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<td>USAID</td>
<td>United States Agency for International Development</td>
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<td>WB</td>
<td>World Bank</td>
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Since 2005, the Regional Economic Cooperation Conference on Afghanistan (RECCA) has served as a leading platform for cross-border economic dialogue, trust-building, and action in Central, South, and Southwest Asia, with ministerial-level gatherings convened in Kabul, New Delhi, Islamabad, Istanbul, Dushanbe, and returning to Kabul (September 2015) for RECCA-VI. Capturing the achievements and challenges from the platform’s first decade with an eye to future prospects, the RECCA Annual Review 2016 aims to take stock of progress since RECCA-I and to offer practical guidance on advancing concrete regional economic cooperation activities in preparation for RECCA-VII next year in Ashgabat, Turkmenistan. Under the heading “From Negotiation to Investment, Construction, and Trade: A New Decade of Progress”, the Review, published in September 2016, is meant to inform and inspire collective action that brings urgently needed economic, social, and political benefits to Afghans and their neighbors. It further seeks to inform policy dialogue and programming toward advancing the Sustainable Development Goals between now and 2030.

Returning Afghanistan to its historic role as a regional trade and transit hub wields the potential to lift millions of Afghans out of abject poverty, but the track record of recent years tells a different story. Foreign-aid driven imports still dwarf exports with Afghanistan’s estimated trade deficit in 2015 reaching USD $7.4 billion (38.4 percent of GDP), as the country’s official exports actually declined in 2015 to USD $504 million from a peak of USD $620 million in 2014. However, by enacting the reforms and encouraging innovative public-private investments advocated for at successive RECCA Ministerial Meetings, goods totaling USD $5.2 billion (est.) could begin to transit Afghanistan annually (providing a large source of public revenue), and the extractives sector could further generate more than USD $2 billion in annual public royalty and tax revenues.

One year ago, the RECCA gathering in Kabul brought greater definition and practical meaning to the strategic concept of “Regional Economic Growth & Resource Corridors” (first discussed at RECCA-V in March 2012 in Dushanbe), by arguing that a viable export-led growth and revenue option for Afghanistan is the extractives industry. At the same time, with little to trade (export) except for some agricultural products, and with extractives not set for a quick lift off, Afghanistan must focus principally in the near-term on transit and on attracting private capital to the economy—both of which are a chief focus of the twenty Regional Cooperation and Investment Projects presented in the RECCA Annual Review 2016.

In addition to responding to Afghanistan’s unsustainable trade imbalance, each project update below attempts to demonstrate conformity with the RECCA-VI strategy’s “bankable” investment criteria. As detailed in Part III. of this Review, each project also represents a pillar of—and provides a regional dimension to—the National Priority Programs to be introduced under the “National Peace and Development Framework” at the Brussels Conference on Afghanistan (October 2016), including the programs on Infrastructure and Connectivity Development, Energy, Private Sector Development, and National Mineral and Resource Development—each informed by the Afghan Government’s Regional Connectivity Plan. Many are also integral to the further progress of—as well as helping to better link—important regional organizations and initiatives to which Afghanistan is a member, including CAREC, SAARC, One-Belt-One-Road, ECO, Silk Wind, UNSPECA, CPEC, and SCO.
Executive Summary

Brief highlights from the twenty Regional Cooperation and Investment Projects reviewed in this progress report include:

ENERGY

1) TAPI Pipeline: A historic Memorandum of Understanding and Shareholders Agreement was signed, in December 2015, by the Governments of Turkmenistan, Afghanistan, Pakistan, and India and associated investors. Investment road shows are now needed to raise the remaining project funds and commence with regional pipeline construction.

2) CASA 1000: Construction of the 500 kV transmission line between Tajikistan and Pakistan through Afghanistan commenced in May 2016. Due to unforeseen additional costs, the four project partner countries (including the Kyrgyz Republic too) should consider a realignment of this transmission line and establish a new Back-to-Back Station at Pul-e-Khumri, Afghanistan.

3) TAP-500: In December 2015, the Governments of Turkmenistan, Afghanistan, and Pakistan pledged to work to establish a new 500-kV transmission line, and Tripartite Technical Groups were set-up in May 2016 to help advance negotiations. The TAP-500 Project Roadmap should be should be approved at the October 2016 CAREC Ministerial.

4) Afghanistan-Tajikistan Gas Pipeline: The potential exists to export to Tajikistan upwards of 1.2 billion cubic meters of gas per year from Afghanistan’s Amudarya region. Following a comprehensive feasibility study, a ministerial-level steering committee should form to negotiate and finalize the project for implementation.

TRANSPORT NETWORKS

5) One-Belt-One-Road initiative and Afghanistan: The first train arrived at Hairatan in northern Afghanistan, on 7 September 2016, from China, following an MOU signing in May. Explore concrete linkages between the USD $43 billion China-Pakistan Economic Corridor and steps to transform Afghanistan into a regional trade and transit hub.

6) Lapis-Lazuli Transit, Trade & Transport Route: Discussions are ongoing to improve road, rail, and sea infrastructure and transit procedures between Afghanistan, Turkmenistan, Azerbaijan, Georgia, and Turkey. Technical and financial feasibility studies are needed, placing emphasis on long-term infrastructure maintenance.

7) Chabahar International Transport and Transit Corridor (Chabahar Agreement): The agreement was signed in May 2016, paving the way for new Indian investments in Chabahar port and an associated transport corridor to Afghanistan. Review potential regional benefits of Chabahar Free Zone rail, air, shipping, and gas pipeline projects.

8) Five Nations Railway Corridor: The feasibility study for the rail corridor—connecting China, the Kyrgyz Republic, Tajikistan, Afghanistan, and Iran—is ongoing. Explore public-private partnership financing for the Afghan segment of the corridor.

9) Afghanistan Rail Network: Last segment of rail line initiated on 7 September 2016 between Khaaf, Iran and Herat. The Afghan Government is also prioritizing the Northern Zone (between Sherkhan Bandar—Kunduz—Mazar-i-Sharif—Aquina—Herat).

10) Trans-Hindukush Road Connectivity Project: The project became effective in January 2016 following approval, in October 2015, by the World Bank Board of Governors. Undertake procurement for Salang Tunnel and road construction, civil works, and goods.
TRADE & TRANSIT FACILITATION

11) APTTA Implementation: In response to Afghanistan–Pakistan Transit-Trade Agreement implementation challenges, the Afghan Government will soon recommend transit-trade agreement reforms. With Afghanistan becoming the 164th Member of the World Trade Organization (July 2016), explore efficient and fair ways to resolve recurring trade and transit disputes.

12) CBTA and TIR Convention: The Cross-Border Transport Agreement between the Kyrgyz Republic, Tajikistan, and Afghanistan remains stuck in negotiations in the Kyrgyz Parliament. Explore extension of CBTA to Kazakhstan to both revive negotiations with the Kyrgyz Republic and expand regional transport opportunities.

13) Special Economic Zones/Multimodal Transport and Logistics Facilities: The Afghan Government is supporting dry port development in, for example, Kabul, Jalalabad, and Mazar-i-Sharif. Several NATO bases could also be converted into dry ports.

14) Regional Customs and Border Management Cooperation: The total revenue collected by the Customs Department, in 2015, increased by Afs 10.1 billion from 2014. Promote WTO standards in support of a more liberal and fairly managed regional trading system.

COMMUNICATIONS

15) Digital Silk Road: To date, 23 provincial capitals and over 70 major districts maintain broadband connectivity. Lend support to the World Bank’s Digital CASA project.

B2B AND LABOR SUPPORT

16) Enhancing Regional Business-to-Business Partnerships: The Afghanistan Chamber of Commerce and Industries has forged alliances with a dozen business chambers in neighboring countries. RECCA Investment Road Shows are now needed urgently to encourage innovative public-private partnerships and direct foreign investment.

17) Afghanistan–Kyrgyz Republic–Tajikistan AGRO Food Industry Development: A field assessment in late 2015 found that the right balance of public and private investment can address market development constraints in the three countries. The AKT Consortium should position support for the next phase of value-chain development, allowing for a more coordinated approach to regional agricultural product development in Central Asia.

18) Labor Exchange and Remittances: To further labor migration benefits for Afghan workers, the Afghan Government is focused on remittances, the Afghan Diaspora, and facilitating return and reintegration of migrant workers. Promote regional support for implementing the Afghan Government’s National Labor Migration Strategy (2015–2018).
RECCA’S NEW APPROACH

**RECCA 2.0**

1. Coordinate and Support Bankable Projects for Private and Public Investors

2. Team-up with the RECCA Regional Focal Points, Regional Governments, and Regional Chambers of Commerce & Industry on Investment Road Shows and Regional Business Forums

3. Enter RECCA into “Strategic Partnerships” with other Regional Bodies and Initiatives

4. Support the Afghan Government’s Connectivity and Regional Economic Cooperation Council

5. Transform the RECCA Website into an Interactive Web-Portal for Real-Time Regional Investment Promotion and Knowledge-Sharing


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**EXAMPLES OF REGIONAL ECONOMIC COOPERATION “BREAKTHROUGHS” SINCE RECCA-VI**

13 December 2015
1. TAPI Pipeline groundbreaking ceremony and signing of Memorandum of Understanding and Shareholders Agreement.

11-12 May 2016
2. CASA-1000 groundbreaking ceremony to commemorate the construction of a 500 kV AC Transmission Line.

23 May 2016
3. The International Transport and Transit Corridor Agreement (Chabahar Agreement) was signed and negotiations also progressed in 2016 on the Lapis Lazuli Corridor.

29 July 2016
4. Regional trade relations enhanced as Afghanistan became the 164th Member of the World Trade Organization.

7 September 2016
5. Arrival of first train from China at Hairatan and from within Iran to its border with Afghanistan.

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**ALTERNATIVE “REGIONAL ECONOMIC GROWTH & RESOURCE CORRIDORS” OPEN UP NEW TRADE, TRANSIT & MINING OPPORTUNITIES**

[Map showing regional economic corridors and routes]
Beginning in December 2005, the Regional Economic Cooperation Conference (RECCA) has provided a regional platform for Central, South and Southwest Asian Foreign and Economic Ministers to engage their counterparts in Kabul in forging consensus around concrete policies and investment project opportunities that deepen cross-border economic relations centering on Afghanistan, including in the areas of trade and transport, energy and natural resource extraction, and private investment and business-to-business cooperation. Donor countries and organizations have provided technical and financial assistance to priorities identified by RECCA since the first meeting in Kabul. With subsequent gatherings in New Delhi, Islamabad, Istanbul, Dushanbe, and back again in Kabul last September (RECCA-VI), private sector representatives and scholars have also contributed substantially to this important regional economic cooperation agenda and platform.

The chief goals of the RECCA Annual Review 2016 are to provide a stocktaking of progress since the first RECCA meeting in 2005 (and particularly in fulfilling the commitments made in the RECCA-VI strategy titled “Towards Regional Economic Growth & Stability: The Silk Road through Afghanistan”) and to offer practical guidance on advancing concrete regional economic cooperation activities in the run-up to the Seventh Regional Economic Cooperation Conference on Afghanistan (RECCA-VII) planned for 2017 in Ashgabat, Turkmenistan. In addition, specific objectives of the Annual Review include:

- To inform and focus public-private partnership investment-oriented discussions and deal-making at the Afghanistan Energy Business Opportunities Conference 2016 (18-19 September in Dubai); the Istanbul “Heart of Asia” Process Senior Officials Meeting (23 September in New York); the Brussels Conference on Afghanistan, including a major side-event (“Dialogue on Regional Infrastructure Priorities”) on regional connectivity (4-5 October 2016); and the RECCA Business Forum in collaboration with the Afghanistan Investment Support Agency (November 2016 in Istanbul).

- Inform the preparation of Investment Road Shows across Central, South, and Southwest Asia to foster greater regional economic cooperation with Afghanistan.

- Contribute to a truly regional economic strategy for Central, South, and Southwest Asia by facilitating consultations in regional capitals prior to RECCA-VII and seeking direct linkages with other regional economic cooperation initiatives (e.g., the Istanbul Process, CAREC, SAARC, ECO, SCO, UNSPECA, One-Belt-One-Road, Silk Wind, CPEC, etc.).

To garner support for its analysis and recommendations, the RECCA Annual Review 2016 has been prepared in collaboration with major Afghan Ministries, RECCA Regional Focal Points in fourteen countries, and other international partners (see Annex I).

Over-arching Narrative & Strategy Highlights from RECCA VI

More than three years after RECCA-V (March 2012 in Dushanbe), the world has experienced a series of noteworthy geostrategic shifts that are allowing for a set of more favorable conditions for RECCA-VI (September 2015 in Kabul). First, the Iran nuclear agreement represents a potential game changer well beyond the region of Southwest Asia. One of the key implications foreseen from this nuclear deal is the possible extension of the reduced global price of oil in recent years, as well as increased trade between Southwest Asia, South Asia, and Central Asia. Second, we are witnessing China—already Afghanistan’s largest investor—begin to make good on longstanding plans to build its version of the modern Silk Road, the first installment of which will be a major transit corridor running through Pakistan. And finally, the region is now predicted by analysts to become a regional economic powerhouse in the next decade. As such, RECCA-VI is poised to provide an additional boost to regional prospects.

At the same time, the RECCA-VI strategy acknowledged that in 2015, with short-term growth outcomes revised downwards, the need has never been greater for regional partners to strengthen cooperation, improve competitiveness, lower transaction costs, and expand markets. It further argued that the only viable export-led growth and revenue generation option for Afghanistan is the extractives industry (i.e., anchored around the strategic concept of “Regional Economic Growth & Resource Corridors” introduced in the RECCA-V strategy), assuming large-scale investments over the next 5-10 years. However, with little to trade (export) except for some agricultural products, and with extractives—estimated to be valued as high as USD $3 trillion
according to the Afghanistan Geological Survey—not set for a quick lift off. Afghanistan must focus principally on transit—as well as on attracting private capital to the economy. The RECCA-VI strategy targets this reality and is focused on releasing the latent potential of external capital in the private sector by promoting Regional Cooperation and Investment Projects with “bankable” investment criteria (see below).

**Afghan and Regional Economic Trends**

Despite the potential to lift millions of Afghans out of poverty and increase positive regional economic interdependence, Afghanistan continues to fall short in its trade relations with its neighbors due to a number of factors, including high levels of insecurity in parts of the country, underdeveloped infrastructure, low stocks of human capital and literacy rates, and weak enforcement of an otherwise business-friendly set of regulatory policies and laws (including in the area of public-private partnerships). According to the World Bank study “Trade as a vehicle for growth in Afghanistan: challenges and opportunities” prepared for the Brussels Conference on Afghanistan (October 2016), Afghanistan’s massive increases in imports over the past decade have not been accompanied by a rapid growth of exports; this enormous trade imbalance can be sustained only by inflows of aid or foreign capital (see figure below). Afghan official exports actually declined in 2015 to USD $504 million from a peak of USD $620 million in 2014. At the same time, proposed measures to reduce export times by 25 days would alone lead to a 20% increase in Afghan exports (or an additional USD $152 million in exports per annum).

By transforming Afghanistan into a regional trade and transit hub—in keeping with RECCA’s vision and strategy—the World Bank projects that USD $5.2 billion of traded goods could potentially transit via Afghanistan annually (providing a large source of public revenue), and the related development of the country’s extractive mineral resources could further generate more than USD $2 billion in annual public royalty and tax revenues.

The depth of the country’s current economic and social maladies can be measured by a recent World Food Program report, which revealed that 40% of Afghans face severe food shortages and depend on international aid for their survival. While the potential remains high to achieve widely-shared distributional benefits from the set of Regional Cooperation and Investment Projects highlighted in the RECCA Annual Review 2016, the worsening monetary, fiscal, and economic governance environment in Afghanistan is negatively affecting growth, employment, public revenues, and poverty outturns, which, in turn, is dampening foreign and domestic investor confidence. In his statement to the Joint Coordination and Monitoring Board preparatory meeting for the Brussels Conference, held on 4 September 2016 in Kabul, H.E. Dr. Ashraf Ghani, President of the Islamic Republic of Afghanistan, proclaimed: “Today, we are seeing the clash of two models of Afghanistan’s future. We can return to the corruption, the misery and the exploitation of the past thirty years or we can reform and build an Afghanistan for the people.”
For economic growth to be accelerated and diversified in Afghanistan, and for the benefits of growth to be more inclusive, additional diagnostic and analytical work is needed to better inform the further development and operationalization of the evolving RECCA regional economic cooperation strategy (for further details, see Part V: “RECCA 2.0: Mobilizing action through a truly regionally-led and owned economic strategy for South, Central, and Southwest Asia”). “Important initiatives in the transport, energy, and trade sectors are underway in our region that will positively impact the livelihoods of millions by opening new corridors and creating new opportunities”, stated H.E. Dr. Abdullah Abdullah, Chief Executive of the Islamic Republic of Afghanistan, in the closing session of RECCA-VI, and adding, “The technical feasibility and financial viability of these projects will continue to be assessed to assure bankability, best practice, accountability, and fair market value.”

In the following pages, concrete details are presented on, for example, the recent breakthroughs in the mega-CASA-1000 and TAPI pipeline regional energy projects connecting Central and South Asia, the Lapis Lazuli Corridor and Chabahar Agreements designed to expand commercial ties from the west of Afghanistan toward the Gulf, Caucasus, Turkey, and Europe, and, as celebrated in the Foreign Minister’s Message for the RECCA Annual Review 2016, the historic arrival of the first train from China at Hairatan Rail Station in northern Afghanistan on 7 September 2016, while the initial tracks were laid, on the same day, for the remaining Afghan segment of a new rail line connecting Herat with the city of Khaaf, across the border in Iran.

But, as implied in this progress report’s subtitle “From Negotiation to Investment, Construction, and Trade: A New Decade of Progress”, it is imperative that work now fully begins, citizens from across the region are fully engaged, and the economic potential of the ten-year old RECCA action agenda is fully realized. In doing so, the RECCA platform can also fully support the agenda agreed to this October in Brussels, designed to decrease Afghan dependency on foreign aid and increase private-sector led, export-oriented growth to achieve greater self-sufficiency and prosperity. As a landlocked country with declining donor aid prospects, Afghanistan has no option but to “Go Regional” and to attractive capital from diverse private and public sources, including in addition to domestic and expatriate Afghan private capital, Sovereign Wealth Funds, new regional funds (e.g. the Silk Road Fund) and development banks (e.g., the Asian Infrastructure Investment Bank), and innovative “hybrid” (e.g., PPP) financing modalities.

**Important initiatives in the transport, energy, and trade sectors are underway in our region that will positively impact the livelihoods of millions by opening new corridors and creating new opportunities.**

H.E. Dr. Abdullah Abdullah
Chief Executive of the Islamic Republic of Afghanistan

Taking cues from the private sector, RECCA’s economic team has instituted the following project feasibility criteria:

- Must be bankable (i.e. able to attract a private financier).
- Must have demonstrable impact on growth in trade, transit, or extractives.
- Must have proper project management and governance arrangements in place.
- Must encourage private equity participation / private sector development.
- Must generate sufficient cash flows and positive Net Present Value and Internal Rate of Return above the opportunity cost of capital.
- Can be implemented in 12-36 months.
- Must contribute significantly to employment and public revenue in the region.
- Must have a clear risk management and mitigation plan.

A “Bankable” Investment Criteria for Regional Cooperation and Investment Projects

Since the first Regional Economic Cooperation Conference on Afghanistan in 2005 in Kabul—and during the subsequent five conferences of RECCA across the region—discussions on regional investment projects and policy reform frameworks have tended to fall within one of five thematic categories: Energy, Transport Networks, Trade and Transit Facilitation, Communications, and B2B (Business-to-Business) and Labor Support. Though not an exhaustive list, major projects within these categories are found in the following section’s Regional Cooperation and Investment Project Overviews, including fundamental goals, projected rates of return, jobs, and public revenue generated (where applicable), progress updates, identified risks and challenges, and recommended actions for sustaining progress.

A key characteristic of most initiatives receiving progress updates below is the degree to which a project is “bankable”—that is, capable of being financed by the private sector (while Governments and donors play a key catalytic role in fostering investment models that can be replicated and multiplied). If a certain energy or infrastructure project is not bankable, then the private sector will not produce a financier for that project. Whereas the public sector may or may not fund a given project because of its strategic or political value in addition to its economic value, the private sector considers only the latter. As traditional donor assistance continues to decline in the coming years, the RECCA platform has inaugurated a different approach to funding critical regional projects.
Regional Cooperation & Investment Projects

**ENERGY**
1) TAPI Gas Pipeline
2) CASA-1000
3) TAP-500 kV
4) Afghanistan-Tajikistan Gas Pipeline

**TRANSPORT NETWORKS**
5) One-Belt-One-Road initiative and Afghanistan
6) Lapis-Lazuli Transit, Trade & Transport Route Agreement
7) International Transport and Transit Corridor (Chabahar Agreement)
8) Five Nations Railway Corridor
9) Afghanistan Rail Network
10) Trans-Hindukush Road Connectivity Project

**TRADE & TRANSIT FACILITATION**
11) APTTA Implementation
12) CBTA and TIR Convention
13) Special Economic Zones/Multimodal Transport and Logistics Facilities
14) Regional Customs and Border Management Cooperation

**COMMUNICATIONS**
15) Digital Silk Road

**B2B AND LABOR SUPPORT**
16) Enhancing Regional Business-to-Business Partnerships
17) Afghanistan-Kyrgyz Republic-Tajikistan AGRO Food Industry Development
18) Labor Exchange and Remittances
The estimated 1,814 kilometers TAPI Natural Gas Pipeline (or “Peace Pipeline”) is expected to export up to 33 billion cubic meters of natural gas per year from Turkmenistan’s Galkynysh Gas Field to Afghanistan, Pakistan and India over three decades. Construction, operation, and maintenance of TAPI will generate thousands of jobs in the near-term in participating countries and help to create new cities. An independent study of TAPI calculated an Economic Internal Rate of Return of 16.8 percent for the project, and the projected annual revenue for the Afghan treasury is estimated to be around USD $400 million. Following initial discussions on the project in the 1990s, the Asian Development Bank began serving in 2013 as the TAPI Secretariat and oversaw earlier feasibility studies in 2005 and 2008. Over the past decade, Steering Group meetings with the four participating countries and ADB advanced progress on the commercial terms for the sale and transit rates for the natural gas, a critical step toward securing public and private financing for construction of the pipeline. Since 2013, the ADB has also acted as the project’s Transaction Advisor.

**CURRENT STATUS**

On 13 December 2015, the President of Turkmenistan, H.E. Gurbanguly Berdimuhamedov, the President of Afghanistan, H.E. Ashraf Ghani, the Prime Minister of Pakistan, H.E. Nawaz Sharif, and the Vice-President of India, H.E. Hamid Ansari signed a Memorandum on Energy at a groundbreaking ceremony in Mary, Turkmenistan (near Galkynysh Gas Field) to commemorate the start of construction of the 1,800 km TAPI pipeline to be completed by 2020. Each leader described the pipeline as more than just a conduit of natural gas but as a vital means to improve connectivity. In addition, State Concern TurkmenGaz (with an 85% share), Afghan Gas Enterprise, Inter State Gas Systems (Pakistan), and GAIL (India), signed the project’s Shareholders Agreement. It contains the principles agreed among the shareholders regarding the management and operation of TAPI Pipeline Company, Ltd. (which will build, operate, and own the pipeline and is in the process of being stood up) and the transfer of shares. The signing follows the endorsement of State Concern TurkmenGaz as consortium leader of the TAPI pipeline, as the parties prepare to commence the next phase of detailed design. An integral part of the Government of Afghanistan’s Energy and National Infrastructure and Connectivity Development National Priority Programs, the TAPI pipeline will continue to face security, financial, and other challenges as construction begins.

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**Recommended Actions by RECCA-VII and Beyond:**
- Support the TAPI Pipeline Company, Ltd. in the convening of investment road shows around the world to raise the remaining funds required for the project.
- The four participating countries should undertake threat and opportunity assessments in provinces hosting the pipeline and jointly design a pipeline security mechanism.

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**Budget & Funding Status**

<table>
<thead>
<tr>
<th>Budget &amp; Funding Status</th>
<th>USD $10 billion for the pipeline and $15 billion for the gas field</th>
</tr>
</thead>
</table>

**Institutional Partners**

- TAPI Pipeline Company, Ltd. (TurkmenGaz, Afghan Gas Enterprise, Inter State Gas Systems, and GAIL), Turkmenistan, Afghanistan, Pakistan, India, Japan, the Asian Development, and a consortium of Japanese and Chinese companies
CENTRAL ASIA–SOUTH ASIA REGIONAL ENERGY MARKET (CASA-1000)

CASA-1000 is developing the physical infrastructure and institutional and legal framework to enable the trade of 1300 MW of summer surplus electricity between Central Asia (namely the Kyrgyz Republic and Tajikistan) and South Asia (namely 1000 MW to Pakistan and 300 MW to Afghanistan) over a 15-year project life-span—with the possibility of a 15-year extension by the four countries. One independent study calculated an Economic Internal Rate of Return of 15.6 percent. CASA-1000 is expected to generate catalytic (indirect) employment opportunities of over 100,000, and its projected net annual Afghan Government revenues range between USD $88 and $175 million. Over the past decade, the World Bank has helped to convene a technical working group involving all CASA-1000 participating countries to achieve progress towards the commercial negotiation of a sales and electricity transmissions operating agreement. In particular, the signing of a Memorandum of Understanding by the four participating countries, in 2011 in Bishkek, represented a critical breakthrough for the regional energy project. CASA-1000 is expected to begin providing energy by early 2019.

CURRENT STATUS
From 11-12 May 2016, the four project countries and international partners participated in a groundbreaking ceremony in Dushanbe, Tajikistan, to commemorate the construction of a 500 kV AC Transmission Line from Sangtuda (Tajikistan) to Torkham (Afghanistan) and concluding in Nawshehra (Pakistan) – 765 km. This builds on the signing, in April 2015, of the Master Agreement and Power Purchase Agreements between the Sellers and Buyers, as well as subsequent commencement of procurement activities for the HVDC line and the HVDC Convertor Stations. During the bidding process of the HVDC Convertor Stations, the price quoted by the lowest bidder came to be much higher than what was originally budgeted, necessitating a restructuring of the project. In the project’s recent Procurement Committee Meetings (23-25 August 2016 in Paris), it was agreed that the tender for the Convertor Stations will be announced by 9 September 2016 in Tajikistan and by 30 September 2016 in Afghanistan; 36 months are required for implementing this component. A high-level procurement meeting will be convened 19-20 September 2016 in Dubai. CASA-1000 is a central part of the Afghan Government’s Energy and Infrastructure and Connectivity Development National Priority Programs.

Recommended Actions by RECCA-VII and Beyond:
• Meet immediate project funding shortfall by proposing specific economic incentives to build confidence in both public and private investors.
• Undertake immediate project restructuring by reaching agreement on the realignment of the—proposed, shorter—500 kV AC Transmission Line between Tajikistan and Pakistan and establishing a new Back-to-Back Station at Pul-e-Khumri, Afghanistan.
• Leverage the experience of India, Pakistan, Turkey, and the UAE in transforming CASA-1000, over the medium-term, into a sustainable energy-based Public-Private Partnership project (i.e., by establishing a financially viable project governance model that merits the needs of service expansion, while maintaining sufficient profitability for the private partner to build and operate sustainable energy capacity).

<table>
<thead>
<tr>
<th>Budget &amp; Funding Status</th>
<th>USD $1.2 billion</th>
</tr>
</thead>
<tbody>
<tr>
<td>Institutional Partners</td>
<td>Afghanistan, the Kyrgyz Republic, Tajikistan, Pakistan, the World Bank, Islamic Development Bank, European Investment Bank, and USAID</td>
</tr>
</tbody>
</table>
Though Turkmenistan has been exporting power to Afghanistan through two interconnections since 2002, through the proposed Turkmenistan-Afghanistan-Pakistan 500-kV Line (TAP-500) project it seeks to export year round power to both Afghanistan and Pakistan. By 2020, Turkmenistan expects to generate for available export 3,500 MW of excess power. In connection with TAP-500, Afghanistan plans to synchronize its power grid with Turkmenistan, and Turkmenistan has already commissioned (for completion by 2018) a 220-kV transmission line between Yolotan, Turkmenistan and Serhetabat on the border with Afghanistan. Afghanistan proposes the building of a larger 500-kV line through Afghanistan between Serhetabat and Spin Boldak on the border with Pakistan. At the same time Pakistan, which faces a significant energy crisis and deficit with significant load shedding on a daily basis, is open to the idea of interconnections with the proposed 500-kV line through its substation and transmission lines beginning in Chaman, just across the border from Spin Boldak, Afghanistan.

**CURRENT STATUS**

On 13 December 2015, the President of Turkmenistan, H.E. Gurbanguly Berdimuhamedov, the President of Afghanistan, H.E. Ashraf Ghani, and the Prime Minister of Pakistan, H.E. Nawaz Sharif signed a Memorandum of Understanding between their three countries, pledging to “constitute and task their technical negotiating teams to start the trilateral negotiations as soon as possible.” In connection with the Asian Development Bank’s CAREC program and its convening, from 11-13 April 2016 in Islamabad, Pakistan, of the 21st Energy Sector Coordination Meeting, the tripartite discussions commenced between the three countries, focusing on technical, project preparatory, financing, and implementation timeline aspects of the proposed project. In May, the Tripartite Technical Groups were formally established; the ranking of the project’s Interconnection Options commenced in June; and in July 2016, the ADB approved regional technical assistance in its capacity as secretariat for the project. TAP-500 has the potential to serve as an important part of the Afghan Government’s Energy and Infrastructure and Connectivity National Priority Programs, and it can also complement the Turkmenistan-Uzbekistan-Tajikistan-Afghanistan-Pakistan (TUTAP) regional electricity project and the Central Asia-South Asia Regional Energy Market (CASA-1000).

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**Recommended Actions by RECCA-VII and Beyond:**

- Confirm the TAP-500 Project Roadmap (including Interconnection Options and signing of project documentation) at the CAREC Ministerial Meeting planned for 26 October 2016 in Islamabad, Pakistan.

- Support the preparation of relevant technical feasibility studies (2017-2018), approve financing from public and private sources (2018), and commence with project execution (2019), taking into account important social, environmental, and security factors.

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**Budget & Funding Status**

Feasibility work still required but the ADB is prepared to draw upon its USD $1.2 billion Energy Supply Improvement Investment Program for Afghanistan

**Institutional Partners**

Turkmenistan, Afghanistan, Pakistan, and the Asian Development Bank
Running from Mazar-i-Sharif, Afghanistan to Sarband, Tajikistan, the proposed Afghanistan-Tajikistan Gas Pipeline would total 230 km with a diameter of 530 mm and traverse 138 km in Tajikistan and 92 km in Afghanistan. Given the significant proven natural gas deposits in Afghanistan’s Amudarya region, the potential exists to export to Tajikistan upwards of 1.2 billion cubic meters of gas per year (note: Tajikistan currently sources natural gas from Uzbekistan at a price of USD $300 per 1000 cubic meters at an average of 200 million cubic meters per year). At this projected export volume, the rate of return on investment will be significant within 8 to 10 years, especially considering the current natural gas needs and past consumption patterns of Talco, Tajikcement, TajikAzot, Dushanbe CHP, and other major industries in Tajikistan. China has also recently expressed an interest in natural gas development in the Amudarya region, and the proposed Afghanistan-Tajikistan pipeline has the further potential of connecting even larger proven gas deposits in eastern Turkmenistan with western China, via a proposed extension of this pipeline through Tajikistan and a southern portion of the Kyrgyz Republic.

CURRENT STATUS
The Afghanistan-Tajikistan Gas Pipeline project is currently in the initial discussion phase between the governments of Afghanistan and Tajikistan, with separate but related conversations ongoing with the government of Turkmenistan. To progress, a comprehensive feasibility study is required, followed by the formation of a possible regional public-private consortium of investors (for which an external technical advising agency may prove helpful similar to the TAPI pipeline). Investment road shows could then support the mobilization of financial capital for the project. In addition, a pipeline security plan should be developed to allay the concerns of investors about constructing and operating the pipeline in potentially volatile parts of Afghanistan Tajikistan. The proposed Afghanistan-Tajikistan Gas Pipeline has the potential to represent an important component of the Government of Afghanistan’s Energy and National Infrastructure and Connectivity Development National Priority Programs.

Recommended Actions by RECCA-VII and Beyond:

- Commission a comprehensive feasibility study on the technical and financial requirements of the Afghanistan-Tajikistan Pipeline project.

- Enlist the support of external technical advising agency to facilitate the formation of a regional public-private consortium of investors and convening of investment road shows.

- The participating countries should undertake threat and opportunity assessments in provinces hosting the pipeline and jointly design a pipeline security mechanism that could be presented at the investment road shows to allay legitimate security concerns.

- To further develop this project, a working group should be formed between Afghanistan and Tajikistan to assess the current draft agreement and develop a plan for further negotiations and finalization through a ministerial-level steering committee (in manner similar to the TAPI project).

**Budget & Funding Status**

<table>
<thead>
<tr>
<th>Institutional Partners</th>
<th>Budget &amp; Funding Status</th>
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<tbody>
<tr>
<td>Afghanistan and Tajikistan with ongoing discussions with Turkmenistan about possible collaboration</td>
<td>USD $110 million (though further feasibility work required)</td>
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</table>
The One-Belt-One-Road (OBOR) Initiative is a regional economic cooperation framework, proposed by Chinese President Xi Jinping, in October 2013, that focuses on connectivity between China and the rest of Eurasia. It consists of two main components, the land-based “Silk Road Economic Belt” and the ocean-based “Maritime Silk Road.” The initiative calls for the integration of the region into a cohesive economic area by building infrastructure, increasing cultural exchanges, and broadening trade. Northern, central and southern belts are proposed, with the northern belt going through Central Asia, Russia to Europe; the central belt traversing Central Asia, West Asia to the Persian Gulf and the Mediterranean; and the southern belt starting from China and proceeding to Southeast Asia, South Asia, and the Indian Ocean. Given its location at the crossroads of Central, South, and Southwest Asia, Afghanistan is poised to benefit from and partner with China through the OBOR Initiative.

CURRENT STATUS
On August 25, 2016, the first train carrying freight containers left Nantong (just north of Shanghai) in eastern China and—after passing through Kazakhstan and Uzbekistan—reached the northern Afghan border town and port of Hairatan on September 7, 2016 (7300 kilometers in fourteen days) carrying USD $4 million in commercial goods. Signaling the start of a new “Sino-Afghanistan Special Railway Transportation Project” that can reduce trading costs between the two countries by (est.) 30%, two trains are now scheduled each month: from China, they will bring, for example, textiles, electronic products, and construction materials; returning from Afghanistan, the trains will bring, for instance, marble, leather, wool, cashmere, saffron, dried fruit, and pine seed. In July, Kabul-Urumqi flights also resumed. Under the umbrella of the One-Belt-One-Road Initiative, these efforts follow from a state visit of the Afghan Government’s Chief Executive Officer, Dr. Abdullah Abdullah, to China, where the Afghan and Chinese Foreign Ministers signed an OBOR Memorandum of Understanding on 16 May 2016 in Beijing. Among other shared goals, the MOU expresses a commitment that “The two sides shall jointly promote cooperation on the One-Belt-One-Road Initiative in a bid to realize the goal of common development, and translate the advantages of solid political ties, economic complementarities and people-to-people exchanges into pragmatic cooperation in an effort to promote increasing economic growth.” With considerable human talent and financial resources attached to it, the OBOR Initiative has the potential to serve as an integral part of the Afghan Government’s Infrastructure and Connectivity Development and Private Sector Development National Priority Programs.

Recommended Actions by RECCA-VII and Beyond:
• Building on the momentum of the new transportation project, identify and pursue other areas of immediate cooperation, under the OBOR Initiative, where the people and governments of Afghanistan and China stand to benefit in the near-term, including in the areas of financial services, natural resource extraction, and energy development.
• Explore concrete linkages between the USD $43 billion China-Pakistan Economic Corridor and steps to transform Afghanistan into a regional trade and transit hub.
The Lapis-Lazuli Transit, Trade & Transport Route (also known as the “Lapis Lazuli Corridor”) aims to enhance regional economic cooperation and connectivity between the countries of Afghanistan, Turkmenistan, Azerbaijan, Georgia, and Turkey, thereby expanding economic and cultural links between Europe and Asia. In doing so, the initiative seeks to improve transport infrastructure and procedures (including for road, rail, and sea), increase exports, and expand the economic opportunities of citizens in countries benefiting from this new transport corridor. Barriers to regional trade and transit and transaction costs will be reduced, in part, through a new Custom Integration Procedure and, between Afghanistan and Turkmenistan, a new Cross-Border Transport Agreement. Its projected impact is considerable not only because most of the needed infrastructure is already in place, but also because most of the investment required will focus on improving policy and governance. The Economic Rate of Return and Net Present Value still need to be established, but with a discount rate applied at 12%, the overall returns are expected to be positive. The Lapis Lazuli Corridor will connect with Turkey’s Middle Corridor Project (“East-West Trans-Caspian Trade and Transport Corridor”).

CURRENT STATUS
Three technical discussions on the Lapis Lazuli Corridor (which encompasses a large part of CAREC Transport Corridor #2) agreement have been held, with the most recent occurring on 31 March 2016. The corridor shall begin from Aqina in northern Faryab province and Torghundi in western Herat (both in Afghanistan), and continue to the port (on the Caspian Sea) of Turkmenbashi in Afghanistan; after passing the Caspian Sea, the route continues on to Baku, capital of Azerbaijan, and then connects onward to Tbilisi, capital of Georgia, as well as the Georgian ports of Poti and Batumi; finally, the corridor will connect to the cities of Kars and Istanbul, Turkey, at the entrance of Europe. The name “Lapis Lazuli” is derived from the historic route that Afghanistan’s lapis lazuli and other semiprecious stones were exported along, over 2,000 years ago, to the Caucasus, Russia, the Balkans, Europe, and North Africa. The project will serve to reinforce the Afghan Government’s Infrastructure and Connectivity Development, Energy, and Private Sector Development National Priority Programs.

Recommended Actions by RECCA-VII and Beyond:

- Following the immediate need to finalize the Lapis Lazuli Corridor, associated feasibility studies, and consideration of the project’s long-term infrastructure maintenance (O&M), the financing needs to be sourced for the corridor’s Afghanistan related infrastructure requirements.

- Other major actions needed include: 1) improvement of road conditions and transit facilities along major highways; 2) expand rail links between Afghanistan and Turkey and beyond; 3) improve multi-modal land ports in each of the five Lapis Lazuli Corridor countries; and 4) undertake a Cost-Benefit Analysis on establishing Cross-Border Economic (Tax Free) Zones between the countries along the corridor.
The International Transport and Transit Corridor (also known as the "Chabahar Agreement") is a regional transport network initiative of the governments of Afghanistan, India, and Iran. It aims to create a reliable transport corridor for the smooth transport and transit of goods and services through Chabahar Port between the Islamic Republic of Afghanistan, Republic of India, and Islamic Republic of Iran. Among the advantages for Afghan and Indian participation in this initiative include Chabahar’s location at the crossroads of a burgeoning "North-South Corridor" (linking Central Asia, Southwest Asia, and South Asia), investment guarantees through the Iranian government and insurance companies, importation of duty-free machinery and raw materials, the free repatriation of capital and profits, and greater access by Indian companies to Afghanistan’s immense mineral wealth. Positioned as a major conduit of Indian and Iranian trade with Central Asia and Europe, Afghanistan is poised to benefit from and contribute to this new transport and transit corridor.

**CURRENT STATUS**

On 23 May 2016, the International Transport and Transit Corridor Agreement (Chabahar Agreement) was signed, in Tehran, Iran, by the Afghan Minister of Transport and Civil Aviation, H.E. Dr. Muhammadullah Batash, the Indian Minister of Shipping, Road Transport, and Highways, H.E. Nitin Gadkari, and the Iranian Ministry of Road and Urban Development, H.E. Abbas Akhoundi. Later approved by the Cabinet of the Afghan Government on 3 August 2016 (though still requiring parliamentary ratification), the Chabahar Agreement represents a commitment to regulate the international transport and transit of goods and passengers through the territories of Afghanistan, Iran, and India, as carried out by any modes of transportation along the routes approved by the Coordination Council (in accordance with Article 9 of the Agreement). More specifically, the Agreement aims to: 1) Facilitate access to international markets by using land, sea, and/or air transportation through Chabahar Port; and 2) Simplify, harmonize, and standardize procedures governing the international transport and transit of goods and passengers, in accordance with the international agreements and conventions in which the three signatory governments are members. It builds on the recent introduction of fifty Afghan companies to the Chabahar Free Trade Industrial Zone, using land purchased by the Afghan Government. The Agreement also represents a pillar of the Afghan Government’s Infrastructure and Connectivity Development National Priority Program.

**Recommended Actions by RECCA-VII and Beyond:**

• Continue to support key Chabahar Port infrastructure improvements, including transforming the Multi-Purpose Post into an Oil Terminal (2016) and constructing a Multi-Purpose Terminal (2018) and Container Terminal (2020).

• Support related Chabahar Free Zone rail, air, shipping, and gas pipeline projects.

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**Budget & Funding Status**

Feasibility studies currently ongoing

**Institutional Partners**

Afghanistan, India, Iran
The proposed Five Nations Railway Corridor aims to facilitate and enhance regional business relations and promote regional stability. It would connect China with Iran and, in doing so, would also traverse—over a total distance of 2,100 kilometers—the countries of the Kyrgyz Republic, Tajikistan, and Afghanistan. An estimated 1,148 kilometers of the proposed rail corridor will pass through the Afghan provinces of Kunduz, Balkh, Jawozjan, Faryab, Badghis, and Herat. Economic Internal Rates of Return on similar railway projects in Afghanistan and the region range from 14% to 25% or more. The wider economic impact on trade and transit would, however, be considerable, as would opportunities to invest in ancillary and spinoff projects. The Afghan portion of the rail line will be partially funded by the Asian Development Bank and help increase Afghanistan’s access to the sea ports of Iran (Chabahar and Bandar Abbas), providing considerable opportunity for trade expansion. The Five Nations Railway Corridor would also connect China and the Commonwealth of Independent States countries to Europe through Iran and Turkey. Afghanistan is prepared to accrue significant economic, political, and social benefits at the center of this major new Eurasian rail transit corridor.

**CURRENT STATUS**

The Five Nations Railway Corridor was discussed at the 25th meeting of the ECO Regional Planning Council (RPC) held in Tehran, Iran from 1-5 March 2015, and High Authorities met regarding Construction of the China-Kyrgyz Republic-Tajikistan-Afghanistan to Iran railway line in Dushanbe, Tajikistan from 8-9 December 2014. Though progress overall is slow, the project’s feasibility study, including a preliminary design for a 654 kilometer segment passing through Afghanistan, is ongoing, and negotiations on financing are also moving forward. The Five Nations Railway Corridor is poised to help advance Afghan Government’s Infrastructure and Connectivity Development National Priority Program.

**Recommended Actions by RECCA-VII and Beyond:**

- There remains an urgent need to secure Tajikistan’s commitment to this project, and to enter into discussions with potential financing partners (public and private) for the Afghanistan segment of the rail corridor.
- Over the near-term (6-12 months), the feasibility study and preliminary design need to be completed of the initial 654 kilometer segment of the total 1148 kilometers to traverse Afghanistan.
- Over the medium-term (1-3 years), construction should be completed of the full Afghanistan section (1148 kilometers) of the Five Nations Railway Corridor.

**Budget & Funding Status**

<table>
<thead>
<tr>
<th>Institutional Partners</th>
<th>Current project estimates exceed USD $2 billion</th>
</tr>
</thead>
<tbody>
<tr>
<td>China (including the Bank of China), the Kyrgyz Republic, Tajikistan, Afghanistan, Iran, the Asia Development Bank, World Bank, and United States</td>
<td></td>
</tr>
</tbody>
</table>
2005
- **RECCA I – Kabul** 11 countries recommit to 2002 Kabul Good Neighborly Relations Declaration
  - Afghanistan joins CAREC

2006
- **RECCA II – New Delhi** Portfolio of quick impact and long-term projects agreed

2007
- More than 200,000 Afghans access the Internet
- Afghanistan joins SAARC
- Electricity transmission line from Uzbekistan nearly complete

2008
- Afghanistan National Development Strategy (ANDS) prioritizes regional economic cooperation

2009
- **RECCA III – Islamabad** With RECCA-III support, the Asian Development Bank approved a technical assistance grant of USD $1.2m to fund a feasibility study for two railway routes in Afghanistan

2010
- **RECCA IV – Istanbul** A record 27 countries and 14 international organizations link regional economic cooperation to peace building
  - Heads of State of Turkmenistan Afghanistan, Pakistan and India signed off on the TAPI natural-gas pipeline after 15 years of negotiations
  - Signing of Afghanistan-Pakistan Transit Trade Agreement

2011
- **Istanbul “Heart of Asia” Process** reinforces RECCA agenda with economic Confidence-Building Measures
  - First rail line operates between Hairatan and Mazar-i-Sharif

2012
- **RECCA V – Dushanbe** Agrees on 15 Regional Investment Projects and Policy Priorities and assesses their economic rates of return and “bankability”
  - More than 1 million Afghans now access the Internet
  - First TAPI Investment Roadshow in Singapore, New York and London
2013
• Streamlined customs procedures at 7 Afghan border crossings and Regional business-to-business activities expedite cross-border trade
• Over the previous decade, thousands of women entrepreneurs supported across South and Central Asia and 3,000+ km of roads built or rehabilitated in Afghanistan
• A Railroad construction MoU between Turkmenistan, Afghanistan and Tajikistan was signed at a trilateral meeting of the three presidents in Ashgabat and first technical meeting held
• Afghanistan reactivates Transit International Routier (TIR) system after 30 years
• Afghanistan got membership of the International Union of Railways (UIC)

2014
• Streamlined customs procedures at 7 Afghan border crossings and Regional business-to-business activities expedite cross-border trade
• First meeting of the Lapis Lazuli Corridor held in Ashgabat
• Afghanistan chaired the UN Special Program for the Economies of Central Asia (SPECA)
• A preliminary agreement for developing the Five Nations Railway (China, Kyrgyzstan, Tajikistan, Afghanistan, and Iran) was signed in Dushanbe

2015
• RECCA VI – Kabul introduces “Silk Road through Afghanistan” plan to a record 40 countries and 30 international organizations.
• CASA-1000 Power Purchase Agreements signed
• TAPI Shareholders Agreement signed by the heads of state of Turkmenistan, Afghanistan, Pakistan and India and TAPI Ltd. Office opened in Dubai
• TAP-500 kV MoU signed between Turkmenistan, Afghanistan and Pakistan
• Italy pledged USD $45.5 million for completion of the fourth phase of the Herat-Khaaf railroad between Afghanistan and Iran

2016
• 20 Countries started to assign focal points for the RECCA
• CASA-1000 groundbreaking ceremony performed
• Afghanistan and China Signed MoU on One Belt One Road in Beijing and first cargo train arrives from Nantong, China to Hairatan Port in Afghanistan
• Afghanistan became the 164th member of the World Trade Organization
• Heads of state of India, Iran and Afghanistan signed the Chabahar Agreement
• Construction on the cross-border rail link between Khaaf in Iran and Herat in Afghanistan has reached the Afghan border
• RECCA Business Forum held in Istanbul
• International Chamber of Commerce opens a country branch in Kabul
• A Connectivity and Regional Economic Cooperation Council and an Infrastructure Council established under the supervision of the President of Afghanistan

2017
• Unveiling of “RECCA 2.0”
• RECCA VII held in Ashgabat, Turkmenistan
The Afghanistan Rail Network seeks to reduce the country’s dependence on foreign assistance and rebuild its economy through sustainable growth within a Trans-Asian Rail Network. Since 2012, the Afghanistan Railway Authority (Af.R.A.) has been responsible for legal and regulatory policies governing rail investment, development, and operations. The Af.R.A. has also worked to develop and implement with partners the Afghanistan National Railway Plan (ANRP). The ANRP aims to establish Afghanistan as a regional transportation hub and to provide for the transportation needs of the mining, agricultural, manufacturing, and other economic sectors. It provides for corridor access to regional networks, including with China. Once fully completed, one study estimates that the Afghanistan Rail Network will generate more than 50,000 new direct jobs and over 200,000 indirect jobs. Reducing freight and passenger transportation costs, the rail network forms an integral part of future Multimodal Transport and Logistics Facilities (see project overview #15). With the ability to carry 20 to 30 million tons of cargo annually through Afghanistan, the rail network will provide the Afghan Government with increased customs duties and transit fees. The first train in Afghanistan ran on the completed Hairatan to Mazar-i-Sharif rail line on 21 December 2011 (just prior to the establishment of the Af.R.A. and development of the ANRP).

CURRENT STATUS

As also reported in the project overview #5 (One-Belt-One-Road initiative), the first train carrying freight containers from Nantong in eastern China and—after passing through Kazakhstan and Uzbekistan—reached the northern Afghan border town and port of Hairatan on September 7, 2016 (7300 kilometers in fourteen days). On the same day, the Afghan and Iranian Governments commenced with track laying for the remaining 114km section (between the Afghan border town of Shamtigh and Herat) of the 191 km Khaaf (Iran) to Herat rail line. Earlier, in March 2013, the Presidents of the Governments of Turkmenistan, Afghanistan, and Tajikistan signed a Memorandum of Understanding to develop a rail corridor between the three countries, which is now part of related conversations on the Lapis-Lazuli Transit, Trade & Transport Route Agreement (see project overview #6) and Five Nations Railway Corridor (see project overview #8). A recent assessment has also concluded that while a “dual gauge” (Standard and Russian) is needed for trains traveling north from Afghanistan, Standard is deemed the preferred rail gauge system for the national rail network. The Afghanistan Rail Network serves as an integral part of the Afghan Government’s Infrastructure and Connectivity Development National Priority Program.

Budget & Funding Status

| Afghanistan-Mazar-i-Sharif (USD $165 million), Khaaf-Herat (USD $141.8 million), Five Nations Railway Corridor (est. USD $2 billion), Turkmenistan-Afghanistan-Tajikistan Rail Corridor (est. USD $810 million) feasibility studies are still being undertaken for other lines within the Afghanistan Rail Network |

Institutional Partners

| Afghanistan, Asian Development Bank, China, Iran, Italy, Pakistan, Tajikistan, Turkmenistan, United States, and Uzbekistan |
The Trans-Hindukush Road Connectivity Project seeks to improve road transport connectivity across the Hindukush mountain range. There are two components to the project: the first is road construction and rehabilitation and includes: (i) civil works for the construction of the Baghlan to Bamiyan (B2B) road and the rehabilitation of the Salang road and tunnel, (ii) consulting services, including for the supervision of civil works and for regular technical audits by an independent international auditor to verify that road works have been executed in compliance with the technical specifications, and (iii) goods, which will include a small number of equipment items which the Ministry of Public Works may need to keep the two roads open during the project period. The second component is the institutional support and project management component and is comprised of several subcomponents: definition and implementation of asset management arrangements for the trans-Hindukush roads, road safety, community engagement, training, capacity building and institutional development, and project management support. Construction of the B2B road and rehabilitation of Salang tunnel and road will require the use of thousands of unskilled laborers and will generate millions of additional labor days.

**CURRENT STATUS**

On 20 October 2015, the Trans-Hindukush Road Connectivity Project was approved by the World Bank Board of Governors (with a planned mid-term review date of 30 November 2017 and closing date of 22 December 2022). The project became effective on 17 January 2016. The Project Management Team (PMT) of the Ministry of Public Works, with the supported of the international community, is working on the procurement process for several types of contracts, such as (i) civil works for the construction of the B2B road, (ii) consultant services for the Implementation Consultant, Assessment of Salang Pass and design of rehabilitation works, Works Supervision, Technical and Procurement Audit, Road Safety Audit, etc., and (iii) goods. The preparation of Community Contracts for the site clearance is well advanced. The Government has approved the budget, which includes funding for land acquisition and resettlement. It is estimated that for the project about USD $170 million will be spent on the B2B road, USD $55 million will be spent on the Salang road and tunnel, while the remainder of USD $15 million will be spent on goods and services benefitting both roads, in addition to USD $10 million for institutional support and project management. In addition, the Asian Development Bank has recently committed USD $31 million for the related Salang Corridor Rehabilitation Project. The project represents a central element of the Afghan Government’s National Infrastructure and Connectivity Development National Priority Program.

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**Recommended Actions by RECCA-VII and Beyond:**

- Ensure adequate resources and properly trained construction management teams and local private contractors are available for the design, building, and maintenance of the B2B road and Salang road and tunnel.

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**Budget & Funding Status**  
USD $255 million (World Bank) and USD $31 million (ADB)

**Institutional Partners**  
Afghanistan (Ministry of Public Works), World Bank, UNOPS, Asian Development Bank
The 2010 Afghanistan-Pakistan Transit Trade Agreement (APTTA) seeks to enhance cross-border commercial ties between Afghanistan and Pakistan for the economic benefit of both countries. Specifically, APTTA is helping to expand trade beyond the two main road routes (Peshawar-Torkham and Chaman-Spin Boldak) and two potential future rail routes (Karachi-Peshawar and Karachi-Chaman). In total, it makes available eighteen new road transit routes to both countries. For example, it allows Afghan trucks to carry exports to Pakistan’s ports of Karachi, Qasim, and Gwadar, and return with Afghan imports from Pakistan or third countries. Pakistan is benefiting from trade expansion to Central Asia and improved access to raw materials for its industries. Afghanistan’s participation in the APTTA agreement in recent years has helped it to meet its WTO requirements for accession (becoming the WTO’s 164th member this past July) and to bring Afghanistan’s policy, legal, and institutional framework in line with the WTO agreements and principles.

CURRENT STATUS
Since its signature in July 2010, some progress has been made toward the implementation of the Afghanistan-Pakistan Transit Trade Agreement, though Afghanistan continues to face many challenges, for example in connection with the long “dwelling time” of containers in Karachi port. Pakistan checking far more than 5% of Afghan goods per truck, lack of electronic payment systems for customs duties, failure to declare Afghan goods customs duty/tax free if only transiting Pakistan, high bank guarantees for trucks, and high insurance guarantees for goods. As recently as 31 August 2016, the Afghanistan Chamber of Commerce and Industries reported that Pakistani authorities were now charging high daily demurrage fees to Afghan trucks seeking to cross into Pakistan and that some 1,000 Afghan trucks had been stopped on the Pakistani side of the Spin Boldak-Chaman border crossing. In early September, the Pakistani Federal Minister for Commerce visited the Afghan border crossing at Torkham to examine first-hand bilateral trade concerns and express his government’s hope to further boost trade and commercial links with Afghanistan and (through Afghanistan) with the Central Asian Republics (for which Afghanistan expects reciprocal relations in connection with Pakistan’s Wagah border crossing into India). Given the continued implementation challenges, the APTTA agreement is under review by the Government of Afghanistan, and after the review is finalized (including recommended amendments to current articles of the Agreement), recommendations will soon be shared with the Government of Pakistan. In addition, Afghanistan will continue to pursue the development of alternative regional trade and transit routes for Afghan products as a means of encouraging full implementation of the APTTA agreement. The further implementation of the APTTA agreement supports the Afghan Government’s Private Sector Development National Priority Program.

Recommended Actions by RECCA-VII and Beyond:

- The Afghan Government should expedite its ongoing review of the APTTA agreement and share with the Pakistani Governments its recommendations for specific APPTA article amendments.

- Afghanistan and Pakistan should explore innovative new measures and forums for dialogue, including informal Track 2 dialogues outside of government (for example, fully engaging the Afghanistan-Pakistan Joint Chamber of Commerce) to work through outstanding issues toward the full implementation of the APTTA agreement.

- In addition, Afghanistan and Pakistan, both members now of the World Trade Organization, should draw on international best practices to build confidence in trade dispute settlement mechanisms (including in combatting non-tariff barriers through effective implementation of the TIR Convention) to further facilitate APTTA implementation.

- Afghanistan should increase its issue of TIR Carnets and pass legislation soon on TIR transit standards, including “TIR Green Lanes”. Afghan transport operators should utilize the TIR Convention to move transit goods from Pakistan to Central Asia.

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<tr>
<th>Budget &amp; Funding Status</th>
<th>n/a</th>
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<tbody>
<tr>
<td>Institutional Partners</td>
<td>Afghanistan and Pakistan (including the Governments and Afghanistan-Pakistan Joint Chamber of Commerce), USAID</td>
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The Cross-Border Transport of Persons, Vehicles, and Goods Agreement (CBTA) aims to facilitate commercial activities between Afghanistan, the Kyrgyz Republic, and Tajikistan, in order to spur regional job creation, public revenue generation, and balanced economic growth. The CBTA is designed around CAREC Transport Corridor #5 connecting China with Pakistan, and it has the potential to help reduce the average transit costs between these countries, lowering import costs, and making exports more price competitive. These measures to improve transport along this corridor are projected to lead to expanded growth opportunities for production and employment as export prospects increase. In addition, it will further assist Afghanistan in implementing the International Road Transport TIR Convention (The Customs Convention on the International Transport of Goods under Cover of TIR Carnets), which the country ratified in February 2012. The TIR Convention will allow Afghan trucks to travel more efficiently and cost effectively to distant markets by exempting customs guarantees during transit (until reaching a final destination).

CURRENT STATUS
The Cross-Border Transport Agreement between Afghanistan, The Kyrgyz Republic, and Tajikistan wields the potential to improve this Central Asian sub-region’s region’s transit and trade policy/facilitation and investment environment, including by supporting the customs and establishing border liaison offices in these three countries. Its implementation is also poised to help Afghanistan and its surrounding region to develop local private sectors and market economies conducive to doing business internationally. The Government of Tajikistan signed the CBTA’s accession agreement on 23 November 2011, and the Government of Afghanistan followed suit on 10 December 2001. Unfortunately, following the signing of the CBTA accession agreement by the Kyrgyz Republic on 23 July 2013, the agreement was sent to the Kyrgyz Parliament for final approval where it has remained stuck in negotiations. As a step toward unblocking this and other potential future obstacles to CBTA implementation, officials within the Government of Afghanistan have expressed an interest in extending the current CBTA with the Kyrgyz Republic and Tajikistan to include Kazakhstan. Due to the lack of a transit agreement between Afghanistan and Tajikistan, trucks are generally prohibited to enter each other’s territories freely. Once successfully adopted and implemented, the CBTA and TIR Convention can serve to reinforce the goals and activities found within the Afghan Government’s Private Sector Development National Priority Program.

Budget & Funding Status

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<thead>
<tr>
<th>Budget &amp; Funding Status</th>
<th>n/a</th>
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Institutional Partners
Afghanistan, Kazakhstan, The Kyrgyz Republic, Tajikistan, and the Asian Development Bank, USAID

Recommended Actions by RECCA-VII and Beyond:
• Explore innovative ways to revisit approval of the CBTA by the Parliament of the Kyrgyz Republic, including by initiating discussions between Afghanistan, the Kyrgyz Republic, and Tajikistan on extending the current Cross-Border Transport Agreement to include Kazakhstan.

• Negotiating and implementing a CBTA takes resources, time, and political will among the main parties to the agreement. International partners, including the Asian Development Bank, are encouraged to continue to provide technical assistance and other incentives to facilitate CBTA negotiations under the umbrella of CAREC.

• Afghanistan should encourage India to join the TIR Convention and other relevant transit agreements.
The Special Economic Zones / Multimodal Transport and Logistics Facilities project will facilitate increased trade and transit along regional corridors that pass through Afghanistan, by establishing inland cargo consolidation and distribution centered as a pivot of export-led growth and economic development. Alongside tax breaks and other efficiency measures associated with Special Economic Zones status (used to attract foreign direct investment), the Multimodal Transport and Logistics Facilities component will consist of an inland cargo terminal from which railway and truck operators can accomplish their transport needs similar to a traditional waterway port. These “dry ports” are proposed because high market delivery costs caused by fragmentation of supply chains, poor logistic service levels, and low levels of connectivity within the wider region prohibit Afghanistan from emerging as a trade and transit hub. They would provide a range of services, including: (i) cargo consolidation and distribution; (ii) temporary storage of containers; (iii) customs clearance; (iv) connectivity between formal transportation nodes; (v) issuance of bill of lading in advance of clearance; (vi) inventory management; and (vii) potential pre-customs clearance. Beyond spurring direct investment in key border areas around Afghanistan, this proposed initiative will help to reduce the average transit costs between countries in the region, lowering import costs and making exports more price competitive. Though a comprehensive feasibility study is still needed, dry ports funded by the ADB and World Bank have an estimated Economic Rate of Return of between 15-22%. One Afghanistan focused study estimates—over a twenty-year period, 2016-2036—the generation of USD $57 billion in increased GDP growth and USD $6.2 billion in public revenue.

CURRENT STATUS

Ongoing discussions with the Afghan Government are focused on possibly locating the Special Economic Zones / Multimodal Transports and Logistics Facilities in Kabul, Jalalabad, Mazar-i-Sharif, and Zaranj for which the Afghan government is in the process of acquiring land or considering the rehabilitation of dry ports with under-developed infrastructure and burdensome procedures. One recent assessment found that out of Afghanistan’s current twelve dry ports, only four are actively working (with Hairatan among the most active; it, along with Toroghundi and Aqina are managed by the Strauss Company). Since 2013 Dubai’s DP World has expressed an interest in developing Hairatan and Torkham dry ports. The challenges and problems within each dry port varies, however the recurring issues are mainly political, security, land grabbing, lack of equipment and the quality of roads that affect the transportation of goods. Several government ministries are supporting a coalition of Afghan business leaders to form a Public-Private-Partnership for development and operation of three of the facilities in Kabul, Jalalabad, and Mazar-i-Sharif and a plain air cargo hub at Kabul International Airport. NATO bases could also be converted into dry ports, allowing for a continued economic and physical presence and a cohesive transference process. The project forms a central part of the Afghan Government’s Private Sector Development and Infrastructure and Connectivity Development National Priority Programs.

Recommended Actions by RECCA-VII and Beyond:

- Undertake a comprehensive feasibility study (assessing locations, functions, cost-structure, net present value, economic and financial rates of return, and a flexible PPP governance model) required to build the business case for a combination of public and private investment in a few select Multi-Modal Transport and Logistics Facilities in a few select locations across Afghanistan.
Ongoing support for Regional Customs and Border Management Cooperation aims to streamline and improve customs and border management procedures between Afghanistan and its neighbors as a means of regulating the flow of commercial goods and increasing public revenue. Specifically, current efforts to strengthen customs harmonization between Afghanistan and its neighbors seek to introduce customs-to-customs information sharing (e.g., through tracking devices and Electronic Data Interchange) and other steps toward compatible customs procedures and practices, such as an efficient, streamlined approach to customs that seeks to improve the valuation of goods, reduce leakage of revenues, and decrease the waiting time at major border crossings. Activities and policy reforms related to customs harmonization and border management strengthening also work to strengthen key border crossing points and border management facilities in Afghanistan, the Afghan National Customs Academy in Kabul, and the Kabul Customs Yards.

CURRENT STATUS

Customs harmonization and border management modernization efforts are helping to improve the value of goods traded, and to decrease the waiting time for those transporting goods between Afghanistan and its neighbors. In the context of the 2010 Afghanistan-Pakistan Transit Trade Agreement and efforts to introduce new transit-trade agreements with other neighboring countries (see RECCA Annual Review 2015 project overviews # 7, 13, and 14), the Governments of Afghanistan is committed to streamlined, rationalized, and standardized customs procedures, reduced tariffs, and increased border management cooperation. In recent years, the automation of customs processes with the new “Automated System for Customs Data” system (supported by the World Bank), has helped the Afghan Ministry of Finance Customs Department to reduce the leakage of revenues from customs. In 2015, the total revenue collected by the Customs Department (customs duties, BRT levied at point of import, fixed taxes, and other levies) increased by Afs 10.1 billion from 2014, of which Afs 3.3 billion is attributable to the nominal growth of import value, Afs 4.0 billion to new tax measures, and the remaining Afs 2.8 billion to stronger revenue mobilization efforts. Support for Regional Customs and Border Management Cooperation helps to reinforce the goals and activities found within the Afghan Government’s Private Sector Development and Infrastructure and Connectivity Development National Priority Programs.

Recommended Actions by RECCA-VII and Beyond:

- Continue to coordinate “hardware infrastructure” support projects (e.g., related to customs and border management facilities at key Afghan border crossings) with efforts to introduce new “software policy and regulatory reform measures” through the introduction of new transition trade agreements with Afghanistan’s neighbors, in addition to the 2010 Afghanistan-Pakistan Transit Trade Agreement.
- Building on Afghanistan becoming in July of this year the 164th member of the World Trade Organization, continue to work toward maintaining policy approaches and technical capacity-building to achieve WTO standards within Afghanistan (including in the area of reducing non-tariff barriers in Afghanistan and its region), and continue to support neighboring countries in their efforts to achieve WTO standards in support of a more liberal and fairly managed trading system within Central, South, and Southwest Asia.

<table>
<thead>
<tr>
<th>Budget &amp; Funding Status</th>
<th>Multiple support projects, including, for example, ASYCUDA, BOMBAF, and ATAR</th>
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<tbody>
<tr>
<td>Institutional Partners</td>
<td>Afghanistan, Iran, Kazakhstan, The Kyrgyz Republic, Pakistan Tajikistan, Turkmenistan, Uzbekistan and the World Bank, UNDP, the Asian Development Bank, USAID</td>
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The Digital Silk Road aims to improve regional connectivity and expand the regional knowledge economy through the Afghan Fiber Optic Ring (also known as the Afghan National Civil Optical Fiber Cable–OFC ring network) in Central, South, and Southwest Asia. Once completed, the entire 4,600 km national backbone / OFC ring network will extend around Afghanistan’s Ring Road and connect Kabul to Chaghcharan and Daikundi via Bamiyan. It will also connect Mazar-i-Sharif in the north via Kunduz and Takhar to Fazabad in the northwest. Developed alongside existing and new roads, the Afghan Fiber Optic Ring is generating significant revenue for Afghanistan (currently Information and Communication Technologies–ICT generate USD $167 million per annum in public revenue), transforming the country into an Internet Regional Exchange Point and allowing for the provision of ICT services as a hub for neighbors and markets beyond the region.

CURRENT STATUS
To date, 23 (out of 34) provincial capitals and over 70 major districts have been connected and made operational for broadband connectivity. Moreover, international connectivity has been established with Pakistan at two points: Torkham and Spin Boldak; with Tajikistan at Sher Khan Bandar; with Uzbekistan at Hairatan; with Turkmenistan at two points: Aqina and Turghundi; and with Iran at Islam Qala. While much of the fiber optic network has been established, connecting the network with China—through, for instance, the Wakhan corridor and border crossing—remains an important investment with considerable potential returns to growth and jobs creation, and meetings are ongoing in this regard between the Afghan and Chinese telecom companies, as well as in consultation with the Tajik and Pakistani telecom companies. A 480 km OFC is needed to connect Faizabad city in Badakshan province with the Chinese border. This connectivity could be established and sustained through a Public-Private-Partnership Model. An investment cost of around US $50 million is required over an investment period of five years, with the World Bank serving as the chief institutional partner of Afghanistan. In addition, the Afghan Government’s recent approval of an open access policy for data removes the Government’s monopoly in providing fiber connectivity and will allow private entities to invest in this sector, further driving down costs and increasing broadband connectivity. The Digital Silk Road is an integral part of the Afghan Government’s Infrastructure Development and Regional Connectivity National Priority Programs.

Recommended Actions by RECCA-VII and Beyond:

- Continue to invest in Afghan Telecom’s core capabilities to resource and manage additional fiber optic lines and an expanded customer base.
- A short-term goal (toward further extending the Digital Silk Road) of the Afghanistan Government is to connect Badakhshan and Bamiyan Provinces with the national backbone/ OFC ring network.
- A medium-term goal is to connect another two provinces to the national backbone / OFC ring network (Kapisa, and Kunar with onward connections to Pakistan through the Ghulam Khan border crossing).

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<tr>
<th>Budget &amp; Funding Status</th>
<th>USD $50 million (over five years) to support new 480km OFC connecting Afghanistan to China</th>
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<tr>
<td>Institutional Partners</td>
<td>Afghanistan, Central Asia Republics, Pakistan, Iran, China, the United States, the World Bank (Digital CASA project)</td>
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</table>
The Enhancing Regional Business-to-Business Partnerships initiative aims to improve regional economic cooperation by focusing on connecting business across the region. It fosters a range of business support, regional trade, and investment promotion activities to improve collaboration, lay the foundation for joint ventures and other kinds of business-to-business (B2B) partnerships, foster foreign direct investment in Afghanistan and its wider region, and engender regional technological transfer and information exchange. The bilateral Memorandums of Understanding, signed between the Afghanistan Chamber of Commerce and Industries (ACCI) and at least twelve neighboring country Chambers of Commerce and Industry, forms the basis for regional B2B coordination and support. Each Chamber of Commerce and Industry is expected to identify at least one focal point within its secretariat to participate in daily dialogue and coordination activities with his or her regional counterparts in direct support of this initiative’s regional trade and investment goals. This regional B2B business support and investment promotion initiative should also be supported directly by the Ministries of Commerce and Finance, and relevant investment and export support agencies, in the participating countries. This initiative is expected to buttress regional economic growth, job creation, and public revenue generation through, in particular, increased foreign direct investment stemming from new joint ventures and strategic trade and industrial partnerships.

**CURRENT STATUS**

The Enhancing Regional Business-to-Business Partnerships initiative builds on the successful bilateral alliances built in recent years between the Afghanistan Chamber of Commerce and Industries (ACCI) and at least twelve neighboring country Chambers of Commerce and Industry, forms the basis for regional B2B coordination and support. Each Chamber of Commerce and Industry is expected to identify at least one focal point within its secretariat to participate in daily dialogue and coordination activities with his or her regional counterparts in direct support of this initiative’s regional trade and investment goals. This regional B2B business support and investment promotion initiative should also be supported directly by the Ministries of Commerce and Finance, and relevant investment and export support agencies, in the participating countries. This initiative is expected to buttress regional economic growth, job creation, and public revenue generation through, in particular, increased foreign direct investment stemming from new joint ventures and strategic trade and industrial partnerships.

**Recommended Actions by RECCA-VII and Beyond:**

- Encourage active private sector participation in the RECCA Regional Business Forum planned for November in Istanbul.
- Support Investment Road Shows across the region to encourage innovative public-private-partnerships and direct foreign investment in the RECCA regional cooperation and investment projects.
- Promote business-to-business cooperation strategies in the region that are carefully tailored to the needs of Small- and Medium-Sized Industries (SMEs), including in the areas of simplifying customs measures, addressing information on regional markets, and addressing tariff and non-tariff barriers.

**Budget & Funding Status**

<table>
<thead>
<tr>
<th>Status</th>
<th>USD $6.1 mil (est.) from private and public sources</th>
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<tbody>
<tr>
<td><strong>Institutional Partners</strong></td>
<td>Afghanistan and all neighboring countries in the region (including the Chamber of Commerce and Industry, Ministry of Commerce, Ministry of Finance, and investment and export support agencies in the participating countries), as well as regional organizations and programs such as SAARC, ECO, SCO, CAREC, UNDP and UNSPECA</td>
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18-19 September
Afghanistan Energy Business Opportunities Conference 2016, Dubai, UAE.
CREDIT: MoEW
The Afghanistan-Kyrgyz Republic-Tajikistan Agro Food Industry Development project proposes three feasible agro-food industry products (among pre-selected products for inclusive value chain development), with justifications, respective action plans, and budgets. It aims to present the features of respective value chains from primary agricultural production to the final consumer, and to ensure that the development of the value chains is feasible in terms of realities, opportunities, and dynamics of each AKT market compared to that of international markets. As a result of the keen interest expressed by regional governments and the international donor community, the UN Development Programme has initiated this project to support inclusive growth in the three Central Asian countries of Afghanistan, Kyrgyzstan, and Tajikistan. A central goal of this program is to leverage regional cooperation in Central Asia and reinforce each country’s commitment to implement recommendations adopted during successive international conferences on Afghanistan, from Bonn 2001 to Brussels 2016. In terms of this initiative’s projected economic impact, the three agro food products (fruits, nuts, and vegetables) will be identified for value chain development, increasing profitability, and expanding market access.

**CURRENT STATUS**

In January 2015, a roundtable meeting was held in Istanbul on the Tripartite Agro-Food Industry Consortium, including senior participants from governments, the private sector, NGOs, UNDP, and other international organizations from AKT countries and Turkey. A consensus was achieved among the stakeholders for moving forward on the project. Furthermore, key inputs were provided by the stakeholders for the design of the project’s feasibility study, which was undertaken by Geopolicity, Inc. and financed by UNDP and the Government of Turkey. Some of the chief take-aways from the feasibility study were: i) While the principal market for Afghan almonds remains domestic, this is changing and targeted investment can support a far stronger export orientation; ii) The worsening macro-economic outlook, currency devaluation, and declining aid flows—yet with new economic corridors planned (the China Pakistan Economic Corridor (CPEC) and Chabahar Garland Highway bridging through Zerang and Herat)—mean that only non-perishable products have the potential to reach international markets beyond India and Pakistan. The project will serve to reinforce the Afghan Government’s Agricultural Development National Priority Program.

### Budget & Funding Status

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<th>Budget &amp; Funding Status</th>
<th>USD $20 million</th>
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| Institutional Partners | Afghanistan, The Kyrgyz Republic, Tajikistan, United Nations Development Programme, and Turkey |
In direct support of the Government of Afghanistan’s National Labor Migration Strategy (2015-2018) and National Labor Policy (2016-2020), this Labor Exchange & Remittances initiative seeks to place around 250,000 new recruits into short term itinerant employment in the Gulf States, Central, and South Asia to boost the economy, bolster livelihoods, shore up the macro economy, and foster skills development. It aims to reinforce a fundamental objective of the National Labor Migration Strategy: “To facilitate the temporary migration of low-skilled, semi-skilled, and high-skilled workers abroad through promoting overseas employment opportunities, and thereby decrease the pressure on the domestic labor market in the short- to medium-term.” The economic contribution of migration, especially towards poverty reduction, employment generation, and women empowerment, can be extensive. If there is an addition of 250,000 laborers from Afghanistan to the Gulf States, for instance, one study estimates the total addition to remittances will be USD $432 Million, bringing the total remittances to USD $530 Million (approximately 3% of GDP).

**CURRENT STATUS**

The Afghan Government continues to raise issues of Afghan worker conditions in its ongoing dialogue with several Gulf States, Central Asian Republics, and other neighboring countries. For example, the Governments of Afghanistan and Saudi Arabia are working towards a certification system agreement to promote and protect Afghan guest workers in Saudi Arabia, as well as the promotion of English and Arabic language lessons for guest workers. The Afghan Government is also exploring further ways to enhance the development benefits of labor migration, focused on: (i) Remittances: the government shall leverage remittance flows for development through regulated, cheaper, and safer methods of remittance transfers in the longer-term; (ii) Diaspora: the government aims to more actively support such activities as the IOM’s Return of Qualified Afghan Nationals Program and increase the role played by the diaspora in strengthening such initiatives; and (iii) Facilitating return and reintegration of migrant workers: the government aims to continue refugee return programs, while placing more emphasis on the successful reintegration of migrant workers (with the recognition of their skills developed abroad for the betterment of their home communities). Ongoing efforts in support of regional labor exchange & remittances will serve to reinforce—in addition to the National Labor Migration Strategy and National Labor Policy—the Afghan Government’s Human Capital Development and Women’s Economic Empowerment National Priority Programs.

**Recommended Actions by RECCA-VII and Beyond:**

- Conclude a Memorandum of Understanding between Afghanistan and neighboring countries (and, in the case of Saudi Arabia, conclude the certification system agreement currently under discussion) where large numbers of Afghans seek to participate in guest worker programs.
- The Government of Afghanistan will develop national legislation in line with international standards and aims to carry out an assessment on the ratification of the three international migrant worker conventions.

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**Budget & Funding Status**

Regular budget support to the Afghan Ministry of Labor, Social Affairs, Martyrs, and Disabled

**Institutional Partners**

Afghanistan (Ministry of Labor, Social Affairs, Martyrs, and Disabled; Ministry of Education; and the Ministry of Public Works), Gulf States, Central Asian Republics, Pakistan, Iran, India, and the Afghanistan Chamber of Commerce and Industry
On 3 September 2015, on the sidelines of the Sixth Regional Economic Cooperation Conference held in Kabul, Afghanistan, a special meeting was held of the heads of the secretariats of regional organizations to which Afghanistan is a member. Organized by the UN Economic and Social Commission for the Asia and the Pacific (UNESCAP), the meeting included the secretariat heads or senior representatives from the South Asia Association for Regional Cooperation (SAARC), the Economic Cooperation Organization (ECO), the Asian Development Bank facilitated Central Asia Regional Economic Cooperation program (CAREC), and the Islamic Development Bank. The participants engaged in a forward-looking conversation with the Afghan Minister of Economy, H.E. Abdul Sattar Murad, and senior Afghan representatives of the Regional Economic Cooperation Conference on Afghanistan and Istanbul “Heart of Asia” Process on Regional Security and Cooperation for a Secure and Stable Afghanistan.

Topics for discussion included:
1) facilitating better and more open cooperation between RECCA and the other regional initiatives and organizations in Asia to which Afghanistan is a member;
2) undertaking joint research on subjects of common interest to the regional initiatives and organizations represented, including in the areas of regional trade and transport promotion, energy, digital communications, and business-to-business and people-to-people exchanges; and
3) how the RECCA forum could be further strengthened to serve as a useful regional platform and bridge connecting regional Eurasian initiatives and organizations, operating at the crossroads of Central, South, and Southwest Asia. For a more exhaustive list of regional organizations to which Afghanistan is a member, please see Annex II.

RECCA-VI Side Event on Renewable Energy Regional Cooperation
A second meeting on the sidelines of the Sixth Regional Economic Cooperation Conference on Afghanistan, also held on 3 September 2015, focused on regional cooperation in the area of renewable energy. Convened by the Afghan Ministry of Power and Water and chaired by the Afghan Minister of Energy and Water, H.E. Engineer Ali Ahmad Osmani, and including the senior participation of neighboring countries and global, regional, and national development organizations, the meeting focused on exploring innovative ways in which Afghanistan’s significant potential to produce renewable energy, such as solar and wind energy, could be made beneficial both for Afghanistan and neighboring countries.
RECCA 2.0
Mobilizing action through a truly regionally-led and owned economic strategy for Central, South, and Southwest Asia

The RECCA-VI strategy (September 2015), “Towards Regional Economic Growth & Stability: The Silk Road through Afghanistan”, recommends:

Rather than focusing on the quality of its plans and policy documents—or even the quality of its forums involving government, civil society, and business leaders—the chief measure of success for the RECCA involves the level of implementation for the RECCA commitments made, including the extent to which people and governments in the region receive tangible economic, social, and political benefits.

To mobilize action toward effective implementation on the above regional cooperation and investment projects, related regional policy and regulatory reforms, and the wider RECCA agenda, the following six innovations are recommended. Taken together, they represent the advent of “RECCA 2.0”, where Afghanistan’s regional partners begin to view the platform as a meaningful contributor and catalyst for cross-border economic cooperation across all of Central, South, and Southwest Asia—extending beyond mainly Afghan-centric priorities to fill significant gaps and connect otherwise disparate regional bodies and initiatives.

First, Coordinate and Support Bankable Projects for Private and Public Investors

A regional cooperation and investment project is bankable when financiers or lenders are willing to finance it. Given the potential financing risks that many projects take—resulting from overly optimistic revenue flows, higher construction and running costs, and interest and currency risks—capacity for assessing the Net Present Value, Internal Rate of Return, and other analysis is needed, based on technical (feasibility) studies and transaction advisory support. Moreover, given the need to promote the private sector, model bankable projects must be developed for replication across a number of key sectors, including for example power generation and multi-modal inland ports. The RECCA Secretariat and RECCA Regional Focal Points will support the development of model bankable projects working with relevant partners in their corresponding national Ministry of Finance and sector Ministries, as well as the International Financial Institutions through, for example, the Private Infrastructure Development Group, the Public-Private Infrastructure Advisory Facility, and the World Bank Global Infrastructure Facility.

Second, Team-up with the RECCA Regional Focal Points, Regional Governments, and Regional Chambers of Commerce & Industry on Investment Road Shows and Regional Business Forums

The Afghan Ministry of Foreign Affairs, Regional Governments (through the RECCA Regional Focal Points), and Regional Chambers of Commerce & Industry, in coordination with national sector Ministries, will initiate a series of Investment Road Shows (beginning with the Afghanistan Energy Opportunities Conference 2016, from 18-19 September in Dubai) to showcase lucrative investment opportunities in Afghanistan, based on bankable projects that have been developed. The road shows will be attended by private sector interests and sovereign wealth funds, providing an opportunity to diversify investment interests, and to overcome the deficit in infrastructure financing for critical anchor, ancillary, and spinoff projects.
Third, Enter RECCA into “Strategic Partnerships” with other Regional Bodies and Initiatives

Beginning with CAREC and SAARC (which have most closely overlapped with the RECCA regional economic cooperation agenda over the past decade), establish new Memorandums of Strategic Partnership (MSPs) to ensure mutually reinforcing synergies with the RECCA platform and minimize duplication of effort. In undertaking similar arrangements with other regional bodies and initiatives across Eurasia, including, for example, One-Belt-One-Road, ECO, Silk Wind, UNSPECA, CPEC, and SCO, RECCA can position itself as a regional economic lynchpin that facilitates coordination, knowledge-sharing, and connectivity between Central Asia, South Asia, Southwest Asia, and even the Far East. In addition, meetings of the two Istanbul “Heart of Asia” Process confidence-building measures on Trade, Commerce & Investment and Regional Infrastructure should double as preparatory meetings for the biennial RECCA Ministerial Meetings in regional capitals and actively engage the RECCA Regional Focal Points and RECCA progress updates, to ensure effective coordination, monitoring, and sharing of human, technical, and financial resources between RECCA and the Istanbul Process.

Fourth, Support the Afghan Government’s Connectivity and Regional Economic Cooperation Council

Among the six high-level councils established by the Afghan Government in advance of the Brussels Conference on Afghanistan is a new Connectivity and Regional Economic Cooperation Council. In support of National Priority Programs dealing with Infrastructure and Connectivity Development, Energy, Private Sector Development, and National Mineral and Resource Development—each informed by the Afghan Government’s Regional Connectivity Plan, this new Council (comprised of high-level representation from major Afghan Ministries) will prove critical to advancing the RECCA agenda by acting as a focal point for regional cooperation in Kabul (both generating and coordinating developmental projects that are regional in nature), while fostering a conducive climate to improve implementation.

Fifth, Transform the RECCA Website into an Interactive Web-Portal for Real-Time Regional Investment Promotion and Knowledge-Sharing

The transformed RECCA website will provide up-to-date details on regional cooperation projects, including status, performance, feasibility studies, economic impact assessments, and contract details for both public and private sector investment partners. In addition, it will facilitate knowledge sharing on regional economic cooperation topics by establishing an online “community of practice”, anchored by the RECCA Regional Focal Points and the representatives of Regional Chambers of Commerce and Industry and featuring periodic thematic dialogues and a monthly e-newsletter. This interactive web-portal will also host online consultations and a student essay contest with youth from across Central, South, and Southwest Asia.

Finally, Establish “RECCA Plus” through Regional Consultations towards the Development of a Regionally-Led and Owned Economic Strategy for Central, South, and Southwest Asia

By transforming the decade-old RECCA platform into “RECCA Plus” through the development of the first truly regional economic strategy for Central, South, and Southwest Asia in time for RECCA-VII in Ashgabat, regional government, civil society, and the business leaders will grow RECCA in new directions to achieve a maximum and unique regional socio-economic impact.
Together, with a shared history and geography, Afghanistan and its neighbors today face a multitude of complex economic, political, and security challenges. But a discernable shift is underway where myriad connections across vast stretches of the Eurasian landmass are bringing together governments, civil society groups, and businesses in innovative ways to overcome obstacles and chart a new regional path toward greater stability, hope, and prosperity. An era of connectivity has begun that will empower entrepreneurs and everyday citizens to enrich themselves through an every-growing exchange of ideas, commerce, data, languages, and culture with people just beyond their borders. In doing so, they will achieve creative and powerful breakthroughs for collective action, as people and nations begin to realize their shared interests, sense of a regional community, and full potential for positive, sustainable growth.

“The Silk Road through Afghanistan is becoming a reality—brick-by-brick, with the arrival of new shipping containers by rail and road, through the transfer of digital data, and as each negotiation between regional governments unleashes the full potential from greater business-to-business and people-to-people interaction between our proud nations and rich cultures of Eurasia”, proclaimed Afghan Foreign Minister Rabbani in his message at the outset of the RECCA Annual Review 2016. Around-the-clock negotiations are bearing fruit and now paving the way for a new decade of regional progress, fueled by investment, construction, and trade at the crossroads of Central, South, and Southwest Asia.
## ANNEX 1

### RECCA Regional Focal Points

(country names in alphabetical order)

<table>
<thead>
<tr>
<th>#</th>
<th>Country</th>
<th>Name</th>
<th>Position</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Afghanistan</td>
<td>Mr. Wahidullah Waissi</td>
<td>Director General for Economic Cooperation, Ministry of Foreign Affairs</td>
</tr>
<tr>
<td>2</td>
<td>Azerbaijan</td>
<td>Mr. Ashraf Shikhaliyev</td>
<td>Director of the Azerbaijan International Development Agency (AIDA)</td>
</tr>
<tr>
<td>3</td>
<td>China</td>
<td>Mr. Song Pengzhou</td>
<td>Chief of Political Section, Embassy of China, Kabul</td>
</tr>
<tr>
<td>4</td>
<td>Egypt</td>
<td>Mr. Sami Saad Murad</td>
<td>Deputy Minister for Western and Central Asia Affairs, Ministry of Foreign Affairs</td>
</tr>
<tr>
<td>5</td>
<td>Georgia</td>
<td>Mr. Gogita Gvenetadze</td>
<td>Deputy Director of the Transport Policy Department, Ministry of the Economy and Sustainable Development</td>
</tr>
<tr>
<td>6</td>
<td>India</td>
<td>Mr. Gopal Baglay</td>
<td>Joint Secretary (DG) dealing with issues pertaining to Afghanistan, Iran and Pakistan, Ministry of External Affairs</td>
</tr>
<tr>
<td>7</td>
<td>Iraq</td>
<td>Mr. Basher Salih Ibrahim</td>
<td>First Secretary and Head of West and Central Asia, Ministry of Foreign Affairs</td>
</tr>
<tr>
<td>8</td>
<td>Kazakhstan</td>
<td>Mr. Arman Yessentayev</td>
<td>First Secretary of Kazakhstan Embassy, Kabul</td>
</tr>
<tr>
<td>9</td>
<td>Kuwait</td>
<td>Mr. Waleed Al-Bahar</td>
<td>Regional Manager for East, South Asia and Pacific, Kuwait Fund</td>
</tr>
<tr>
<td>10</td>
<td>Pakistan</td>
<td>Mr. Mansoor Ahmad Khan</td>
<td>Director General (Afghanistan &amp; ATDC), Ministry of Foreign Affairs</td>
</tr>
<tr>
<td>11</td>
<td>Russia</td>
<td>Mr. Andrey Blinnikov</td>
<td>Advisor for Economic Affairs, Embassy of Russian Federation, Kabul</td>
</tr>
<tr>
<td>12</td>
<td>Tajikistan</td>
<td>Mr. Sslohiddin Daler Kiromov</td>
<td>Director of Economic Relation, Ministry of Foreign Affairs</td>
</tr>
<tr>
<td>13</td>
<td>Turkey</td>
<td>Mr. Gürol Sökmensüer</td>
<td>Director General for Bilateral Economic Affairs of the Ministry of Foreign Affairs</td>
</tr>
<tr>
<td>14</td>
<td>Turkmenistan</td>
<td>Mr. Shalar Geldinazarov</td>
<td>Director of Meddle East, West Asia and Afghanistan, Ministry of Foreign Affairs</td>
</tr>
</tbody>
</table>

*Countries yet to introduce their regional focal points: Iran, Qatar, Saudi Arabia, UAE and Uzbekistan*
## Annex 2

### Afghan Government Ministries and Agencies, and International Partners Consulted for the RECCA Annual Review 2016

<table>
<thead>
<tr>
<th>#</th>
<th>Organization</th>
<th>Name</th>
<th>Position</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Ministry of Public Works / Afghanistan Railway Authority</td>
<td>Mohammad Yama Shams</td>
<td>Railway Infrastructure &amp; Maintenance Director</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Abdul Bari Sediqi</td>
<td>Railway Director General</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Eng. Ahmad Shafiq</td>
<td>Railway Engineer</td>
</tr>
<tr>
<td>2</td>
<td>Ministry of Energy &amp; Water</td>
<td>Eng. Amanullah Ghalib</td>
<td>Deputy Minister for Energy</td>
</tr>
<tr>
<td>3</td>
<td>Ministry of Labor, Social Affairs, Martyrs &amp; Disabled</td>
<td>Dr. Ahmad Shah Salehi</td>
<td>Deputy Minister of Labor</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Mohammad Saber Pardes</td>
<td>DG for Planning &amp; Policy</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Khair Mohammad Niru</td>
<td>DG for HR Directorate</td>
</tr>
<tr>
<td>4</td>
<td>Ministry of Transport &amp; Civil Aviation</td>
<td>Fawzia Ehsani</td>
<td>Admin &amp; Finance DM</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Mohammad Yasin Himmat</td>
<td>Desk Manager for International Organizations Affairs</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Khawaja Jawad Sanaye</td>
<td>TRACECA Specialist</td>
</tr>
<tr>
<td>5</td>
<td>Ministry of Commerce &amp; Industries</td>
<td>Mohammad Qurban Haqjo</td>
<td>Deputy Minister for Commerce</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Firoz Khan Masjidi</td>
<td>Plan &amp; Policy Director</td>
</tr>
<tr>
<td>6</td>
<td>Ministry of Agriculture, Irrigation &amp; Livestock</td>
<td>Mir Amanudin Haidari</td>
<td>Deputy Minister (Technical)</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Shakir Majeedi</td>
<td>DG of Planning &amp; Program</td>
</tr>
<tr>
<td>7</td>
<td>Ministry of Mining &amp; Petroleum</td>
<td>Ghazal Habibyar</td>
<td>Deputy Minister</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Enayatullah Alamyaar</td>
<td>Senior Legal Advisor</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Mohammad Arif</td>
<td>Senior Energy Advisor</td>
</tr>
<tr>
<td>8</td>
<td>Ministry of Communications &amp; Information Technology</td>
<td>Eng. Baryalai Hassam</td>
<td>DM of Communication &amp; IT (Technical)</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Wais Ahmad Taraki</td>
<td>Advisor</td>
</tr>
<tr>
<td>9</td>
<td>Ministry of Finance</td>
<td>Shafiq Ahmad Qarizadah</td>
<td>DM for Customs &amp; Revenue</td>
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<tr>
<td></td>
<td></td>
<td>Massoud Yasin</td>
<td>In charge of Tariffs Dept</td>
</tr>
<tr>
<td>10</td>
<td>Afghanistan Chamber of Commerce &amp; Industries</td>
<td>Atiqullah Nusrat</td>
<td>CEO</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Mohammad Zia Azizi</td>
<td>IR Officer</td>
</tr>
<tr>
<td>11</td>
<td>Da Afghanistan Breshna Sherkat</td>
<td>Qudratullah Delawari</td>
<td>CEO</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Shekib Nesar</td>
<td>Member of Advisory Board</td>
</tr>
</tbody>
</table>

### Afghan and International Partners Consulted
Sham Bathija, William Byrd, John Cockrell, Paul Fishstein, Daniel Froats, Jason Foley, Aminuddin Hamedi, Humayun Hamidzada, Tom Kelly, Jocelyn Mason, Shahmahmood Miakhel, Nadia Nivin, Peter Middlebrook, Ian Sheridan, Jeffrey Stacey, S. Frederick Starr, Craig Steffensen, Loren Stoddard, and Scott Worden
Central Asia Regional Economic Cooperation program (CAREC): Established by the ADB in 2001. CAREC is a multi-country (including the Central Asian States, Pakistan, Afghanistan, China, Mongolia, and Azerbaijan), multi-institutional alliance that seeks to promote increased coordination in customs, energy, transport, trade facilitation, and trade policy. Afghanistan joined CAREC in 2005.

South Asia Association for Regional Cooperation (SAARC): Founded in 1985, SAARC seeks to promote peace, social justice, and economic prosperity through sixteen “areas of cooperation” among its eight member states (Afghanistan, Bangladesh, Bhutan, India, the Maldives, Nepal, Pakistan, and Sri Lanka). Afghanistan became a full member of SAARC in April 2007, and it joined the South Asia Free Trade Agreement in February 2008 (with full implementation expected by 2016).

Economic Cooperation Organization (ECO): ECO is a regional intergovernmental organization established in 1985 by Iran, Pakistan, and Turkey for the promotion of economic, technical, and cultural cooperation. In 1992, ECO was expanded to include (again, all Islamic countries): Afghanistan, Azerbaijan, Kazakhstan, the Kyrgyz Republic, Tajikistan, Turkmenistan, and Uzbekistan. In early 2005, the ECO Trade Agreement (a preferential trade agreement) was signed with the aim of reducing intra-ECO tariffs, non-tariff barriers, and other trade-related charges.

Shanghai Cooperation Organization (SCO): Afghanistan is an observer for this regional “intergovernmental mutual security organization” which was founded in 2001 in Shanghai by the leads of China, Kazakhstan, Kyrgyz Republic, Russia, Tajikistan, and Uzbekistan. Other observers include Belarus, India, Iran, Mongolia and Pakistan. Dialogue partners now includes Armenia, Azerbaijan, Cambodia, Nepal, Sri Lanka and Turkey.

Special Session of the Regional Advisory Committee of the United Nations Program for the Economies of Central Asia (UNSPEC): The United Nations Special Program for the Economies of Central Asia was launched in 1998 to strengthen sub-regional cooperation in Central Asia and its integration into the world economy. The member countries of UNSPECA are Afghanistan, Azerbaijan, Kazakhstan, Kyrgyz Republic, Tajikistan, Turkmenistan and Uzbekistan. Afghanistan joined UNSPECA in May 2005.

UN Economic and Social Commission for Asia and the Pacific (UNESCAP): As a UN Member State, Afghanistan also participates in activities of UNESCAP.

Central and South Asia Transport and Trade Forum (CSATTF): An initiative of the ADB, this regional forum has facilitated a number of transport and trade related agreements during the past decade.

Organization for Security and Cooperation in Europe (OSCE): In April 2003, Afghanistan became a Partner of the OSCE.
Kabul, 3-4 September 2015 The Sixth Regional Economic Cooperation Conference on Afghanistan
To get updated on all RECCA news, publications, and upcoming events, download the RECCA App.
Our choice is simple: do we become a roundabout or do we become a cul-de-sac?... We must draw inspiration from the past when Afghanistan was a roundabout and the place of invention and new systems. We have no choice but to build a common future with our neighbors.

H.E. Dr. Ashraf Ghani
President of the Islamic Republic of Afghanistan
at RECCA-VI in Kabul (3-4 September 2015)