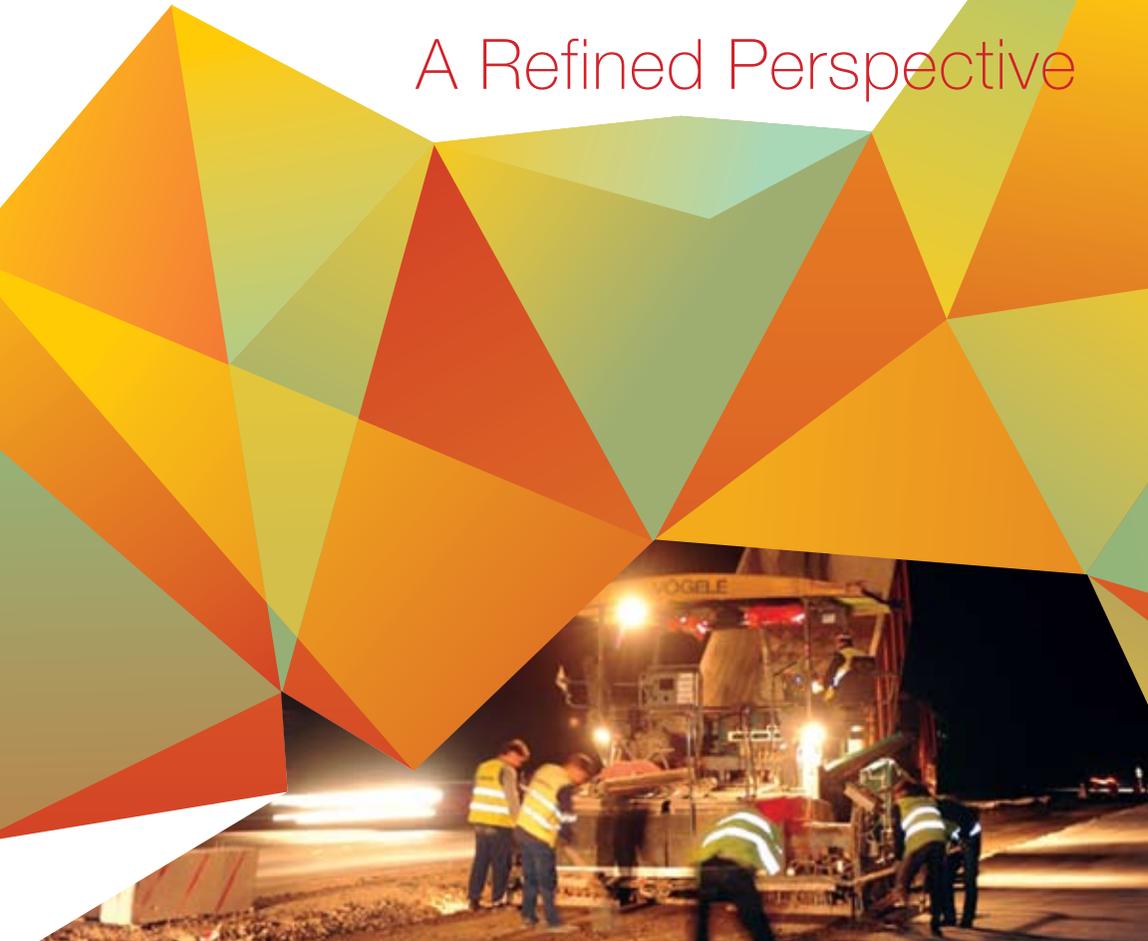




Central Asia Regional Economic Cooperation Program

Development Effectiveness Review 2013

A Refined Perspective



The CAREC Program

Established in 2001, the Central Asia Regional Economic Cooperation (CAREC) Program is a committed partnership of 10 countries:

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

It is supported by six multilateral institutions:

- Asian Development Bank
- European Bank for Reconstruction and Development
- International Monetary Fund
- Islamic Development Bank
- United Nations Development Programme
- World Bank

The CAREC partnership is working to create a dynamic network of multimodal transport corridors that open up economic opportunities and intercontinental trade, building a global future for Eurasia. CAREC builds transport infrastructure, and moves people, goods, and vehicles across borders faster and at less cost by modernizing customs procedures, removing bottlenecks at borders, and simplifying trade. It also works to ensure energy security and efficiency, and to promote energy trade.

CAREC 2020: A Strategic Framework for the Central Asia Regional Economic Cooperation Program 2011–2020 is guiding the partnership through its second decade of project implementation, with the primary goal of increasing trade and competitiveness.

In this document, “\$” refers to US dollars.

The Development Effectiveness Review (DEfR) evaluates the progress made over the year by all the components of the Central Asia Regional Economic Cooperation (CAREC) Program toward achieving the goals originally defined in the Comprehensive Action Plan. These goals were recast into a more focused set of objectives in *CAREC 2020: A Strategic Framework for the Central Asia Regional Economic Cooperation Program 2011–2020*. The DEfR gauges the program’s accomplishments by using quantitative indicators and qualitative information. It also describes the challenges faced and highlights opportunities for complementary work between sectors.

The 2013 DEfR presents a refined five-level results framework delineating the CAREC bodies involved in the program, what has been done (interventions), what has been delivered (outputs), how the beneficiaries have used the outputs (outcomes), and what all of these elements have contributed to the region (impacts) (Figure 1). Some indicators from earlier DEfRs were retained and are discussed below, in the top-to-bottom order of the results framework.¹ Other indicators have been formulated and are yet to be measured.

Legend	
	The indicator value for the current development effectiveness review (DEfR) has made progress and improved over the indicator value reflected in the previous DEfR cycle. This indicator is “on track.”
	The indicator value for the current DEfR has neither made progress nor deteriorated. This indicator has “stalled” and necessary action should be identified to prevent further deterioration.
	The indicator value for the current DEfR has stalled and/or deteriorated for 2 consecutive years. This indicator is “off track” and immediate attention is required.

Figure 1.
CAREC Program Strategies and Results Monitoring Framework

Regional Impact	Expanded Trade and Improved Competitiveness among CAREC Member Countries		
	<i>Transportation and Trade Facilitation</i>		
 Sector Outcomes	Sustainable, safe, and user-friendly transport and trade networks developed in the CAREC region	Efficient movement of goods and services through CAREC corridors and across borders	
 Sector Outputs	Operational and institutional effectiveness enhanced	Multimodal corridor established	Trade and border-crossing services improved
 CAREC Interventions	<ul style="list-style-type: none"> • Facilitate the construction and rehabilitation of roads, railways, airports and civil aviation, border-crossing points, SPS facilities, and logistics hubs. • Enhance capacity and/or south-south knowledge cooperation. • Support harmonization and joint conduct of customs and SPS procedures, and adopt modern technologies. • Monitor the performance of the CAREC corridors. • Provide institutional strengthening support. <p>Investment Project 1: Road Infrastructure; Investment Project 2: Rail Infrastructure; Investment Project 3: Inland Waterways and Ports; Investment Project 4: Airports and Air Transport; Investment Project 5: Border-Crossing Points; Investment Project 6: Logistics Mode; TA 1: Designated Railway Corridors; TA 2: Public-Private Initiatives; TA 3: Corridor Management; TA 4: Trade Facilitation; TA 5: Transport Facilitation; TA 6: Road Safety and Maintenance; TA 7: Other Infrastructure; TA 8: Other Infrastructure-Related</p>		
 CAREC Bodies	Transport Sector Coordinating Committee CAREC Federation of Carrier and Forwarder Associations Customs Cooperation Committee		

CAREC = Central Asia Regional Economic Cooperation, SPS = sanitary and phytosanitary, TA = technical assistance, VAT = value-added tax, WTO = World Trade Organization.

^a While capacity building is placed in one results chain only, it is understood that all trade policy outputs require some capacity development and the resulting “improved trade and/or business environment” supports and sustains all trade policy outcomes.

Source: 2013 CAREC Program Development Effectiveness Review.

<i>Trade Policy</i>					<i>Energy</i>	
Trade and business environment improved		Increased cross-border trade in services, including backbone services			Increased equity in energy resource distribution among CAREC countries	Existing energy relationships optimized
WTO membership achieved; commitments implemented; and WTO standards applied to VAT, tariffs, quotas, etc.	Capacity enhanced to effectively manage WTO, trade policy issues, and customs procedures ^a	Market access and/or openness promoted to foreign companies	Expansion of service exports prioritized in government plans	Temporary movement of labor within CAREC increased	Increased power generation and rehabilitated energy infrastructure	Central Asia–South Asia energy corridor developed
<ul style="list-style-type: none"> • Support WTO accession and implementation of pre- and post-WTO accession commitments. • Fund and support the implementation of recommendations from reviews, studies, and questionnaires. • Promote policies and practices to improve the quality of institutions and to encourage services investment in backbone services. • Encourage the development and use of bilateral labor agreements. <p>Interventions include training seminars, knowledge-sharing workshops, seminars on expansion of trade in services and reduction of nontariff barriers, and the provision of technical assistance to facilitate trade and to develop services .</p>					<ul style="list-style-type: none"> • Guide the development of the Central Asia–South Asia energy corridor. • Study and address regional energy dispatch issues. • Steer the mobilization of funds. • Guide and supervise knowledge-based activities. • Guide the development of the medium-term priority projects portfolio. • Develop programs to enhance regional energy trade and cooperation. • Undertake analytical work on the linkages between energy and water resources. 	
Trade Policy Coordinating Committee					Energy Sector Coordinating Committee	

CAREC's Performance in 2013

From 2001 to 2013, the CAREC Program implemented 146 investment projects worth \$22.4 billion and 221 technical assistance projects worth \$334 million. These projects continue to connect CAREC countries and encourage economic activity throughout the region. In 2013, roads and railways were built or upgraded and border-crossing time was shortened. CAREC countries continued to trade at levels equivalent to about two-thirds of their gross domestic products (GDPs),² and intra-CAREC trade improved modestly in proportion to total CAREC trade. However, logistics performance still needs to be strengthened, and intraregional energy trade and the share of foreign investments in the GDP showed no definite trends.

Operations growth continued in 2013, although finance mobilization was modest, owing to the moderate additional inflows, particularly in transport. The weakened annual expansion requires attention. The CAREC Program was promoted at international conferences and in print and electronic media. Knowledge-sharing and capacity-building activities covering a wide range of topics took place through the CAREC Institute, and training programs were conducted jointly with various organizations. Moreover, preparations were made to establish a physical base for the CAREC Institute.

The DEfR proposes a set of actions to strengthen the implementation of all the components of the CAREC Program and to improve their effectiveness.

¹ CAREC implementing bodies (Level 1) are the agents for results and do not have indicators.

² Comparable subnational data for the Xinjiang Uygur Autonomous Region and the Inner Mongolia Autonomous Region of the People's Republic of China (PRC) are not available, and are thus excluded from the estimates.

Progress at the Regional Level

Level 5: Regional Impact

Level 5 presents broad indicators that embody the CAREC Program’s development objectives that were reaffirmed in CAREC 2020: expanded trade and improved competitiveness. The five indicators (Table 1) were not subjected to the rating system inasmuch as they are a result of numerous factors and cannot be solely attributed to the program, and the 2-year period within which results are expected is too short.

Table 1.
Five Indicators for Expanded Trade and Improved Competitiveness

Indicator	Value ^a
1. Trade openness (%)	66.8
2. Intra-regional trade as a proportion of total CAREC trade (%)	6.18
3. Intra-regional energy trade (GWh)	4,752
4. Foreign direct investment (% of GDP)	3.9
5. Logistics performance index	2.43

CAREC = Central Asia Regional Economic Cooperation, GDP = gross domestic product, GWh = gigawatt-hour.

^a Values for 2012 (for Indicators 1, 3, and 4); 2013 (for Indicator 2); and 2014 (for Indicator 5). Excludes subnational data for the Xinjiang Uygur Autonomous Region and the Inner Mongolia Autonomous Region of the People’s Republic of China, which are not available for these indicators.

Source: 2013 CAREC Program Development Effectiveness Review.

CAREC countries are relatively open, trading at levels equivalent to about two-thirds of their GDP on average, roughly similar to that of Europe and Central Asia and higher than South Asia’s. Four of the seven CAREC countries included in the estimate were highly open, with trade volumes exceeding their GDP levels. Intra-CAREC trade as a proportion of total trade for CAREC countries, while still single-digit, has been gradually improving. Between 2002 and 2013, intraregional trade and total trade each expanded by 18% annually. During 2010–2012, however, intra-CAREC energy trade and the GDP share of foreign investment inflows did not follow consistent trends.

The logistics performance index was midway between the best and worst; and the mean scores for timeliness, tracking consignments, customs, and infrastructure need to match the improved scores for ease of arranging international shipments and logistics services.

Sector Contributions

Levels 4, 3, and 2: Sector Outcomes, Outputs, and Interventions

Each of the four priority sectors under the CAREC Program (transport, trade facilitation, trade policy, and energy) has seen results that have contributed to the CAREC Program's impact in the region. These results are presented within the same framework for each sector: Level 4 for *outcomes*, or the use of sector outputs by beneficiaries; Level 3 for *outputs*, or the desired changes in systems and infrastructure brought about by CAREC-related inputs and interventions; and Level 2 for *interventions* and inputs made to implement the program, including strategies, studies, and analytical work; policy changes; projects; and institutional improvements.

The refined *CAREC Transport and Trade Facilitation Strategy 2020* (TTFS 2020), containing an implementation action plan for 2014–2020, seeks to achieve three outcomes more efficiently and comprehensively: competitive corridors; efficient movement of people and goods; and sustainable, safe, and user-friendly transport and trade networks (Table 2). The TTFS 2020 continues to prioritize the completion of the six strategic multimodal corridors and introduces corridor extensions that will (i) connect with seaports; (ii) provide alternative routes along existing corridors; (iii) increase geographic coverage and interconnectivity; (iv) include a rail network, as rail is ideal for long-distance freight; and (v) establish intermodal hubs.

Table 2.
Transport and Trade Facilitation Sector Results Framework

Bodies	Interventions	Sector Outputs	Sector Outcomes
TSCC, CCC, CFCFA	Road development	Multimodal corridor network developed	Competitive corridors established
	Rail development		
	Logistics center development		
	Border-crossing- point development		
	Coordinated border management	Trade and border- crossing services improved	Efficient movement of people and goods facilitated
	Customs modernization		
	Beyond-customs integrated trade facilitation		
	Single-window- system development		
	Road maintenance	Operational and institutional effectiveness enhanced	Sustainable, safe, user-friendly transport and trade networks developed
	Road safety		
Policy reform, industrial restructuring, privatization, and institutional development			

CCC = Customs Cooperation Committee, CFCFA = CAREC Federation of Carrier and Forwarder Associations, TSCC = Transport Sector Coordinating Committee.

Source: 2013 CAREC Program Development Effectiveness Review.

In 2013, 1,312 kilometers (km) of roads were built or improved under the CAREC Program, bringing the cumulative length to 4,970 km, which amounts to 64% of the TTFS 2020 target or 85% of the total 24,000 km of CAREC corridors that are now in good condition.

Table 3.
Transport and Trade Facilitation

Transport Output Indicators	
Annual expressways or national highways built or improved (km)	G
Cumulative proportion of total CAREC corridor length built or improved (%)	G
Trade Facilitation Outcome Indicators	
Time taken to clear a border crossing (hours)	G
Costs incurred at a border-crossing clearance (\$)	R
Speed of travel on a 500 km CAREC corridor section (km per hour)	A
Costs incurred in traveling a corridor section (\$, per 500 km, per 20-ton load)	R

CAREC = Central Asia Regional Economic Cooperation, km = kilometer.
Source: 2013 CAREC Program Development Effectiveness Review.

Estimates of trade facilitation outcomes for 2013 were mixed. The average time to clear a border crossing was reduced from 10.9 hours in 2012 to 10.0 hours in 2013, but the faster clearance was offset by slightly slower travel speeds along CAREC corridors, mainly because of relatively longer transit times along Corridor 4. Higher road vehicle operating costs and rail-transaction costs along particular corridors contributed to a steep rise in the nominal costs of traveling along corridors while a handful of border-crossing posts accounted for the increase in the cost to clear borders (Table 3).

Nevertheless, positive outcomes were evident in specific areas in 2013 as a result of the following CAREC Program activities financed by ADB:

- (i) Awarded as an Exceptional International Development Project by the United States Treasury,³ the Hairatan to Mazar-e-Sharif Railway Project in Afghanistan built a 75 km railway line, transshipment facilities, and a railway station, thereby connecting the ring road with the airport and to the Uzbekistan rail system, which leads to markets in Europe. Freight volume increased from 4,500 to 6,500 tons per day,

³ Announced in July 2014 during the third annual Development Impact Honors for projects undertaken by the multilateral development banks, there were 6 awardees out of almost 30 projects nominated.

costs fell by \$0.08 per ton/km, transport time was cut in half, and job opportunities grew by 10% annually.

- (ii) The North–South Corridor Project in Afghanistan rehabilitated the Mazar-e-Sharif–Dar-i-Suf and Bamyan–Yakawlang roads, and installed border-crossing facilities at Spin Boldak and Hairatan. As a result, travel time was reduced by 75% and transport costs by 40%; rural areas are now connected to markets, even during the winter; traffic volumes quadrupled; vehicle operating costs dropped by 45%; border throughput was improved; and transaction time reduced.
- (iii) The Road Network Development Program (Project 2), in Azerbaijan, improved the Ganja bypass road, which is part of the primary east–west highway from Baku to the border of Georgia and a main route between the Caspian and Black seas. Traffic volume tripled, travel time was shortened, and the international roughness index improved. Also, freight charges and passenger fares were lowered, cutting transport costs by 25%–30%. Local businesses grew by 30%; and public transport services began to operate, making remote areas accessible and travel to town centers more frequent.
- (iv) The CAREC Transport Corridor 1 (Bishkek–Torugart Road) Project improved 39 km of the road connecting the capital to the border with the People’s Republic of China (PRC); and it is now the shortest road link from Kashgar, in the PRC, to consumer markets in the northern part of the Kyrgyz Republic, Kazakhstan, and the Russian Federation. Vehicle travel speed was tripled; trade between the Kyrgyz Republic and the PRC doubled, travel time was halved, and traffic volume increased by 13% annually.
- (v) The Dushanbe–Kyrgyz Border Road Rehabilitation Project (Phase II), in Tajikistan, improved 118.7 km of road along CAREC Corridors 3 and 5, and 59.9 km of rural roads in Nurobod and Rasht districts. As a result, freight traffic increased eightfold, annual average daily traffic on the main road more than doubled, and average travel time dropped from 10 hours in 2006 to 7 hours in 2012. Access to markets, jobs, and social services also improved.

In addition to the projects listed above, customs cooperation in 2013 addressed nonphysical barriers to cross-border transport and trade. Diagnostic studies are assessing transport operations along the corridor connecting the Kyrgyz Republic, Tajikistan, Afghanistan, and Pakistan, and examining the requirements for establishing designated railway corridors. The recommendations emanating from these studies should lead to further work in facilitating cross-border transit. New regional technical assistance projects are focusing on modernizing sanitary and phytosanitary (SPS) measures, customs reforms, border infrastructure, and customs transit. CAREC-member countries are acceding to and aligning their customs codes with the Revised Kyoto Convention. Assistance is being provided for compliance with World Trade Organization (WTO) accession commitments. Automation is being introduced in more countries, while national single-window systems are being established. And private sector participation is encouraged through such organizations as the CAREC Federation of Carrier and Forwarder Associations.

The Trade Policy Strategy Action Plan (TPSAP) for 2013–2017 continues to emphasize the objectives defined in the 2008 strategy and action plan, but adds two more objectives that are crucial to integrating the CAREC countries into the world trading environment: (i) reducing the trade-impeding impact of technical regulations and SPS measures, and (ii) expanding trade in services. Progress will be reported in 2015, reflecting 2014 results. In 2013, all items of the work plan remained on track (Table 4).



Table 4.
Trade Policy Sector Results Framework

Body	Interventions	Sector Outputs	Sector Outcomes
TPCC	<ul style="list-style-type: none"> • Conduct a gap analysis on requirements for WTO membership • Schedule the implementation of WTO commitments 	<ul style="list-style-type: none"> • Negotiations for WTO accession conducted • WTO membership achieved • WTO commitments implemented 	Trade and business environment improved
	<ul style="list-style-type: none"> • Address discrepancies between taxes on domestic goods and those on imports • Schedule further tariff reductions 	<ul style="list-style-type: none"> • VAT and excise taxes uniformly applied on domestic and imported goods • Average tariff reduced to 10% or less, with 20% maximum cap 	
	<ul style="list-style-type: none"> • Set time frame to abolish or tariffy quantitative restraints 	<ul style="list-style-type: none"> • Noncompliant export and import quotas abolished or tariffied 	
	<ul style="list-style-type: none"> • Adapt SPS measures and technical regulations concerning industrial goods to international standards • Promote mutual recognition of certificates from accredited conformity assessment bodies • Prepare comprehensive SPS strategy and action plan for transition to WTO-compliant system • Review new nontariff measures and evaluate transition to international standards 	<ul style="list-style-type: none"> • Technical regulations on industrial goods and SPS measures made consistent with WTO TBT and SPS agreements 	

Body	Interventions	Sector Outputs	Sector Outcomes
TPCC	<ul style="list-style-type: none"> • Conduct national studies to assess key bottlenecks to trade in services • Administer Services Trade Restrictiveness Index questionnaire every 2 years • Improve quality of institutions, for instance by addressing corruption, complex export procedures, and labor market inflexibility • Implement key regulatory changes to liberalize telecommunications and other sectors so as to encourage exports 	<ul style="list-style-type: none"> • Key bottlenecks addressed • Services Trade Restrictiveness Index scored for all CAREC countries • Key regulatory changes voluntarily implemented • Development of backbone services and expansion of service exports streamlined into national plans; technical assistance for achieving CAREC 2020 goals delivered 	Cross-border trade in services increased
	<ul style="list-style-type: none"> • Implement key regulatory reforms to encourage investments in backbone services • Mobilize a technical team to conduct substantive analyses and lead dialogue and policy action 	<ul style="list-style-type: none"> • Market access promoted and national treatment applied to foreign companies in finance, telecommunications, and transport services • Regulations related to services reviewed for sustainability 	Trade in backbone services increased
	<ul style="list-style-type: none"> • Implement bilateral labor agreements on a voluntary basis • Establish mutual recognition agreements for some professions 	<ul style="list-style-type: none"> • Bilateral labor agreements in effect for the temporary movement of certain types of laborers within the region 	Increased temporary movement of labor within the CAREC region
	<ul style="list-style-type: none"> • Offer a training seminar on WTO accession and trade policy for development • Conduct a knowledge-sharing workshop on WTO-membership issues, and implement WTO commitments in the CAREC region • Offer a seminar on expanding trade in services • Provide technical assistance for trade facilitation • Provide technical assistance for services development 	<ul style="list-style-type: none"> • Capacity and knowledge built for addressing WTO-accession and trade-policy issues • Capacity strengthened for modernizing SPS measures, aligning customs procedures with the Revised Kyoto Convention, and for effecting joint control of animal diseases in the PRC and Mongolia • Knowledge acquired for incorporating services development goals into national plans 	

CAREC = Central Asia Regional Economic Cooperation, PRC = People's Republic of China, SPS = sanitary and phytosanitary, TBT = technical barriers to trade, TPCC = Trade Policy Coordinating Committee, VAT = value-added tax, WTO = World Trade Organization. Source: 2013 CAREC Program Development Effectiveness Review.

With the adoption of CAREC 2020, the Energy Work Plan for 2013–2015 uses the framework for developing the energy sector, identifying potential projects for regional integration and trade, and promoting the creation of power-generation facilities that will be able to export energy to countries outside the region. The energy sector’s results at each level are shown in Table 5.

Table 5.
Energy Sector Results Framework

Body	Interventions	Sector Outputs	Sector Outcomes
ESCC	Develop programs to enhance regional energy trade and cooperation	Targeted levels for domestic and cross-border energy projects reached by 2020	Impact of uneven distribution of energy resources among CAREC countries overcome
	Undertake analytical work on the linkages between energy and water resources	Central Asia–South Asia energy corridor developed	Existing energy interrelationships optimized
	Complete the financial road map and mobilize funds		
	Strengthen institutional capacity of CAREC-member countries and share knowledge with them		

CAREC = Central Asia Regional Economic Cooperation, ESCC = Energy Sector Coordinating Committee.

Source: 2013 CAREC Program Development Effectiveness Review.

Progress has been made in implementing the Energy Work Plan. To improve energy trade and energy cooperation in the region, preparations have begun for two complementary projects funded by ADB and the World Bank along the Central Asia–South Asia energy corridor. To address the constraints on electricity trade, the United States Agency for International Development (USAID)—under its Regional Energy Security, Efficiency, and Trade (RESET) Program—conducted seminars and offered a full university-level curriculum on the design and operation of power markets. And the World Bank’s Enhancing Central Asia Regional Power Trade and Cooperation Program analyzed data and consulted with energy ministries, dispatch centers, grid operators, and utilities.

To manage energy–water linkages, the World Bank is reinforcing knowledge-platform and decision-support systems using the Basin Economic Allocation and Aral Dynamic Information Framework (AralDIF) demonstration models,⁴ as well as the Central Asia energy–water knowledge portal and network. To help mobilize funds to develop energy assets, ADB technical assistance is being provided for the CAREC Power Sector Financing Road Map to evaluate the ability of various CAREC countries to finance the development of power infrastructure. The list of medium-term priority projects has, in the meantime, been compiled based on national investment plans. The capacity-building and knowledge-framework program for 2013–2015 calls for the CAREC Energy Sector Coordinating Committee to strengthen its links with the Energy Charter, International Energy Agency, International Hydropower Association, and other organizations.

The Regional Power Transmission Interconnection Project illustrates how the outputs of energy-sector interventions can contribute to positive outcomes. The project aimed to increase the power-export and income-generating capacity of Tajikistan, and to restore power supplies and lower the cost of electricity in Afghanistan. The project constructed a 220-kilovolt transmission line in Afghanistan that stretched from the border with Tajikistan to the Pul-e-Khumri substation; and it upgraded substations with installations of major equipment. In Tajikistan, a 116.5 km transmission line from Sangtuda to the Pyanj River crossing was built and energized for electricity export. A Sangtuda substation with two new line bays was completed, and the transmission line was connected to two existing bays after new transformers were installed. Altogether, these changes resulted in a transmission capacity of 600 megawatts (MW). Target outcomes were achieved. Power supply was restored in Afghanistan, where per capita consumption rose from 21 kilowatt-hours (kWh) per year in 2006 to 106 kWh per year in 2011. Retail electricity sales rose by 70% from 2009 to 2011. Grid-connected diesel generators discontinued operations, substantially lowering electricity costs. Power costs decreased by \$20 million in 2013. Tajikistan's market access and export capability were improved: electricity supply increased from 15,897 KWh in 2009 to 18,085 KWh in 2010; export capacity

⁴ The Aral Dynamic Information Framework (AralDIF) is a first generation demonstration model of water flows that identifies independent, publicly accessible data and model platforms for energy-water analysis. Produced by the University of Washington, it enables the visualization and simulation of water and energy linkages.

reached 200 MW in 2013 and 791 gigawatt-hours (GWh) of electricity, worth \$28.8 million, was exported to Afghanistan in 2013, generating foreign exchange. The power purchase agreement between the two countries demonstrated that regional cooperation in power trade is workable. After electricity trade had commenced, in 2011, Afghanistan’s electricity supply sources diversified and expensive thermal generation was displaced, increasing energy security. As of 2013, power supply to Kabul is available almost all day, compared with only 4 hours a day in 2002; and 760,000 households have electricity, of which 225,000 are newly connected. There are also 15,000 new nondomestic consumers, suggesting an increase in commercial and/or industrial users.

Level 2 analysis also examines financial and knowledge-based inputs into the CAREC Program, using indicators for operational and organizational effectiveness. These indicators show how well the program consolidates its resources and completes projects, secures new funds, and responds to country needs for capacity building and knowledge production and sharing.

Table 6.
Operations Growth

Volume of approved investment projects (loans and grants, cumulative since 2001, \$ million)	
Number of approved investment projects (loans and grants, cumulative since 2001)	

Source: 2013 CAREC Program Development Effectiveness Review.

Operations growth continued in 2013, bringing the total volume of investments for 2001–2013 to 146 projects, with a combined value of \$22.4 billion (Table 6). The cumulative total in 2013 represented an increase of 5.5% over that of the previous year. At the end of the 13-year period, 52 CAREC-related investment projects, with a combined value of \$3.2 billion, had been completed; in 2013 alone, 10 projects totaling \$445 million were concluded. To sustain operations growth, however, priority projects must be mainstreamed into national development plans.

Table 7.
Finance Mobilization

Annual volume of newly approved investment projects (loans and grants, 3-year rolling average, \$ million)	
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Source: 2013 CAREC Program Development Effectiveness Review.

In 2013, \$1.1 billion in loans and grants supporting 10 new projects was approved, but the volume of expansion was more measured than in previous years. The 3-year rolling average indicator for finance mobilization was thus 20% lower than in 2012, owing to moderate additional inflows, particularly in the transport sector. Cofinancing opportunities must be explored more vigorously to stem this decline (Table 7).

Knowledge and capacity building are among the key pursuits of the CAREC Program. Research and analytical work conducted through the program are meant to help conceptualize and implement regional initiatives. The TTFS 2020 and the TPSAP 2013–2017 are among the substantive results in knowledge generation. Two areas of knowledge management are assessed: the quality of CAREC-related technical assistance and CAREC capacity-building programs.

Table 8.
Knowledge Management – Technical Assistance Projects

Ratings of CAREC-related technical assistance projects (% <i>successful</i>)	
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CAREC = Central Asia Regional Economic Cooperation.

Source: 2013 CAREC Program Development Effectiveness Review.

In a 2013 evaluation of past technical assistance projects, all the projects considered were rated *successful*. Multilateral development institutions working with the CAREC Program, as well as government partners, had together provided \$334.5 million in technical and knowledge transfer support in priority and multisector areas. Of the 221 projects approved from 2001 to 2013, 59 projects with a combined value of \$44.3 million contributed directly to loans and grants that totaled \$6.9 billion. In 2013, 15 new projects worth a total of \$15.8 million were approved, relatively modest compared with the annual figures over 2007–2013 (Table 8).

In 2013, 20% more participants attended all CAREC-related training sessions, even though the events were shorter and held less frequently. Nonetheless, course topics met the requirements of the CAREC countries. Knowledge-sharing and capacity-building activities were organized through the CAREC Institute and in partnership with the ADB Institute, General Administration of Customs of the People's Republic of China, Ministry of Transport and Communications of the Republic of Kazakhstan, United Nations Economic and Social Commission for Asia and the Pacific (UNESCAP), and the World Customs Organization. The meetings of the CAREC Trade Policy Coordinating Committee served as a venue for learning about trade issues. Study tours focusing on integrated trade facilitation were organized in Georgia, and on solar power in Kapchagai, Kazakhstan, where the United Nations Energy Commission for Europe, UNESCAP, and the United Nations Development Programme presented renewable energy initiatives. Preparations began for establishing an office for the CAREC Institute in Urumqi, Xinjiang Uygur Autonomous Region, People's Republic of China. And formal arrangements were made for the WTO to work with the CAREC Program to deliver capacity-development products, especially concerning trade policy.

In December 2013, the CAREC Program was introduced to a wider audience during the session on Regional Cooperation and Trade in Central Asia: Integrating into the Global Economy, at the Bali Trade and Development Symposium, which was conducted simultaneously with the Ninth WTO Ministerial Conference. During 2013, national consultation workshops raised awareness and reinforced ownership of the CAREC Program. In addition, monthly subscriptions to the CAREC electronic newsletter, *e-Alert*, grew by 30%; more CAREC-related articles appeared in print media; and more readers per month visited the CAREC Program website.

What Should CAREC Do to Become More Effective?

For the CAREC Program to operate more effectively, address the relevant issues in each sector, and ultimately achieve the objectives of CAREC 2020, the DEfR proposes the following actions:

- (i) Harmonize work programs in transport and trade facilitation with the refined TTFS 2020.
- (ii) Address key nonphysical barriers to cross-border transport to maximize the benefits of the CAREC corridors.
- (iii) Monitor the implementation of the TPSAP for 2013–2017 to ensure adequate progress in trade liberalization.
- (iv) Implement the CAREC Energy Work Plan for 2013–2015.
- (v) To sustain operations growth, endorse the list of medium-term priority projects and start incorporating priority projects into national development plans.
- (vi) To counter the drop in finance mobilization, step up efforts to explore cofinancing opportunities among CAREC-member governments, multilateral and bilateral institutions, other development partners, and the private sector.
- (vii) Implement sector-focused training and capacity-building activities and workshops on cross-cutting issues through the CAREC Institute.
- (viii) Move forward on the WTO Accession Knowledge Sharing Program and the post-accession adaptation of newly acceded members.
- (ix) Widely disseminate relevant knowledge products to all CAREC members, especially through the CAREC website.
- (x) Closely coordinate CAREC bodies to present consistent messages and information about the CAREC Program.



Central Asia Regional Economic Cooperation Program Development Effectiveness Review 2013

A Refined Perspective

This Central Asia Regional Economic Cooperation Program (CAREC) Development Effectiveness Review is the fifth annual consolidated picture of progress made by country and multilateral institution partners of CAREC toward economic development through regional cooperation. It measures the performance of CAREC projects and initiatives in transport, trade, and energy during 2013; highlights achievements; identifies areas for improvement; and proposes actions to meet emerging challenges and assist in strategic decision making.

About the Central Asia Regional Economic Cooperation Program

The CAREC Program is a practical, project-based, and results-oriented partnership that promotes and facilitates regional cooperation in transport, trade, energy, and other key sectors of mutual interest. CAREC has 10 member countries: Afghanistan, Azerbaijan, the People's Republic of China, Kazakhstan, the Kyrgyz Republic, Mongolia, Pakistan, Tajikistan, Turkmenistan, and Uzbekistan. Six multilateral institutions support CAREC's work: the Asian Development Bank (ADB), the European Bank for Reconstruction and Development, the International Monetary Fund, the Islamic Development Bank, United Nations Development Programme, and the World Bank. ADB serves as the CAREC Secretariat.

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