



Joint Statement of the CAREC Multilateral Institutions¹

Sixth Ministerial Conference: Central Asia Regional Economic Cooperation Dushanbe, Tajikistan 3 November, 2007

Chairman, Ladies and Gentlemen,

This is the third year that I have the pleasure of presenting a Joint MI Statement to a CAREC Ministerial Conference on behalf of the CAREC Multilateral Institutions, consisting of the ADB, EBRD, IMF, IsDB, UNDP and World Bank. Allow me first to express the Multilateral Institutions' appreciation to Tajikistan for hosting such a well organized 6th Ministerial Conference. This conference offers the opportunity to review the progress we have made over the last year and consider what are the main areas where the Multilateral Institutions need to engage in 2008 to help achieve our shared goal of facilitating regional economic development and cooperation for the benefit of all of the countries in the region.

Over the past year, we have seen much progress in each of the three key sectors -- transport, trade and energy -- which CAREC is supporting in line with the Comprehensive Action Plan: important roads and rail links have been completed to connect the countries of the region with each other and with the rest of the world; customs codes have been rationalized and bilateral customs agreements reached that will indeed facilitate the flow of goods, and thus increase welfare of the people in CAREC participating countries; energy links have been established that go along way to ensure more secure electricity supply, and work is ongoing to harmonize energy regulation. These are actions that bring immediate gains.

In addition, CAREC pushed ahead with important efforts and initiatives that are of long-term significance and reflect the decisions taken at the 5th Ministerial Conference in Urumqi:

- Important work has been undertaken to prepare sector strategies in transport and trade facilitation, trade policy, and energy. When completed these strategies will enable us to prioritize much needed investments, institutional improvements and policy changes that will support the integration of Central Asia.
- Of particular importance today is the first of these strategies – the CAREC Transport and Trade Facilitation Strategy – which we have just discussed. By focusing our attention on the improvement of transport infrastructure and trade facilitation along six priority corridors we will in future be able to cooperate much more effectively and create the essential conditions for trade and competitiveness of the Central Asian economies by

¹ Delivered by Mr. Shigeo Katsu, Regional Vice President, Europe and Central Asia Region, World Bank, on behalf of the multilateral institutions operating under CAREC comprising the Asian Development Bank, European Bank for Reconstruction and Development, International Monetary Fund, Islamic Development Bank, United Nations Development Programme, and World Bank.

substantially reducing the cost and time of transit. This strategy is a prime example of how CAREC's long-term vision namely, Good Neighbors, Good Partners, Good Prospects, translates into consensus-based medium-term strategies which in turn calls for a concrete set of actions in annual work programs. If actively implemented, this strategy will assure effective communication among Central Asian countries and re-establish Central Asia's historic role as a land bridge.

- We have also just reviewed a proposal for the establishment of the CAREC Institute. The Multilateral Institutions strongly support this capacity building initiative to provide training, research and outreach that draws on and reinforces the region's own intellectual resources, and improves the capacity of national governments to cooperate with one another. We stand ready to support the CAREC Institute with our expertise and resources.
- During the course of this year we have also strengthened relations of CAREC with other regional organizations, especially the Eurasian Economic Community and Shanghai Cooperation Organization. Later today we will hear from our UNDP colleague about the first meeting of the secretariats of regional organizations which took place in Istanbul in October to enhance their cooperation. The MIs believe that CAREC can play an important role in mobilizing the technical and financial resources needed to implement the decisions made by the heads of state under the auspices of the formal regional organizations.
- Finally, we welcome the proposal to establish a Development Partners' Forum, even though details of how to implement this initiative remain to be developed and agreed. We believe such a forum will bring together the key actors in support of the effective integration of Central Asian countries with each other and with the rest of the world.

Aside from these specific examples of progress, we have noted that there is strong and growing support across the region for regional cooperation and for the CAREC Program. We now need to harness this momentum. Therefore the Multilateral Institutions strongly support the list of actions proposed to the ministers for adoption in the Ministerial Statement to be agreed later today.

In addition, we want to stress the following six points:

First, macroeconomic performance of the CAREC region has been strong and near-term prospects are favorable. The most important policy challenge for the region is to manage the high levels of foreign exchange inflows to sustain its improved performance, while limiting inflation that has accompanied it. Financial sector reforms are a priority in the region given the importance of sound and advanced financial systems for achieving high and sustained growth in an integrated world. Here, we call for vigilance as the impact of the ongoing financial market turbulence is yet to fully play out in Central Asia.

Second, it is critical that we maintain a strong focus on specific actions and results, both in terms of investments and policies. We have set ourselves an ambitious work program in the Comprehensive Action Plan and in the sectoral strategies which we are now approving or preparing. We need to monitor our collective efforts to ensure they are achieving the goals that we set. For this reason, we strongly support the proposed monitoring of reductions in cost and time along the six CAREC transport corridors. Improved regional infrastructure networks will help to sustain economic growth and which, in turn, will contribute to improved living standards and the achievement of national development goals.

Third, we need to align regional strategies and regional planning with country development strategies and to strengthen the regional perspective in both country and multilaterals' programming. We will work towards this goal from our side.

Fourth, the huge financing needs which emerge from the sector strategies can only be met if the region succeeds in attracting sizeable private sector participation in addition to investment by the countries and the Multilateral Institutions, since many of the planned investment projects are very large and would benefit from the commercial orientation and discipline that private sector participation brings.

Fifth, during the past year CAREC continued to provide a forum for open, honest and constructive exchange. This exchange is rich and detailed. We all understand that our discussions are not always easy – there are some complex issues to be resolved in order to ensure that the region as a whole benefits from potential developments. For example, there needs to be dialogue and well informed study to promote the resolution of critical issues such as energy development and related water resource management needs. We stand ready to offer our support, our technical and financial resources, and our role as honest brokers to help the CAREC countries in addressing these important issues.

Finally, we all recognize that our efforts will only succeed if planned investment projects proceed in tandem with institutional development to increase country and regional capacity, as well as reforms which make the region more attractive to international investment. As partners to the CAREC countries the Multilateral Institutions are committed to supporting this process. The development of the CAREC Institute will make an important contribution to broadening the participation in the discussions that we have within CAREC's framework – it will enable us to extend this forum to include implementing agencies at the country level, together with the private sector and civil society.

In conclusion, Ladies and Gentlemen, let me express our sincere thanks to the Republic of Tajikistan for their generous hospitality and the impeccable organization of this Conference. Let me also extend thanks to our country counterparts and to the CAREC Secretariat from the ADB for enabling our enhanced cooperation efforts.

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