

Central Asia Regional Economic Cooperation Program (CAREC)



Inaugural Meeting of CAREC Research Institutes

Astana, Kazakhstan, 12 March 2009



- What is ADB?
- What is the CAREC Program?
- What is the CAREC Institute?

What is ADB?

- **Vision:** An Asia and Pacific region free of poverty
- **Mission:** To help our developing member countries reduce poverty, and improve living conditions and quality of life
- **Core Business:** Finance and advice for development solutions
 - Loans
 - Technical Assistance
 - Grants
 - Guarantees
 - Equity Investments
 - Policy Dialogue
 - Development finance institution

Founded in 1966

- 67 members
- 48 in the region
- 41 borrowing members
- Japan and the United States, coequally ADB's largest shareholders (15.57%)

The Region's Poverty Challenge

- Two thirds of the world's poor live in the region
- 1.7 billion people live on less than US\$2 a day

Strategy 2020

- Long-Term Strategic Framework 2008–2020
- Three Strategic Agendas
 - Inclusive Growth
 - Environmentally Sustainable Growth
 - Regional Integration

What is CAREC?

Partnership

- 8 countries and 6 IFIs, each with clear roles
- Not a treaty but a serious commitment by all
- Strong IFI collaboration, but leadership by countries
- **Goal:** Development through cooperation, leading to accelerated economic growth and poverty reduction in Central Asia

Action-oriented

- Based on clear strategies and action plans
- Invest in transport, energy, and trade facilitation
- Promote capacity development and networking

Partners in CAREC

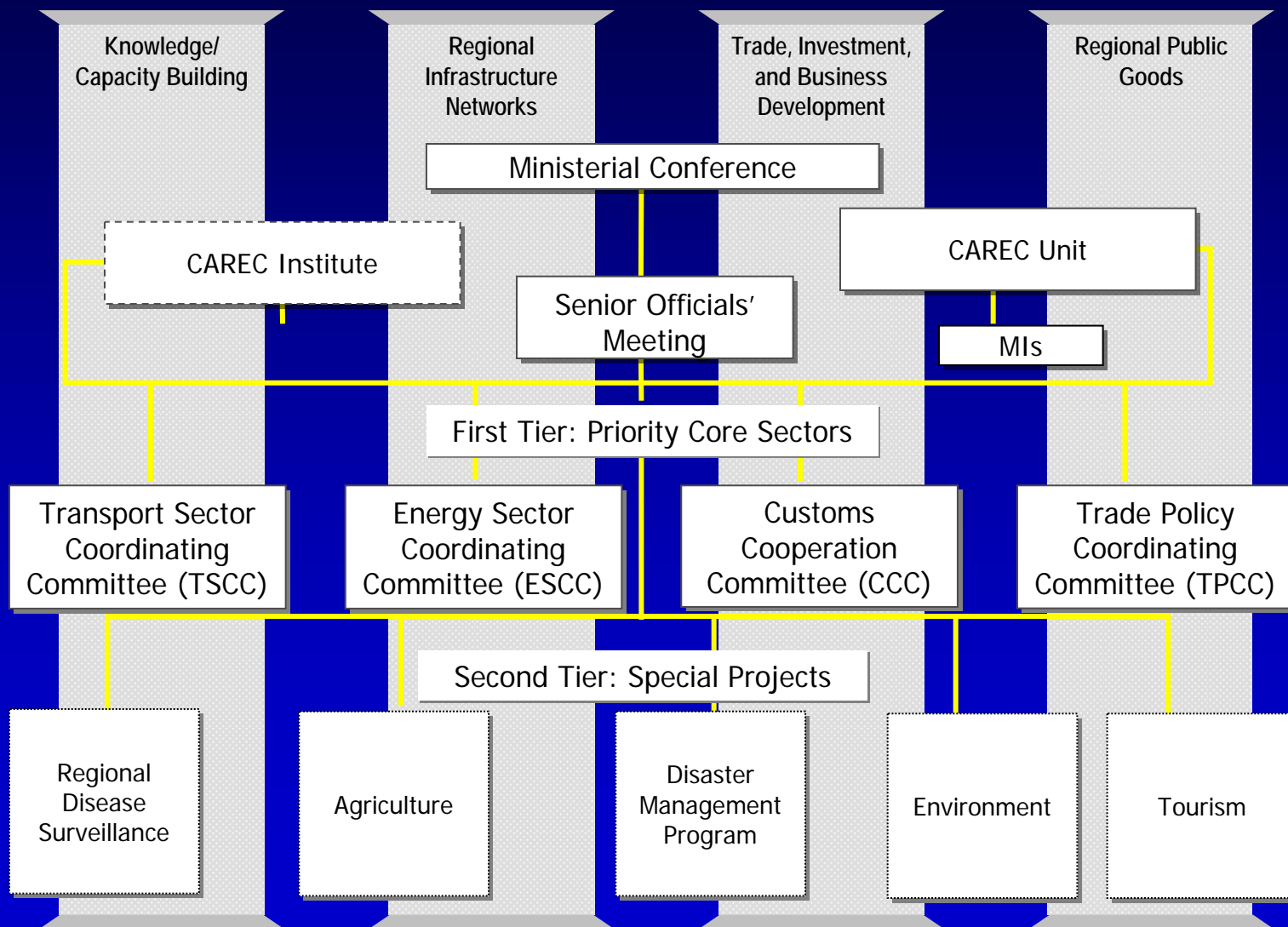
Participating countries

Afghanistan, Azerbaijan, Kazakhstan,
Kyrgyz Republic, Mongolia, PRC,
Tajikistan, Uzbekistan

IFIs

ADB, EBRD, IMF, Islamic Development
Bank, UNDP, World Bank

Program Structure



Focused Dialogue

- Consistent interaction
- Project focus
- Frank, practical, detailed
- Consensus-based decisions

Funding Cooperation

Mobilization of financial resources for cooperation

- 2006–2008 Pipeline:
 - Approximately 42 loans
 - \$2.3 billion
- 2006–2008 Actual:
 - \$3.7 billion
 - 2006: \$285 m; 2007: \$1 b; 2008: \$2.4 b

East Asia ⇌ EU

1995 = \$244 billion

2007 = \$717 billion

East Asia ⇌ Middle East

1995 = \$57 billion

2007 = \$315 billion

EU ⇌ South Asia

1995 = \$34 billion

2007 = \$100 billion

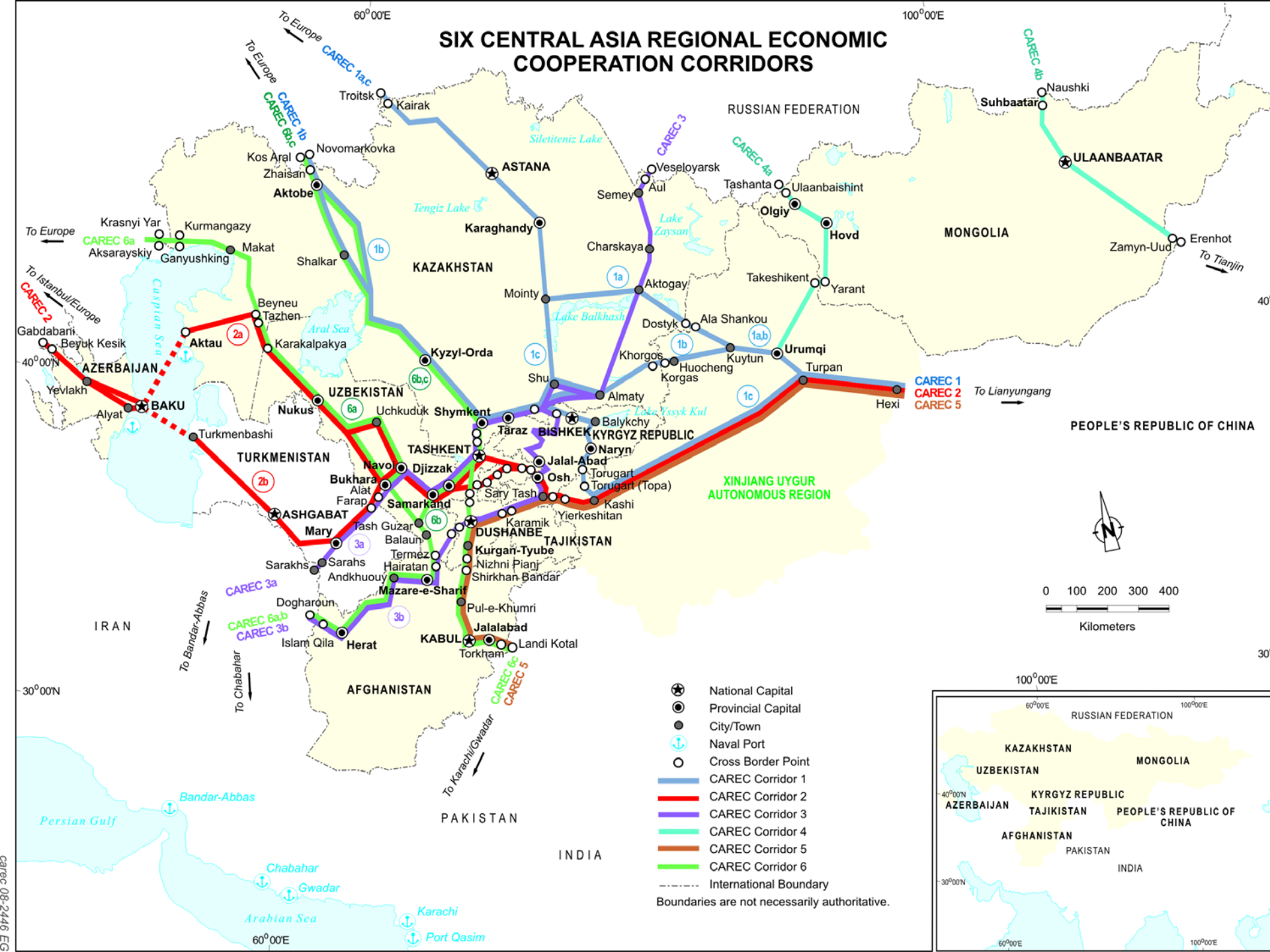
Source: IMF DOTS (June 2008)

Integrated Transport and Trade Facilitation Strategy

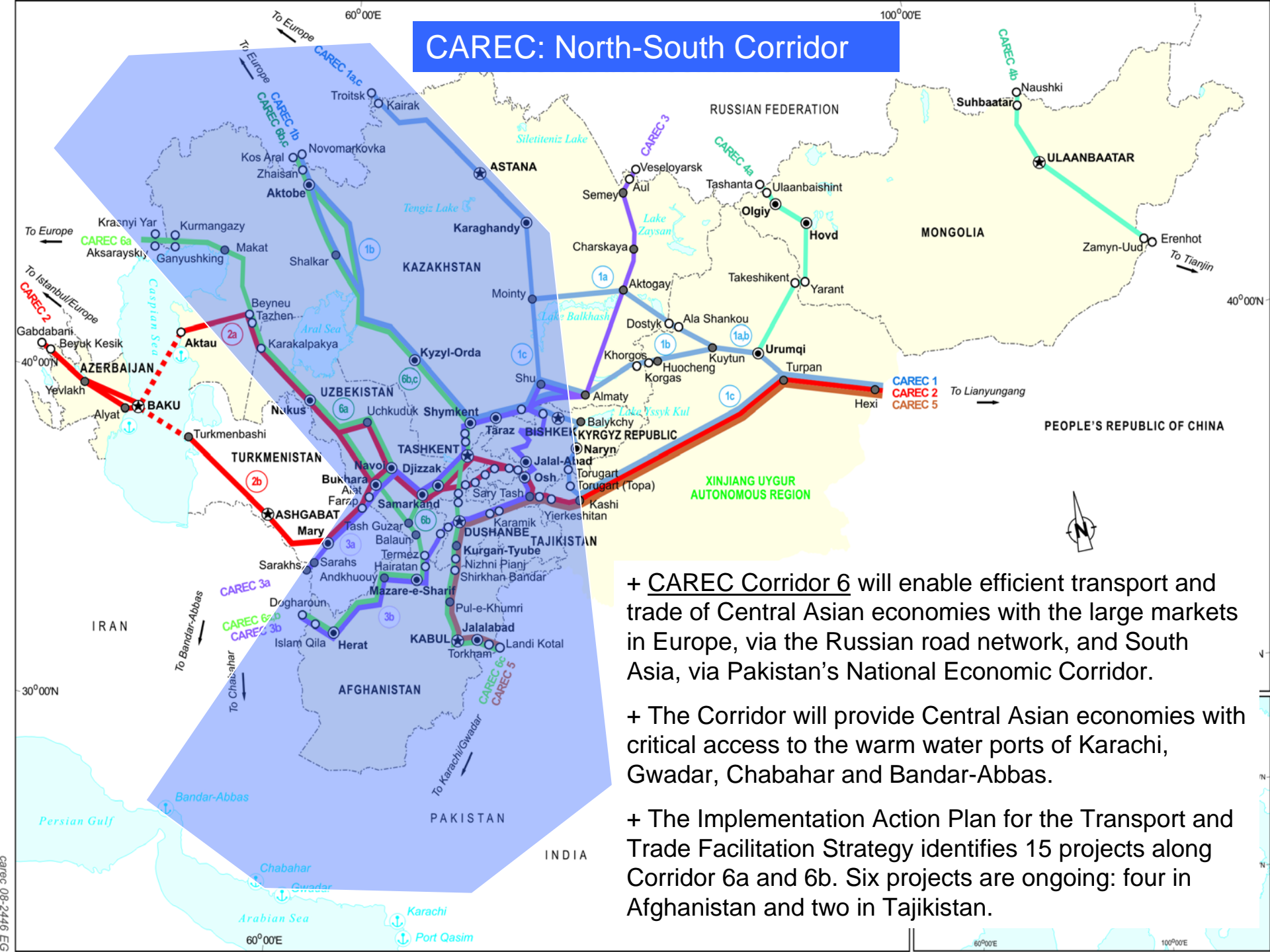
Goals

- Establish competitive transport and trade corridors
- Facilitate movement of people and goods across borders
 - Reduction in transaction costs and time
 - Improved administrative efficiency
 - Harmonization of trade procedures
- Develop safe, people-friendly transport systems
- Enhance transparency of laws, regulations, and procedures

SIX CENTRAL ASIA REGIONAL ECONOMIC COOPERATION CORRIDORS



CAREC: North-South Corridor

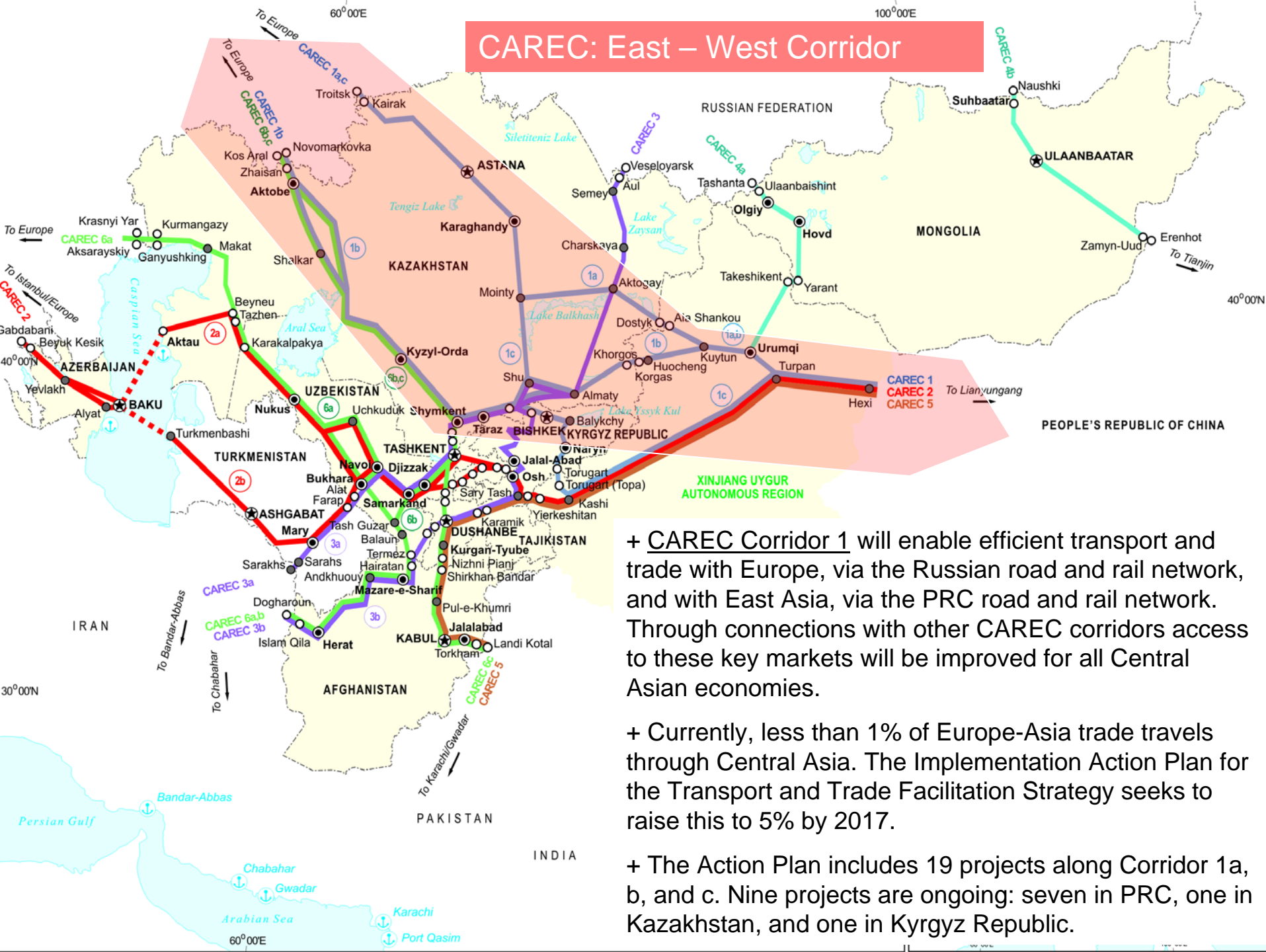


+ CAREC Corridor 6 will enable efficient transport and trade of Central Asian economies with the large markets in Europe, via the Russian road network, and South Asia, via Pakistan's National Economic Corridor.

+ The Corridor will provide Central Asian economies with critical access to the warm water ports of Karachi, Gwadar, Chabahar and Bandar-Abbas.

+ The Implementation Action Plan for the Transport and Trade Facilitation Strategy identifies 15 projects along Corridor 6a and 6b. Six projects are ongoing: four in Afghanistan and two in Tajikistan.

CAREC: East – West Corridor



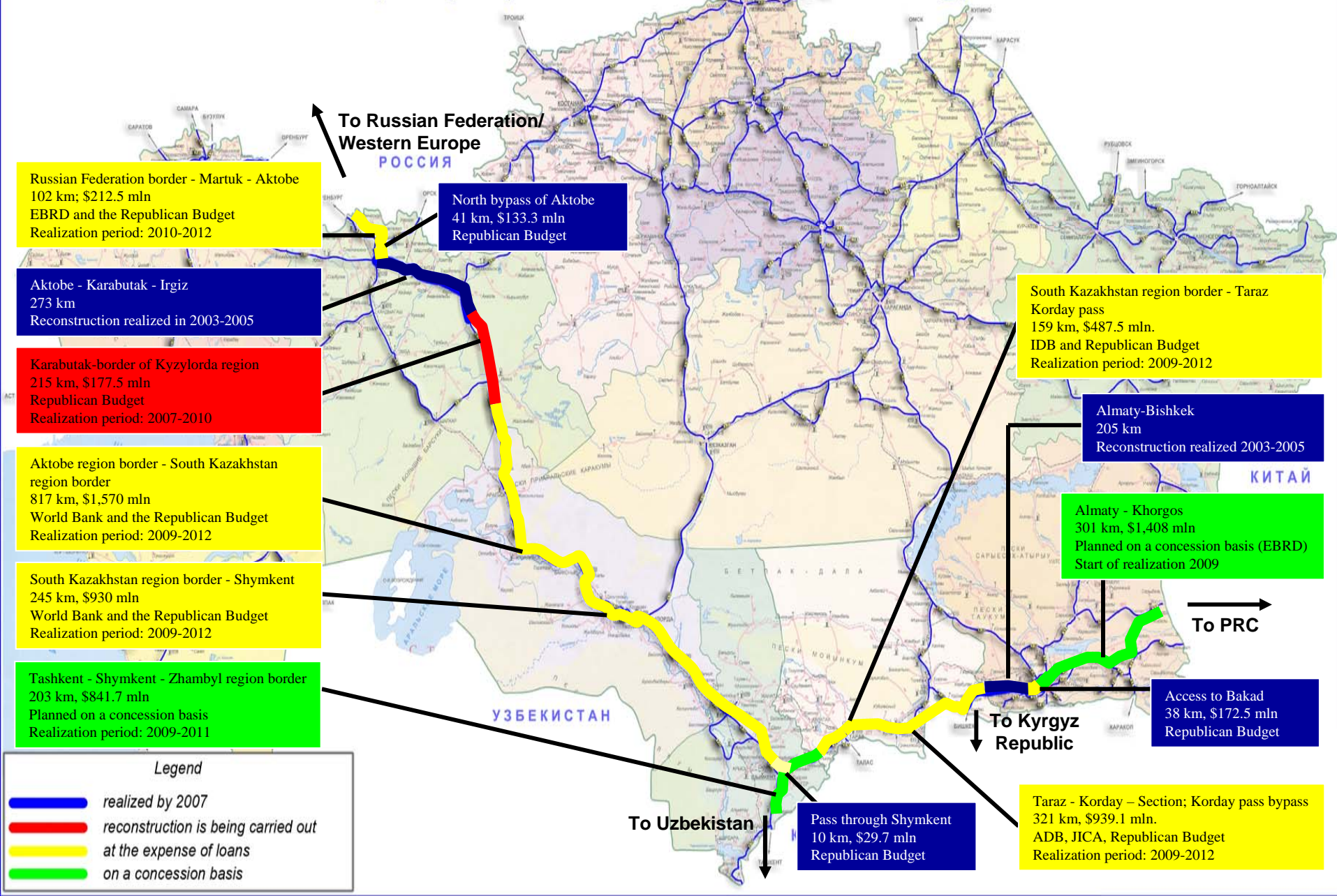
+ CAREC Corridor 1 will enable efficient transport and trade with Europe, via the Russian road and rail network, and with East Asia, via the PRC road and rail network. Through connections with other CAREC corridors access to these key markets will be improved for all Central Asian economies.

+ Currently, less than 1% of Europe-Asia trade travels through Central Asia. The Implementation Action Plan for the Transport and Trade Facilitation Strategy seeks to raise this to 5% by 2017.

+ The Action Plan includes 19 projects along Corridor 1a, b, and c. Nine projects are ongoing: seven in PRC, one in Kazakhstan, and one in Kyrgyz Republic.

WESTERN EUROPE - WESTERN CHINA

(the proposed scheme of financing)



Trade Policy Strategic Action Plan

Goal

- Trade expansion through regional cooperation

Objectives

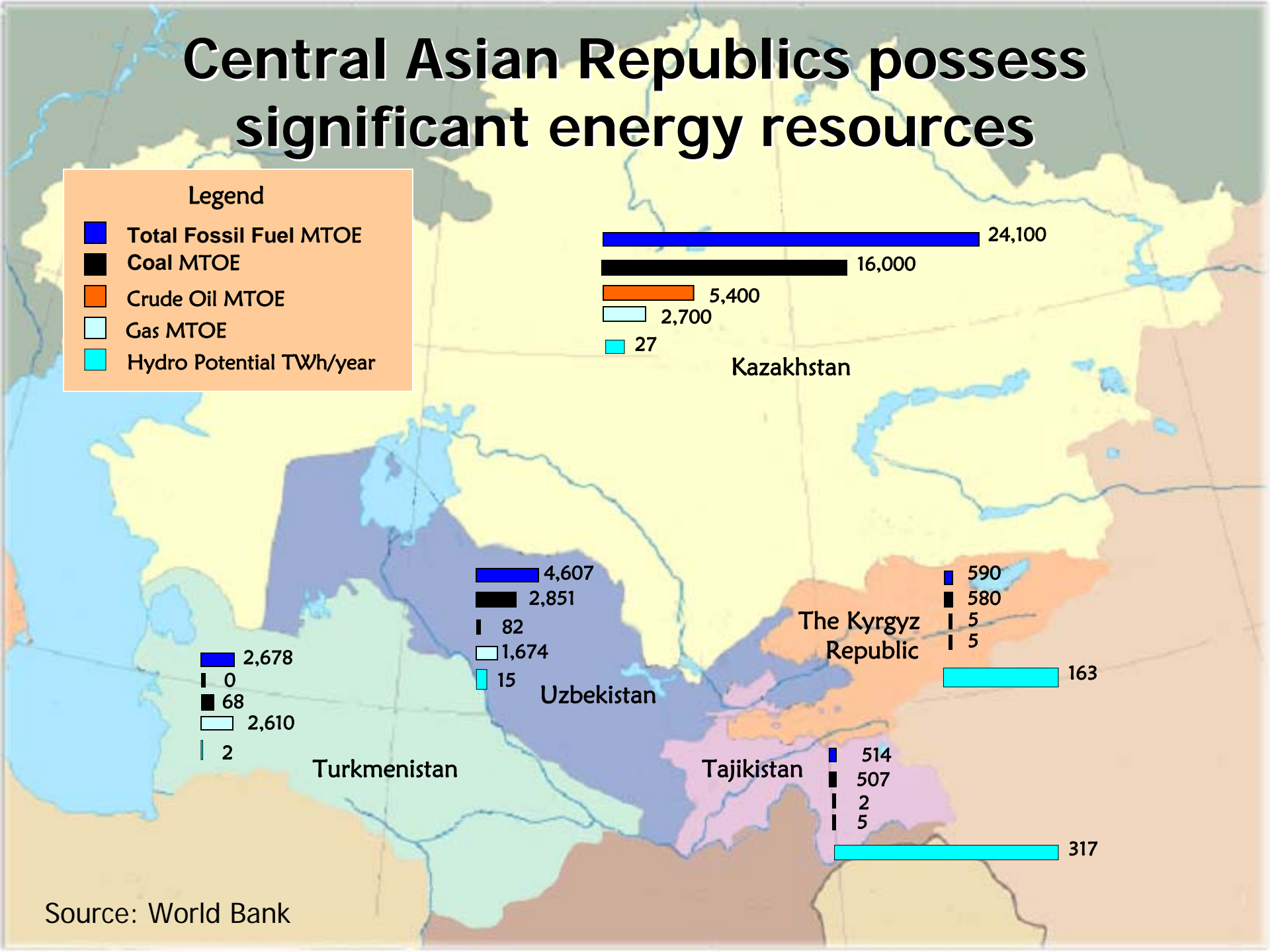
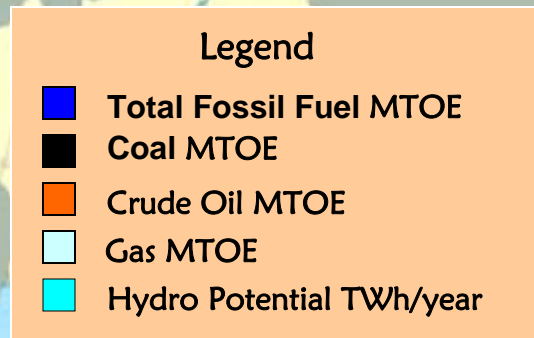
- A more open economy
 - Supporting WTO membership
 - Simplifying, liberalizing trade regimes
- Building capacity, transferring knowledge

CAREC Energy Strategy

Objectives

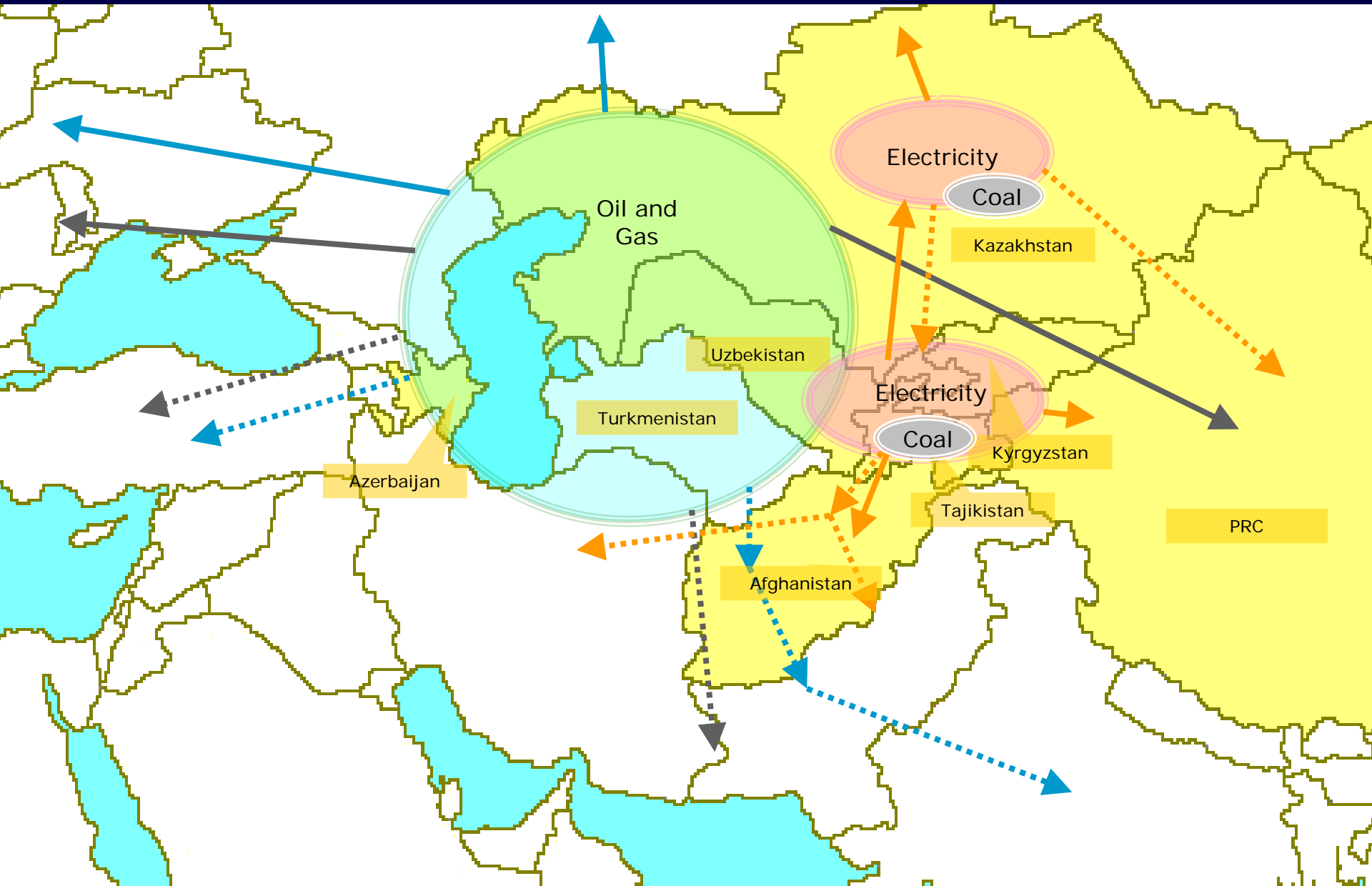
- Achieve energy security: adequate energy for all in a reliable, affordable, sustainable and environmentally friendly way
- Enhance economic growth through energy trade

Central Asian Republics possess significant energy resources



Source: World Bank

Energy Trade



CAREC Institute

Mission

- Enhance the quality of regional cooperation by generating world-class knowledge resources in the priority areas of transportation, trade, and energy

Purposes

- Enhance the capabilities of CAREC government officials
- Apply new solutions and best practices to regional challenges

Main outputs

- Training program
- Research program
- Outreach program

Structure

- Initially “virtual”

Professional Development and Training

- Leadership Development Initiative
 - Executive Leadership Development Program
 - Senior and upper-middle level government officials
 - Meet identified needs: public sector management and finance, negotiation and communication, executive leadership practice
 - Public Sector Management – Short Courses Program
 - Upper and mid-level government officials
 - Public sector management (principles and practice) and public sector finance
- Sector-specific training through committees

Outreach and Dialogue

- Proactive information dissemination; web platform
- Series of seminars, conferences, knowledge-sharing events in CAREC region
- Co-sponsorship, participation in external events to widen awareness of CAREC goals, work, achievements, opportunities

Impact of CAREC

- Better transport connectivity
- More energy resources and trade
- Better customs systems
- Better regional perspective in national planning
- More capacity, networking and best practices
- Greater competitiveness, productivity
- More investment, jobs, higher incomes
- Improved water and power nexus