

World Bank CAREC MC Statement

Distinguished delegates, it is my pleasure to represent the World Bank Group at this important forum. It is a little more than a year since we last gathered in Astana. The economic situation in the region remains somewhat fluid, putting pressure on countries to undertake measures that would urgently address the challenges of jobs creation, uneven global economic recovery, and economic development in general, to take full advantage of the emerging Asian century. This makes the work CAREC does on improving trade, energy, and transport connectivity among the countries in Central Asia, as well as with its immediate neighbors and the rest of the world, all the more important.

The World Bank is, and has always been, committed to supporting CAREC initiatives for increased economic cooperation in the region. Our support has spanned the entire spectrum of development assistance. Since 2001, we have invested almost US\$7 billion in support of the trade, transport and energy development program under CAREC initiative. We are scaling up our assistance to support CAREC member countries in Central Asia to diversify their economies, to improve their competitiveness and investment climate, and to modernize the trade with partners in the region and beyond. In addition to financial resources, we are also making our global expertise and knowledge available to CAREC member countries through an expanding program of analytical and advisory services.

Trade openness is a key factor in the regional and global integration efforts of CAREC members. Without it, the connectivity of the members to regional and global markets and their opportunity to benefit from good and services trade and their contribution to national growth will be only partially fulfilled. We are starting an exciting new program on enhancing Pakistan's capacity to increase trade and investment in the CAREC regions. The Government is keen to improve border infrastructure, focused trade policy for the region and increasing the role of private investment.

We support the member countries in their well-integrated trade policy action plan adopted last year. We stress the importance of continuing to pursuing tariff reforms and membership in the WTO (for those who are still not members). We also support the wisdom of the member's decisions to look ahead at the challenges they will face in the near future in integrating into the global economy by focusing on reforms in the services sector and of the non-tariff measures. We continue to believe that a critical step of this

new focus on non-tariff measures and services sector agenda is to take stock of each country situation before developing an action plan for reforms.

Developed transport routes have a key role in supporting the national and regional development plans. The World Bank has its largest commitments in the transport sector with South-West and East-West transport corridors, but we are also looking into linking various remote communities to economic corridors and make access to markets easier for all. Increasing connectivity is also the aim of the Central Asia Road Links Program, initiated at CAREC Ministerial Conference 2012 in Wuhan, with initial focus on improving the connection/axis from Osh to Khujand, connecting the largest cities in the countries and centers of economic activities along cross-border priority road links. Increasing the intraregional connectivity is also the aim of our country programs, as we proceed with the preparation of the railway, as well as regional roads project in Uzbekistan that will connect the Ferghana valley with the rest of the country, and facilitate the access to larger markets for the benefit of all.

Jointly with ADB, we support the implementation of the CAREC Energy Work Plan 2013-2015, and encourage the countries in the region to exploit the opportunities to enhance the regional power trade and we stand ready to provide technical and financial assistance in this area. The World Bank also supports the development of the Central Asia-South Asia Regional Energy Market (CASAREM), which contributes to expansion of economic cooperation between Central Asia and South Asia, and of the required energy corridors, starting with the CASA-1000 transmission corridor which is designed as an 'open access' to facilitate wider participation over time for buyers and sellers of electricity in the region. It will help utilize the existing summer surplus of hydropower capacity in the Kyrgyz Republic and in Tajikistan for meeting energy shortages in Pakistan and Afghanistan. CASA-1000, which has been approved by the World Bank board of Executive Directors in March 2014, is proceeding with implementation: the European Investment Bank recently approved US\$180 million, which reduced the financing gap to 23 percent, the Afghanistan Reconstruction Fund allocated US\$40 million for the Community Support Program for the people along CASA corridor, and Afghanistan and Pakistan signed an agreement just last month, regulating the price of the transit fee. The procurement of high voltage system and the Afghanistan segment of the transmission line are already in progress. Working with our partners, we are committed to supporting the participating countries' resolve to commission this transmission line in 2018.

Our partnership with Central Asian countries and with the other development partners for enhanced water and energy security in the framework of the Central Asia Energy and Water Development Program (CAEWDP) is addressing some of the core national and regional development challenges. We commend the ESCC for continuing the important job of connecting energy and water. Developing a better understanding of these linkages and upgrading analytical tools to the rapidly evolving technological advances in information management will ensure rational use of the region's rich water and energy resources. This work is especially important in light of strong economic and population growth and climate change that will put water resources under stress. We are continuing our support to this important agenda by working on the regional water and energy linkages, as well as through strengthening the regional cooperation on issues shared by all countries - the regional Climate Adaptation and Mitigation Program for Central Asia will aim to strengthen regional and national institutions to better manage the challenges and opportunities related to climate change. This is expected to be achieved through strengthened coordination mechanisms, improved information gathering, sharing, and analysis for decision support among all countries in the region. This work is helped by the individual country projects on energy efficiency in both Uzbekistan and Kazakhstan that will help the large industrial enterprises save 220,000 MWh annually, and will help public institutions, such as schools and kindergartens, save energy and keep the students warm during the winter periods. These are all examples that and experiences that the countries in the region can draw from.

Let me also emphasize the importance the World Bank is attaching to the collaboration with the private sector that we realize through the work of the International Finance Corporation. In order to leverage the potential of this region in a rapidly changing world, it is of vital importance for the CAREC initiatives to also start engaging with private sector investors, which will help filling the investment gaps, and utilize the useful project management expertise. A CAREC Business Forum convened on the margins of annual meetings of CAREC could be considered by member states to leverage private sector role in regional economic cooperation.

Let me finish by confirming our commitment to strengthening our partnership, to help CAREC member countries deliver on increasing prosperity by connecting people and opportunities.