

**14th CAREC Ministerial Conference
Ministerial Meeting
25 September 2015
Ulaanbaatar, Mongolia**

Views from Multilateral Partners and Bilateral Donor Agencies

Statement by ADB

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Distinguished participants,

ADB has been a major development partner of the CAREC Program since its inception in 2001 and believes in the region's enormous potential for growth.

From 2001 to 2015, ADB provided more than \$10 billion of loans and grants, representing close to 37% of the cumulative CAREC investments of more than \$28 billion. Almost 78% of ADB's financial assistance went to the transport sector for the improvement of physical connectivity as an enabler for trade expansion and improved competitiveness. ADB's assistance to the energy sector over the same 15-year period amounted to more than \$2.0 billion in loans and grants or 36% of total energy investments. ADB has also supported several initiatives in trade facilitation and trade policy.

Technical assistance worth almost \$140 million in the past 14 years have provided analytical work, policy advice, project preparation and capacity building in the course of implementing sector strategies and work plans. ADB has been assisting the CAREC Institute in its physical base establishment in Urumqi, and continues to provide technical and advisory support to help its initial operations.

As the CAREC Program's major development partner, ADB has been at the forefront of seeking new ways of mobilizing resources for the CAREC Program. The present infrastructure requirement of Central Asia is huge and is likely to increase with economic growth and expansion of the region. The investment requirements of the CAREC's Transport and Trade Facilitation Strategy alone up to the year 2020 amount to almost \$40 billion. The amount required to support the energy priority projects up to

2022 is about \$45.8 billion. The magnitude of investment funds required to support CAREC's connectivity projects is beyond the capacity of Governments and the development partners.

The Investment Forum which we co-organized with the Erdenes Mongol LLC yesterday, is part of our efforts to engage further with the private sector in terms of attracting commercial investments into the region, including for mobilizing private sector finance for public sector investments.

ADB continues to look at possible financial product innovations to improve the commercial viability of projects as a basis for expanding the suit of financing instruments available to projects and investors. For instance, following last year's launch of the Almaty-Bishkek Corridor Initiative (ABCI), concrete progress has been made. Next year, this initiative will provide a multi-sector investment framework along with policy reforms to deepen cooperation and catalyze private investment towards development of this pilot CAREC economic corridor.

While financing CAREC's infrastructure needs will remain a serious challenge, recent developments augur well for potential increased resource mobilization for CAREC initiatives. Substantive reforms and the consequent process of economic transformation taking place in the CAREC countries is beginning to pay off in terms of increasing the region's attractiveness to foreign investors. ADB has recently increased its capital base to be able to respond more fully to the connectivity requirements of an integrated Asia. ADB believes that the CAREC program continues to be an effective platform in enabling investment mobilization.

This year, ADB as CAREC Secretariat, will commence a midterm review of the CAREC Strategy 2020 under the guidance and support of member countries, in light of economic developments in the regional and global environment of the CAREC countries and in anticipation of developing the next 10-year strategy, CAREC 2030. A realistic plan for the future will require a more deliberate approach in developing innovative financing strategies. We look forward to collaborating more closely with the CAREC Program's development partners active in the region, in this exercise.

Allow me to conclude by thanking the Government of Mongolia for its chairmanship of the CAREC Program, and the hospitality it has extended to the Senior

Officials' Meeting, the various sector committee meetings, and for hosting the 14th CAREC Ministerial Conference today in Ulaanbaatar.
