

**ADB**

# Regional Cooperation

ADB is using nearly four decades of development experience to boost regional cooperation in Central Asia, the Mekong, and other regions

Issues of health, transport, communications, environment, and trade transcend borders and must be handled on a regional basis to bring the greatest benefit to the most people.

By taking joint action on shared concerns, countries improve economic prospects and better address complex goals such as reducing poverty and promoting trade.

The Asian Development Bank (ADB) sees itself as a catalyst for greater cooperation, with its 37 years of experience in the Asia and Pacific region allowing it to link national and regional priorities. Indeed, ADB's Poverty Reduction Strategy and Long-Term Strategic Framework identify regional cooperation as a core component of poverty reduction.

When countries decide to work together, ADB often already has a deep understanding of the issues and sectors involved and of what works—and does not work. That often allows ADB to play a pivotal role “in promoting, developing, and coordinating regional cooperation initiatives.”

In the Greater Mekong Subregion (GMS), in the Central Asian republics, in South and Southeast Asia, and in the Pacific countries, ADB supports critical cross-border programs with expertise and funding. ADB works toward that goal in four ways: providing information and knowledge, serving as an “honest broker” among its members, helping mobilize resources, and supporting capacity development in its developing member countries.

## For a Greater Mekong

ADB's most substantial regional efforts are in the countries along the Mekong River and its tributaries—the Greater Mekong Subregion (GMS).

War and poverty are giving way to new roads, power projects, telecommunications, infrastructure, and trade.

Cambodia, Lao People's Democratic Republic, Myanmar, Thailand, Viet Nam, and Yunnan Province in the People's Republic of China entered into a program of cooperation in 1992.

Perhaps most symbolic of the projects under way is the East-West Economic Corridor, due for completion in 2006. Stretching nearly 1,500 kilometers across four countries between the Andaman and South China seas, it will be the only land route crossing mainland Southeast Asia from east to west.

The plan is harmonizing customs, building bridges, upgrading roads, and promoting tourism and investment in once-remote areas.

When the GMS Economic Cooperation Program began, relations among the six participating countries were strained and trade was limited.

The plan centered on removing the structural hurdles to closer integration, and promoted cooperation in eight key sectors: transportation, energy, telecommunications, human resources, tourism, environment, trade, and investment. Agriculture was added to the list in January 2003. Such multinational effort with ADB assistance has contributed to industrial development and international recognition of the GMS as a growth area.

In the first 10 years, ADB, cofinanciers, and GMS governments provided \$58 million in technical assistance. Six national projects with sub-regional elements and four purely subregional projects were implemented, with a total investment of \$2 billion. ADB provided \$772 million in loans and mobilized \$234 million in cofinancing for transport and energy projects.

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## Cooperation in Central Asia

Work in the Central Asian region is not as far along. The former Soviet republics have made progress but are landlocked and sparsely populated. Moving forward is made difficult not just by the rugged terrain but by procedural and policy-related constraints.

Yet the countries of the region increasingly recognize the wisdom of working together on shared concerns and opportunities. ADB started its Central Asia Regional Economic Cooperation (CAREC) Program in 1997, with early efforts focused on raising awareness of the importance of cooperation.

In November 2003, a second Ministerial Conference was held, with delegates from each of the seven participating countries: Azerbaijan, People's Republic of China, Kazakhstan, Kyrgyz Republic, Mongolia, Tajikistan, and Uzbekistan. Turkmenistan is expected to become more active in the future. Notable is that since 2003, the CAREC program has developed into a joint platform for multilateral institutions (namely, EBRD, IMF, IsDB, UNDP, WB, and ADB as secretariat) in support of regional cooperation in the region. The CAREC Program now targets three main areas for development: energy and water, trade, and transport.

The program has received strong support. Five regional loan projects amounting to \$224.1 million have been approved since it started. In 2000, ADB approved a \$57 million loan and \$1.2 million in technical assistance grants, and organized an additional \$25.8 million in cofinancing for the Almaty-Bishkek Regional Road Rehabilitation Project. The project is upgrading the badly deteriorated road, built in the Soviet era, and modernizing border control policies and facilities.

As the first stage of a regional assistance program to promote regional energy cooperation, a loan project amounting to \$90 million was approved in 2002 to provide for the modernization of regional power transmission in Tajikistan and Uzbekistan.

## South Asia: Fighting Poverty

South Asia faces a different problem. The subcontinent is home to more than half of Asia's poor—about 500 million out of an estimated 900 million in Asia and the Pacific—and most live in the eastern areas, comprising Bangladesh, Bhutan, and the eastern states of India and Nepal. However, the South

Asia Subregional Economic Cooperation (SASEC) subregion has significant resources and potential.

Under a technical assistance loan, the countries have identified projects in five priority areas: transportation and communications, energy and power, tourism, environment, and trade and investment.

## Reviving Southeast Asia

Southeast Asian countries made significant progress in the mid-1990s. But cooperative efforts stalled after the Asian financial crisis in 1997, bad weather in 1998 and 1999, changes in political leadership, and armed conflict in areas such as Aceh in Sumatra.

Besides the GMS, two areas get ADB's attention in Southeast Asia. One, the Indonesia-Malaysia-Thailand Growth Triangle (IMT-GT), is made up of two Indonesian provinces on Sumatra, four northern Malaysian states, and five provinces of southern Thailand.

The other aims to revive cooperation in the Brunei Darussalam-Indonesia-Malaysia-Philippines East ASEAN Growth Area (BIMP-EAGA), which is made up of the Malaysian and Indonesian parts of Borneo, Indonesia's Irian Jaya and Sulawesi, and the Philippines' Mindanao and Palawan.

Cooperation began to revive in 2001. ADB is boosting its support in BIMP-EAGA with technical assistance loans aimed at identifying and developing small- and medium-sized business, quantifying the benefits of cooperation, linking and prioritizing projects, and improving transport.

## Pacific Plans

Among ADB's 12 Pacific member countries, meanwhile, programs are aimed at promoting fisheries, airline and airspace management, regional stock exchanges, public sector management, and governance and money laundering. They also support studies of poverty and financial sector issues. ■

### For More Information

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