

Regional Assistance to Central Asia

The Central Asia Regional Economic Cooperation (CAREC) Program was initiated in 1997. It now represents a partnership of eight countries and six multilateral institutions (MIs), with the Asian Development Bank (ADB) providing secretariat and overall coordinating support.

CAREC participating countries are Afghanistan, Azerbaijan, People’s Republic of China (focusing on Xinjiang Uygur Autonomous Region), Kazakhstan, Kyrgyz Republic, Mongolia, Tajikistan, and Uzbekistan.

CAREC’s MI partners are ADB, the European Bank for Reconstruction and Development (EBRD), International Monetary Fund (IMF), Islamic Development Bank (IsDB), United Nations Development

Programme (UNDP), and World Bank. ADB has strong relationships with each of these partners focusing on the region’s long-term development needs.

The primary objective of the CAREC Program is to promote economic growth and raise living standards by encouraging economic cooperation. To date, the Program has focused on financing infrastructure projects and improving the region’s policy environment in the priority areas of transport, trade (policy and facilitation), and energy. The goal is to lessen Central Asia’s economic isolation, maximize the potential benefits of available natural resources, and support the development of policy frameworks that enable trade within and beyond the region.

As of 30 September 2006, ADB had funded ten regional investment projects totaling \$438.3 million,¹ and mobilized cofinancing of \$112.1 million for six of these projects. Since 2000, ADB has provided 32 technical assistance grants totaling \$19.5 million for the Program’s priority areas. Eleven technical assistance grants totaling \$9.35 million have been implemented by the Program.

Below is a list of ongoing ADB lending projects under the CAREC Program and regional assistance pipeline for lending and nonlending products for 2006–2007.

¹ The Almaty-Bishkek Regional Road Rehabilitation Project amounting to \$70 million has been completed.

Ongoing Loans \$368.3 million

Date of Approval 31 October 2001 Total Amount \$40 million	<h3>Third Road Rehabilitation Project</h3> <p>The loan comprised the third phase of a rehabilitation program for the Bishkek-Osh road, located in Jalal-Abad and Osh provinces in the southwestern region of the Kyrgyz Republic. About 73 percent of the people in the project area are estimated to be poor. The Project aims to rehabilitate sections of the Bishkek-Osh road; improve secondary roads in the project area; provide consulting services for construction supervision, monitoring and evaluation, and implementation of reformed road maintenance practices; and procure light equipment for road maintenance. The Project is seen to reduce poverty by lowering transport costs for road users and by improving access to markets and employment opportunities. Improving the secondary roads is also perceived to improve access to more comprehensive health facilities.</p>
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Date of Approval 29 October 2002 Total Amount \$25 million Kyrgyz Republic component \$15 million Tajikistan component \$10 million	<h3>Regional Trade Facilitation and Customs Cooperation Program</h3> <p>This loan from ADB’s Asian Development Fund is a major pillar of the overall CAREC Program. The loan is designed to better integrate the transition economies into the world trading system by setting up a regional framework with an effective cooperation mechanism, providing critical funding for reform and modernization of the two weakest customs systems, and organizing technical assistance activities to strengthen the legal and regulatory frameworks in conformity with international treaties and agreements. Within this broader agenda, the program aims to promote good governance of the institutional structure that deals with trade facilitation and customs modernization, with the objective of promoting greater diversification in trade.</p>
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Date of Approval
18 December 2003

Total Amount
\$15 million
(Tajikistan)

Dushanbe-Kyrgyz Border Road Rehabilitation Project (Phase I)

This loan from ADB's Asian Development Fund will rehabilitate the 140 km road linking Dushanbe to Nurobod in the Rasht Valley and onwards to the Kyrgyz Republic and the People's Republic of China, as well as 77 km of rural roads serving poor villages. The Project is designed to reduce transport costs on the Dushanbe-Kyrgyz border road; provide agricultural and industrial enterprises with all-weather access to markets within the country and eventually abroad; improve access of the rural poor population to market opportunities, other economic activities, and social services; and strengthen the Government's institutional capacities for efficient management of the national road network.

Date of Approval
22 July 2004

Total Amount
\$37.1 million
(Mongolia)

Regional Road Development Project

This loan from ADB's Asian Development Fund will develop a 428 km section of Mongolia's north-south road transport corridor between Choyr and the border with the People's Republic of China in Zamyun-Uud. The corridor will link the Asian highway networks of the People's Republic of China and the Russian Federation and will pass through major economic centers of Mongolia. The Project also includes a cross-border road transport facilitation plan, road safety improvement, area development to maximize the poverty reduction impact of the Project, and technical assistance for awareness and prevention of HIV/AIDS and human trafficking on the road corridor.

Date of Approval
23 November 2004

Total Amount
\$32.8 million
(Kyrgyz Republic)

Southern Transport Corridor Road Rehabilitation Project

This loan from ADB's Asian Development Fund will promote economic growth and reduce poverty by improving the transport network in the Kyrgyz Republic and increasing regional trade and cooperation. It will rehabilitate sections of the Osh-Sary Tash-Irkeshtam road, which links the People's Republic of China, Kyrgyz Republic, and Uzbekistan. The Project will seek to reduce the cost of road transport and improve access to markets for people living along the road. It will improve about 124 km of the two-lane highway from Osh to Gulcha to Sopol Korgon; provide consulting services for construction supervision, monitoring, and evaluation; and procure maintenance equipment to maintain the entire Osh-Sary Tash-Irkeshtam road. The Project will also provide two advisory technical assistance grants for improving road maintenance and strengthening the transport corridor management department; and raising awareness and prevention of HIV/AIDS, sexually transmitted diseases, and human trafficking.

Date of Approval
26 November 2004

Total Amount
\$18.2 million

Kyrgyz Republic component
\$7.5 million

Tajikistan component
\$10.7 million

Regional Customs Modernization and Infrastructure Development Project

These loans from ADB's Asian Development Fund will extend ADB's support for customs reform and modernization in the Kyrgyz Republic and Tajikistan, building on the Regional Trade Facilitation and Customs Cooperation Program launched in December 2002. The Program aims to improve efficiency and transparency of customs services, facilitate trade, and promote regional customs cooperation through customs reforms and modernization in the region. This Project will help develop a unified, automated information system, and customs border-post infrastructure. Accompanying technical assistance grants to the Kyrgyz Republic and Tajikistan (in the amount of \$500,000 each) will ensure Project activities are supported by the institutional structure and the business processes of the two countries' customs services departments, and are carried out with sound supervision and quality assurance.

Date of Approval 17 November 2005 Total Amount \$30 million (Tajikistan)	<h3>Dushanbe-Kyrgyz Border Road Rehabilitation Project, Phase II</h3> <p>The road sections to be improved under the loan are an integral part of a regional road network in Central Asia that directly links Kazakhstan, the Kyrgyz Republic, the People's Republic of China (PRC), Tajikistan, Afghanistan, and Uzbekistan. This network is part of a larger network providing links to the ocean ports of Iran and Pakistan to the south, and to the Russian Federation to the north. The project road links the Rasht Valley in Tajikistan and the capital, Dushanbe. The loan will improve 89 km of the central and border sections of the Dushanbe-Kyrgyz border road and 60 km of rural roads and improve the sustainability of Tajikistan's road network through increased financing of road maintenance, procurement of road maintenance equipment, installation of vehicle weighing systems, and implementation of pilot cases of tendering road maintenance. The project will also strengthen institutional capacity of the Ministry of Transport (MOT), improved governance in MOT through the strengthening of its accounting department, and improved road safety through the strengthening of the Transport Safety and Security Unit.</p>
Date of Approval 9 December 2005 Total Amount \$52 million (Azerbaijan)	<h3>East-West Highway</h3> <p>The loan will help Azerbaijan improve the last two sections of its major East-West Highway and associated local roads to improve 127 km of a two-lane paved road on the Yevlakh-Ganja and Qazakh-Georgian border sections of the 65 km connecting local roads. The loan will also support policy reform and improve governance by strengthening the country's institutions working in the road subsector. The loan will help reorganize regional maintenance, prioritize sections requiring attention, and identify alternative sources of funds. It will also assist the Government to establish and operate vehicle weight stations to address the axle overloading problem, and improve the overall monitoring of overloading. To address the increasing number of road accidents, the lack of safety features and facilities, and weak enforcement of regulations on road safety, the project will implement a road safety program. It will help improve the laws and regulations on road safety, develop accident monitoring, and provide staff training.</p>
Date of Approval 26 September 2006 Total Amount \$78.2 million (Afghanistan)	<h3>North-South Corridor</h3> <p>The loan will assist Afghanistan to promote economic and social development and reduce poverty by rehabilitating the Mazar-e-Sharif-Dar-i-Suf road (140.3 km) and the Bamian-Yakawlang road (98.9 km), which comprise the north-south corridor connecting remote areas in central Afghanistan to the ring road. The loan will improve the project road to a two-lane asphalt-paved standard that will allow smooth passage of heavy vehicles. The loan will finance installation of cross-border facilities in Spin Boldak. The project supports campaigns to prevent HIV/AIDS and increase awareness of human trafficking. It will also provide support for project management as well as the Ministry of Public Works.</p>

Regional Assistance Pipeline for Lending Products, 2006–2007 (in millions)

2006	\$61.5
Energy	
• Regional Power Interconnection Project (Afghanistan/Tajikistan)	\$56.5
Trade Facilitation	
• Customs Modernization Project (Mongolia)	\$5.0
2007	\$457.0
Transport and Communications	
• Southern Road Corridor Improvement Project (Azerbaijan)	\$100.0
• Maintenance of Regional Road Transport Corridors Project (Kyrgyz Republic)	\$20.0
• Western Regional Road Corridor Development (Mongolia)	\$32.0
• Xinjiang Regional Road Development (PRC)	\$150.0
• Ring Road and Road Network (Afghanistan)	\$110.0
• Dushanbe-Kyrgyz Border Road Rehabilitation Project, Phase III (Tajikistan)	\$25.0
• Regional Infrastructure (Roads) (Uzbekistan)	\$20.0
TOTAL	\$518.5

Regional Assistance Pipeline for Nonlending Products, 2006–2007 (in millions)

2006	\$12.28
Transport and Communications	
• CAREC Transport Sector Development Strategy Study	\$1.4
• Regional Road Funding and Management in CAREC Countries	\$0.6
• Regional Infrastructure (Roads) (Uzbekistan)	\$0.3
• Preparing the Secondary Roads Improvement Project (Azerbaijan)	\$0.5
• Transport Master Plan (Tajikistan)	\$0.5
Agriculture and Natural Resources	
• Central Asian Countries Initiative for Land Management (CACILM) Multicountry Partnership Framework Support Project	\$4.03
Law, Economic Management, and Public Policy	
• Support for Regional Economic Cooperation in Central Asia	\$0.95
• Support for Establishing a Regional Monitoring and Early Warning Network for Dust and Sandstorms in Northeast Asia	\$1.0
Industry and Trade	
• Capacity Building for Customs Modernization (Mongolia)	\$0.5
• Integrated Regional Trade Facilitation Strategy for Individual Countries	\$1.2
Energy	
• Mitigation of Trans-Boundary Air Pollution from Coal-Fired Power Plants in Northeast Asia	\$0.9
2007	\$8.65
Transport and Communications	
• CAREC Regional Railway Development, Phase I	\$0.85
• Regional Transport Project (Mongolia)	\$0.6
• Bishkek-Torughart Road Rehabilitation Project (Kyrgyz Republic)	\$0.6
• Road Network III (Afghanistan)	\$1.0
• Capacity Building for the Ministry of Public Works (Afghanistan)	\$0.8
• Transport Sector Reform and Efficiency (Tajikistan)	\$0.4
Energy	
• Strengthening Power Supply (Tajikistan/Afghanistan)	\$0.5
Industry and Trade	
• Regional Customs Modernization and Infrastructure Development II (Tajikistan)	\$0.3
• Logistic Development to Support Regional Trade Facilitation	\$0.8
• Regional Bond Market	\$0.8
Law, Economic Management, and Public Policy	
• Support for Central Asia Regional Economic Cooperation 2007	\$2.0
TOTAL	\$20.93