



**Collective View of the Multilateral Institutions  
8<sup>th</sup> Ministerial Conference:  
Central Asia Regional Economic Cooperation  
Ulaanbaatar, Mongolia  
16 October 2009**

Mr. Chairman, Excellencies, Ladies and Gentlemen,

It is my pleasure to present the Joint Multilateral Institutions' Statement to the CAREC Ministerial Conference on behalf of the CAREC Multilateral Institutions, consisting of the ADB, EBRD, IMF, IsDB, UNDP and World Bank.

Allow me first to express the Multilateral Institutions' appreciation to Mongolia for hosting this well organized 8th Ministerial Conference. Following our now well established practice, this conference offers the opportunity to review the progress we have made over the last year and discuss priority areas where the Multilateral Institutions should focus their support in 2010 to help achieve our shared goal of facilitating regional economic development and cooperation, for the benefit of all the countries in the region.

The unprecedented global financial crisis has posed a great challenge to the economies of CAREC members. The impact of the crisis varied by country, as did the policy responses. Liquidity conditions were eased to ensure solvency of the banking sector, support to the most vulnerable was ramped up and, depending on fiscal space and resource availability, fiscal stimulus plans were put in place. A sharp decline in remittances in several countries and a drop in export revenues are still affecting many CAREC economies.

The multilateral institutions have worked with the governments to lessen the burden of the crisis on CAREC countries through emergency operations and budget support, focusing their activities on lessening the impact of the crisis on the more vulnerable groups.

The multilateral institutions are pleased to note that despite the difficult economic environment, the work of CAREC has moved ahead, as we heard from the report of Senior Officials. On our side, the MIs have maintained their efforts to coordinate better their activities in support of regional cooperation. The preparation of the sector strategies for energy, trade and transport has provided a foundation for collaborative action and is enabling CAREC countries and the Multilateral Institutions to prioritize much needed investments, institutional improvements, and policy changes that will support the integration of the CAREC region. We particularly appreciate that we are now seeing the CAREC agenda moving forward into the implementation phase. Many of the major CAREC transport corridors will soon be opened now that various projects under the program have been approved by the MIs over the last year and are now in various stages of implementation. For instance, Corridor 1b will provide a critical

transport link through Kazakhstan, linking the People's Republic of China to the Russian Federation, and in turn into the European road network. In time, these corridors will increase the competitiveness of road transport so that more goods and people move by road from Beijing to Berlin, while at the same time access within CAREC countries is greatly improved.

Implementation of the Trade Policy Action Plan's section related to WTO accession has started, and while progress is inevitably mixed, we note that some CAREC members have introduced tariff reductions. Activities under the Transport and Trade Facilitation Strategy and the related action plan have also continued with major investments underway. We are encouraged by the progress in developing appropriate institutional arrangements in support of these action plans.

We also observe significant progress in the energy sector. We are pleased to note the continuing investments in transmission, generation, energy efficiency and clean energy projects. We are encouraged that the Ministers have endorsed the proposed Energy Action Plan Framework setting out the work program in support of the Energy Sector Strategy. Noting the significant drop in regional power trade in recent years, the Energy Sector Coordination Committee of CAREC has recognized this as an important area for joint collaboration in the future. We encourage CAREC members to move towards rapid implementation of the Energy Action Plan, as it would promote investments, build capacity and strengthen cooperation under the three strategic themes mentioned by President Kuroda in his Keynote Address: energy demand-supply balance and infrastructure; regional dispatch and regulatory development; and the integration of energy and water analysis.

The Work Plan of the CAREC Institute endorsed last year by the 7th Ministerial Conference is being implemented, and centers on the three areas of professional development and training, research, and outreach. We encourage the Institute to strengthen its strategic direction to ensure that its activities are aligned with the core objectives of CAREC. As mentioned in the earlier presentation, the CAREC Results Framework would provide focus for the Institute.

Indeed, while moving forward with the activities, expanding in particular the ambitious core program for 2010, we would like to emphasize the importance of putting in place a solid mechanism to measure the results achieved on the ground. We enthusiastically support the work underway to develop a CAREC Results Framework with simple and measurable indicators for each of the priority sectors to assess development effectiveness of the regional activities and track progress and achievements. We note however that the Results Framework would have to be closely coordinated with work at the national level. We commit to support CAREC members in the development of these indicators through the provision of data and technical assistance.

While the region continues to deal with the aftermath of this past year's financial crisis, we would like to reiterate the belief that crises should not become an impediment to closer cooperation. It is vital that CAREC continues to provide a forum for open, honest and constructive exchange on economic development and regional cooperation. To illustrate: the Corridor Performance Measurement and Monitoring presentation that is scheduled for this afternoon shows how removing obstacles to border crossing and thus facilitating greater movement of people and goods can significantly increase economic welfare in the CAREC economies. We recognize that dealing with some of the complex cross-border issues is not always easy, and solutions may not seem obvious. We take note, however, that you all have agreed first on sector strategies and then implementation action plans, and we are confident

that joint solutions will be found through continued collaboration and coordination among the CAREC countries for the mutual benefit of all.

Excellencies, Ladies and Gentlemen,

As multilateral institutions, we are committed to help the CAREC countries as they bear the short term brunt of the current crisis, and to support initiatives and reforms which will improve the medium term resilience and competitiveness of the region. We recognize the need to balance the short and medium term perspectives, and to align regional strategies and regional planning with country development strategies and to strengthen the regional perspective in both country and multilaterals' programming.

CAREC has moved from a first phase that focused on building trust to then proceed towards agreements on specific sector strategies and implementation action plans. We are now on the threshold of a new phase where implementation and showing results is the name of the game. This will require further discussions on the role that the MIs should play to support this new phase. We pledge to continue to provide technical and financial support to facilitate your endeavors in difficult times, and to forge ahead with the challenging agenda ahead of you.

Allow me to leave you with one suggestion: the ADB Annual Meeting will be held in Tashkent next year. It was at the Annual Meeting of the EBRD in Tashkent - 7 years ago – that the multilateral institutions pledged to unite to support the CAREC platform for regional cooperation. What better way to recognize the tangible progress CAREC has made in this short time period than to showcase this important regional initiative on the occasion of next year's Annual Meeting? It would provide a fitting background to address President Kuroda's dream of a truly integrated Asia built on good partners, good neighbors and good prospects.

By way of concluding, Excellencies, Ladies and Gentlemen, let me express our sincere thanks to the Mongolian authorities for their gracious and generous hospitality and the impeccable organization of this Conference.

Let me also extend our collective thanks to our country counterparts and to the CAREC Secretariat from the ADB for enabling our enhanced cooperation efforts.

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Delivered by Mr. Shigeo Katsu, Special Advisor to the Managing Directors, World Bank, on behalf of the CAREC partner multilateral institutions: Asian Development Bank, European Bank for Reconstruction and Development, International Monetary Fund, Islamic Development Bank, United Nations Development Program, and World Bank.