



Regional Cooperation and Integration

ADB is helping member countries work together to address concerns that transcend borders

The Asian Development Bank (ADB) believes that by taking joint action on shared concerns, countries can improve their economic prospects and better address goals, such as reducing poverty. It also believes that through cooperation, trade disparities can be reduced, transport and information links can be strengthened, employment opportunities can increase, and solutions can be found to protect the environment.

With its decades of experience in the region, ADB sees itself as a catalyst for regional cooperation and integration (RCI), linking national and regional priorities. The Office of Regional Economic Integration (OREI), established in April 2005, acts as ADB's focal point for RCI.

In July 2006, ADB adopted a strategy to guide its work on RCI, which is designed to support its overarching goal of poverty reduction. The strategy involves four interrelated pillars—regional and subregional economic cooperation programs on cross-border infrastructure and related software; trade and investment cooperation and integration; monetary and financial cooperation and integration; and cooperation in regional public goods, such as prevention of communicable diseases and environmental degradation.

Moving forward, RCI is seen as one of three key strategies driving ADB's core activities, and it expects to increase both the volume of its RCI operations and the share of RCI in its total operations.

Regional and Subregional Cooperation Programs

In 1992, with ADB's assistance, Cambodia, People's Republic of China (PRC), Lao People's Democratic Republic (Lao PDR), Myanmar, Thailand, and Viet Nam formed the Greater Mekong Subregion Economic Cooperation Program (GMS Program).

Improving transport corridors has been one of the program's key achievements. In December 2007, ADB approved a \$1.1 billion loan to Viet Nam for the construction of a 244-kilometer highway from Hanoi to Lao Cai at the border with PRC. The highway is seen increasing Viet Nam's ability to export agriculture and maritime produce to markets in southwestern PRC, while allowing shippers in PRC to utilize Viet Nam's Hai Phong and Cai Lan ports. As ADB's largest-ever project loan, this initiative helped push the total value of ADB-assisted GMS investments to \$9.9 billion. The Third GMS Summit was held in Lao PDR on 30–31 March 2008.

In Central Asia, ADB is secretariat of the Central Asia Regional Economic Cooperation (CAREC) Program. CAREC is an alliance of eight countries—Afghanistan, Azerbaijan, Kazakhstan, Kyrgyz Republic, Mongolia, Tajikistan, Uzbekistan, and Xinjiang Uygur Autonomous Region of the PRC—and six multilateral institutions. CAREC's goal is development through cooperation, leading to accelerated economic growth and poverty reduction. In 2007, ADB lending in priority areas totaled \$680 million.

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At the Sixth CAREC Ministerial Conference in 2007, ministers endorsed the CAREC Transport and Trade Facilitation Strategy, a 10-year plan to develop six priority transport and trade corridors linking the CAREC countries and the region, with wider Eurasian markets. Ministers also approved plans to establish a CAREC Institute to provide training, conduct research, and promote knowledge sharing on regional issues.

The South Asia Subregional Economic Cooperation (SASEC) Program was launched in 2001 to facilitate economic cooperation among Bangladesh, Bhutan, India, and Nepal. In December 2007, ADB approved the SASEC Information Highway Project, the first multi-country investment project involving the four countries. At the Fourth SASEC Country Advisors' Meeting in June 2007, Country Advisors endorsed the preparation of the Tourism Development project and the Transport Logistics and Trade Facilitation project.

ADB has also supported the activities of the South Asian Association for Regional Cooperation (SAARC) and the Bay of Bengal Initiative for Multi-Sectoral Technical and Economic Cooperation (BIMSTEC), especially in the area of cross-border transport.

The ADB's Pacific Regional Operations Business Plan 2007–2011 prioritizes assistance in support of the Pacific developing countries' own regional development strategy, the Pacific Plan. Highlights of ongoing and planned assistance include regional support to strengthen public auditing in the Pacific, the Global Environment Fund-funded Coral Triangle Initiative, and support for cross-border cooperation between Papua New Guinea and Indonesia.

Trade and Investment

Intraregional exports in the Asia and Pacific region have quadrupled in value since 1990, aided by the World Trade Organization (WTO)-led trade liberalization process, while, at the same time, new trade and investment frameworks have been emerging.

ADB estimates show 204 bilateral and subregional Free Trade Agreements (FTAs) either

signed, or under negotiation in Asia, at the end of 2007.

ADB's role here is primarily of a non-lending nature and includes—among other things—acting as a facilitator in trade and investment policy dialogue at regional and subregional forums and supporting capacity building. In 2007, it played a leading role in the WTO's Aid-for-Trade Initiative in the Asia and Pacific Region.

Monetary and Financial Initiatives

In 2007, ADB helped the Association of Southeast Asian Nations (ASEAN) and PRC, Japan, and Republic of Korea (ASEAN+3) Asian Bond Markets Initiative design a plan to establish a regional credit guarantee and investment mechanism, and build consensus among ASEAN+3 to implement the plan. The mechanism will facilitate issuers' access to bond markets. It also undertook a study to assess recovery and progress a decade after the Asian financial crisis.

ADB supports various regional policy forums such as the ASEAN, ASEAN+3, Asia Pacific Economic Cooperation, Asia-Europe Meeting, SAARC, and CAREC.

Cooperation in Regional Public Goods

ADB has acted on many fronts to encourage regional cooperation in efforts to control outbreaks of disease and to address other health concerns. For example, it has strengthened cooperation with the Joint United Nations Programme on HIV/AIDS to fight its spread in the Asia and Pacific region, and assisted regional surveillance and control of avian flu.

Resource Mobilization

In 2007, ADB approved the establishment of the Regional Cooperation and Integration Fund (RCIF) and the RCI Trust Funds under the Regional Cooperation and Integration Financing Partnership Facility. The facility helps pool and provide financial and knowledge resources to support RCI. ■

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