

# Risks

These include the following:

- lack of support for and ownership of the regional strategy by participating countries;
- unwillingness of development partners to accept the RSCP framework as a basis for cooperation and division of work;
- non-allocation of necessary staff and other resources by ADB;
- regional instability engendered by factors such as exacerbated interstate border tensions, ethnic conflicts, sharp declines in international commodity prices or religious extremism;
- sharper and growing policy divergence and consequent differentials in performance of participating countries;
- rapid moves towards bilateral or multilateral ties with outside partners that may mortally weaken attempts at regional cooperation among the CARs;
- non-participation of some regional countries in the program resulting in fewer benefits and more constraints on implementation.

These risks are considered significant and deserve concerted attention to minimize adverse impacts. ADB's proposed strategy is designed to mitigate some of the more important ones. Overall, they may be manageable because leaders in most CAREC countries increasingly recognize the importance of regional cooperation and are demonstrating more will to cooperate. ADB's regional cooperation efforts are endorsed at the highest levels. ADB will continue to closely coordinate its regional activities with all other partners and will continue to participate regularly in OIF activities.

Expansion of the geographical coverage of regional projects and cooperation of larger neighbors will help reduce the risk of bilateral ties between CARs and their

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larger neighbors developing at the expense of intra-regional economic cooperation. It will remain important for ADB to engage effectively with all existing CAREC members and also to involve countries such as Afghanistan and Turkmenistan whose participation will immediately benefit regional programs. Cooperation between the East and Central Asia and South Asia Regional Departments within ADB will be intensified to facilitate cooperation among the CARs and their neighbors.

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- 1 PRC's involvement in CAREC is geographically concentrated in but not limited to Xinjiang Autonomous Region.
  - 2 Double landlocked means that the country itself is landlocked and that none of its neighbors has direct access to the sea. The only other double landlocked country is Liechtenstein.
  - 3 Statistics for the CARs include Turkmenistan, an ADB member.
  - 4 The poverty numbers have been taken from individual country strategies and programs. Uzbekistan's poverty estimates are not strictly comparable as these refer to consumption poverty while others report poverty on the basis of expenditure surveys. Tajikistan's numbers are for the end of 2003.
  - 5 In Azerbaijan the Absheron-Guba region has a 58% poverty incidence while the national average is 49%. In southern Kazakhstan, 46.2% of the population is poor while the average across the country is 28.4%. For other details see Tan, Elizabeth S. 2003. Poverty in East and Central Asia. Manila: ADB, (mimeo).
  - 6 In the case of Turkmenistan this is attributed to changing cultural and social norms: preference is now given to home child-care. For the other CARs, many pre-school facilities closed because of constrained public finances.
  - 7 The rise in tuberculosis incidence across the CARs can be directly attributed to a rise in income poverty and associated adult malnutrition plus a fall in social hygiene and quarantine standards.
  - 8 The overall human development index according to the United Nations Development Programme is medium-level with values ranging from 0.655 for Tajikistan to 0.755 for Kazakhstan.
  - 9 For example, it ranges from approximately 65% of gross domestic product in Kazakhstan to 25% in Turkmenistan, 60% in the Kyrgyz Republic, 50% in Tajikistan, and 45% in Uzbekistan.
  - 10 The water-energy nexus refers to the system of barter among CARs inherited from Soviet times. Under this arrangement, upstream countries stored water in winter to release it in summer for irrigation in downstream countries. In return, the downstream countries supplied electricity for heating during the winter months to upstream countries.
  - 11 At that time it was called the Interstate Council for Kazakhstan, Kyrgyz Republic, Tajikistan and Uzbekistan, and it has subsequently evolved into the Central Asian Economic Community (CAEC).
  - 12 McCauley, Brian. 2002. Central Asia: Summary Assessment of ADB Environmental Assistance, Manila: ADB.
  - 13 It originally included Armenia, Azerbaijan, Georgia, the Kyrgyz Republic, Moldova, Tajikistan and Uzbekistan. Mongolia joined later.
  - 14 The program of regional cooperation between Mongolia and the PRC is also handled by ECRD. Its current stage does not warrant a full-fledged RCSP and hence it is presented here as an operational program of assistance.