



November 2009

Eighth Ministerial Conference on Central Asia Regional Economic Cooperation

14 – 16 October 2009
Ulaanbaatar, Mongolia

Asian Development Bank

**Eighth Ministerial Conference
on
Central Asia Regional Economic Cooperation (CAREC)**

**14 – 16 October 2009
Ulaanbaatar, Mongolia**

1. An ADB Delegation led by Mr. Haruhiko Kuroda, President, participated in the Eighth Ministerial Conference (8th MC) on Central Asia Regional Economic Cooperation (CAREC) hosted by the Government of Mongolia on 14-16 October 2009 in Ulaanbaatar, Mongolia. The 8th MC gathered about 150 persons including Ministers and senior officials of the CAREC countries,¹ senior representatives of partner multilateral institutions,² and other development partners to discuss ways to expand regional economic cooperation (Attachment 1 is list of participants).

2. Ministers endorsed two strategic documents and issued a Joint Ministerial Statement at the close of the Conference.

- The *Joint Ministerial Statement* (Attachment 2) highlights the CAREC Program's progress in implementing its sector strategies for transport and trade facilitation, energy, and trade policy; and the significant increase in resource mobilization for regional projects. The Statement underscores the need to improve trade facilitation arrangements to ensure maximum benefits from the Program's large investments in physical infrastructure. It restates the Program's interest in working more closely with the private sector on regional cooperation initiatives.
- The *CAREC Energy Action Plan Framework* (Attachment 3) will support achieving the Energy Sector Strategy goals of energy security and increased energy trade to support economic growth. The Action Plan will deliver investments, knowledge and capacity building, and policy advice in three strategic areas: energy demand-supply balance and infrastructure constraints; regional dispatch and regulatory development; and analysis of energy-water linkages. The Action Plan outlines diagnostic work in each area that will help establish a shared understanding of opportunities for cooperation and action.
- The *CAREC Program Results Framework* (Attachment 4) will highlight the value and tangible impact of regional cooperation. It will track progress of CAREC operations, indicate areas to improve, and highlight trends in results. Results Framework data will serve as the basis of a broader CAREC development effectiveness review. This review will articulate program achievements through a credible and transparent process and strengthen the Program's decision-making processes.

3. Mr. Shigeo Katsu, Special Advisor to the Managing Directors, World Bank, and Former Vice-President for Europe and Central Asia, stated a collective view on the Program's progress and future challenges on behalf of the CAREC partner multilateral institutions (Attachment 5).

¹ Participating countries are Afghanistan, Azerbaijan, People's Republic of China, Kazakhstan, Kyrgyz Republic, Mongolia, Tajikistan and Uzbekistan.

² CAREC is also an alliance of multilateral institutions active in promoting economic cooperation in Central Asia. Those institutions, besides ADB, are the European Bank for Reconstruction and Development, International Monetary Fund, Islamic Development Bank, United Nations Development Programme, and World Bank.

A. 2009 CAREC Highlights

- Anticipated approval by CAREC multilateral partners of almost \$4 billion of investments in the priority areas of transport, energy, and trade in 2009; a significant increase from approximately \$2 billion mobilized in 2008
- Endorsement of the CAREC Energy Action Plan Framework
- Endorsement of the CAREC Program Results Framework
- Launching of the CAREC Corridors Measurement and Monitoring Program to gather data on the time and cost of traveling the Program's six transport corridors and identify bottlenecks
- Holding of the first CAREC Partnership Forum to extend interaction with development partners active in the CAREC region in the Program's priority sectors
- Launching of the CAREC Institute web site at www.carecinstitute.org, as a knowledge hub on regional cooperation in Central Asia
- Support from Senior Officials and Ministers to intensify activities to improve infrastructure at border crossings and speed customs modernization and harmonization, including development of single window schemes
- Support from Senior Officials and Ministers to expand activities to bring private sector interests into the CAREC Program, including a CAREC Business Development Forum in 2010 and networking of chambers of commerce in participating countries.

B. 2010 Work Plan Highlights

- Implement agreed strategies and action plans:
 - Implementation Action Plan for the Transport and Trade Facilitation Strategy
 - Trade Policy Strategic Action Plan
 - Energy Action Plan Framework
 - CAREC Institute Work Plan for 2009-2011
- Continue the CAREC Corridors Measurement and Monitoring Program
- Intensify activities to improve infrastructure at border crossings and speed customs modernization and harmonization
- Develop the CAREC Program Results Framework and deliver the first report
- Plan and hold a CAREC Business Development Forum
- Plan and hold the 9th Ministerial Conference on CAREC, including preparatory meetings.

4. Country delegations welcomed Afghanistan's offer to chair CAREC meetings in 2010. A schedule of Senior Officials' Meetings and 9th MC preparations will be prepared in the weeks ahead.



**Eighth Ministerial Conference
on Central Asia Regional Economic Cooperation**
14-16 October 2009; Ulaanbaatar, Mongolia

LIST OF PARTICIPANTS
(as of 16 October 2009)

I. PARTICIPATING COUNTRY DELEGATIONS

A. Afghanistan

1. Mr. Hamidullah Farooqi, Minister, Ministry of Transport and Civil Aviation
2. Mr. Abdul Razique Samadi, Deputy Minister (Administration), Ministry of Finance
3. Mr. Sharifullah Ibrahim, Director General, Private Sector Transport, Ministry of Transportation
4. Mr. Hafizullah Wali Rahimi, Director General, Private Sector Development, Ministry of Commerce and Industry

B. Azerbaijan

5. Mr. Samir Veliyev, Executive Director, Ministry of Economic Development and Trade and CAREC National Focal Point
6. Mr. Vahid Huseynov, Senior Advisor, Cabinet of Ministers
7. Mr. Faig Alakbarov, Head, Finance and Credit Division, Ministry of Transport
8. Mr. Samad Garalov, Head of Cargo Turnover Division, State Customs Committee

C. People's Republic of China

9. Mr. Xiaojun Liao, Vice Minister, Ministry of Finance
10. Mr. Jinkang Wu, Deputy Director General, International Department, Ministry of Finance and CAREC National Focal Point
11. Mr. Zhenguo He, Secretary to the Vice Minister, General Office, Ministry of Finance
12. Mr. Dongxiang Li, Director, International Department, Ministry of Finance
13. Mr. Wensong Guo, Deputy Director, International Department, Ministry of Finance
14. Ms. Yangzi Hu, Section Chief, Department of International Trade and Economic Affairs, Ministry of Commerce
15. Ms. Yan Liu, Officer, International Department, Ministry of Finance
16. Mr. Guangxuan Sun, Director, Department of Regional Economy, National Development and Reform Commission
17. Mr. Yong Zhong, Deputy Director, Department of International Cooperation, Science and Technology, Ministry of Water Resources
18. Ms. Weina Wang, First Secretary, Department of International Trade and Economic Affairs, Ministry of Commerce
19. Mr. Jilin Xu, Deputy Director, National Energy Bureau
20. Mr. Gang Yang, Administrative Vice Governor, Xinjiang Uygur Autonomous Region
21. Mr. Haichuan Wan, Director General, Department of Finance, Xinjiang Uygur Autonomous Region
22. Mr. Liangjun Wang, Secretary to the Vice Governor, General Office, Xinjiang Uygur Autonomous Region

- 23. Mr. Tulake Abuduaini, Director, Department of Finance, Xinjiang Uygur Autonomous Region
- 24. Mr. Yaping Ren, Administrative Vice Governor, Inner Mongolia Autonomous Region
- 25. Mr. Zongyuan Yun, Deputy Director General, Department of Finance, Inner Mongolia Autonomous Region
- 26. Mr. Yuewu Zhang, Director, Department of Finance, Inner Mongolia Autonomous Region
- 27. Mr. Gang Guo, Deputy Mayor, Erliaan City, Inner Mongolia Autonomous Region

D. Kazakhstan

- 28. Mr. Timur Suleimenov, Vice Minister, Ministry of Economy and Budget Planning
- 29. Mr. Meirzhan Yussupov, Deputy Director, Department of Investment Policy, Ministry of Economy and Budget Planning
- 30. Ms. Saltanat Rakhimbekova, Director, Department of International Cooperation and Transit Policy, Ministry of Transport and Communications
- 31. Mr. Smailov Askan, Chief Expert, Division for Development of Electric Energy and Coal Industry, Ministry of Energy and Mineral Resources
- 32. Mr. Khuanysh Yerbota, Attache, Embassy of the Republic of Kazakhstan to Mongolia

E. Kyrgyz Republic

- 33. Mr. Sanjar Mukanbetov, Deputy Minister, Ministry of Economic Development and Trade and CAREC National Focal Point
- 34. Mr. Kubanychbek Mamaev, Permanent Secretary, Ministry of Transportation and Communication
- 35. Mr. Samat Kulmambetov, Head of Internal Trade Department, Ministry of Economic Development and Trade

F. Mongolia

- 36. Mr. Altankhuyag Norov, First Deputy Prime Minister, Mongolia
- 37. Mr. Bayartsogt Sangajav, Minister, Ministry of Finance
- 38. Mr. Battur Davaakhuu, State Secretary, Ministry of Finance
- 39. Mr. Khurenbaatar Baavgai, Director General, Development Financing and Cooperation Department, Ministry of Finance and CAREC National Focal Point
- 40. Mr. Dorjkhand Togmid, Deputy Director, Development Financing and Cooperation Department, Ministry of Finance and Deputy Focal Point for CAREC
- 41. Ms. Zolzaya Tsedendamba, Senior Specialist, Development Financing and Cooperation Department, Ministry of Finance
- 42. Mr. Tuguldur Baajikhuu, Senior Specialist, Development Financing and Cooperation Department, Ministry of Finance
- 43. Ms. Ulziijargal Gonchig, Senior Specialist, Development Financing and Cooperation Department, Ministry of Finance
- 44. Mr. Batkhoo Idesh, Specialist, Development Financing and Cooperation Department, Ministry of Finance
- 45. Ms. Bolormaa Byambaa, Specialist, Development Financing and Cooperation Department, Ministry of Finance
- 46. Ms. Otgonbayar Chimeddorj, Senior Specialist, Development Financing and Cooperation Department, Ministry of Finance
- 47. Mr. Badruun Dashdorj, Advisor, Development Financing and Cooperation Department, Ministry of Finance
- 48. Mr. Erdenebaatar Purevjav, Advisor, Development Financing and Cooperation Department, Ministry of Finance
- 49. Mr. Tulga Zorigshaikhan, MON-PRC Cooperation Coordinator, Development Financing and Cooperation Department, Ministry of Finance
- 50. Mr. Gantulga Gankhuyag, Advisor, Development Financing and Cooperation Department, Ministry of Finance

51. Mr. Irmuun Demberel, Specialist, Development Financing and Cooperation Department, Ministry of Finance
52. Mr. T. Tserenpurev, Director General, Energy Policy Department, Ministry of Natural Resources and Energy
53. Mr. S. Bayarbat, Deputy Director, Department of Finance and Investment, Ministry of Natural Resources and Energy
54. Mr. D. Dulguun, Specialist, International Cooperation Division, Ministry of Natural Resources and Energy
55. Ms. B. Tuya, Officer, Energy Policy Department, Ministry of Natural Resources and Energy
56. Mr. P. Gankhuu, Deputy Director, Energy Authority
57. Mr. D. Naranpurev, Director General, Road and Transport Policy Department, Ministry of Road, Transport, Urban Development and Construction
58. Mr. Kh. Gantumur, Deputy Director, Road and Transport Policy Department, Ministry of Road, Transport, Urban Development and Construction
59. Mr. Ts. Nerguibaatar, Senior Specialist, Road and Transport Policy Department, Ministry of Road, Transport, Urban Development and Construction
60. Ms. Kh. Munguntuya, Senior Specialist, Road and Transport Policy Department, Ministry of Road, Transport, Urban Development and Construction
61. Mr. G. Bat, Specialist, Road and Transport Policy Department, Ministry of Road, Transport, Urban Development and Construction
62. Mr. S. Itgel, Executive Manager, Civil Aviation Authority
63. Mr. R. Onon, Deputy Director, Road Authority
64. Mr. B. Batbaatar, Road Authority
65. Mr. Tseveenjav Derjee, Director General, Customs General Authority
66. Ms. Oyunchimeg Dash, Deputy Director General, Customs General Authority
67. Mr. Chinbat Emgen, Customs Officer, Public Administration and International Cooperation Department, Customs General Authority
68. Ms. D. Mandukhai, Specialist, Customs General Authority
69. Mr. Javkhlanbaatar Sereeter, Deputy Director, Foreign Trade and Economic Cooperation Department, Ministry of Foreign Affairs and Trade
70. Ms. Ochirmaa Ochirbat, Senior Specialist, Foreign Trade and Economic Cooperation Department, Ministry of Foreign Affairs and Trade

G. Tajikistan

71. Mr. Matlubkhon Davlatov, State Advisor to the President on Economic Policy
72. Mr. Negmatjon Buriev, Senior Advisor to the President on Economic Policy and CAREC National Focal Point
73. Mr. Pulod Muhiddinov, First Deputy Minister, Ministry of Energy and Industry
74. Mr Anvar Ibragimov, Deputy Head of Department, Head of WTO Affairs Division, Ministry of Economic Development and Trade

H. Uzbekistan

75. Mr. Nasriddin Najimov, First Deputy Minister, Ministry for Foreign Economic Relations, Trade and Investments
76. Mr. Makhmudjon Askarov, Deputy Head of Department, Cabinet of Ministers and CAREC National Focal Point
77. Mr. Rustam Mansurov, Deputy Chairman, State Customs Committee
78. Mr. Eso Sagdullaev, Head of National Dispatching Center
79. Mr. Takhir Aliev, Deputy Head, Transport Department, Ministry for Foreign Economic Relations, Trade and Investments

II. OTHER COUNTRY DELEGATIONS

A. Japan

80. Mr. Takahiro Ishizaki, First Secretary, Embassy of Japan in Mongolia

B. Russian Federation

- 81. Mr. Alexander Shmanevsky, Charge d'Affaires ad interim, Embassy of Russian Federation in Mongolia
- 82. Mr. Mikhail Mikhailov, First Secretary, Embassy of Russian Federation in Mongolia
- 83. Mr. Alexander Filatov, Third Secretary, Embassy of Russian Federation in Mongolia

C. Turkey

- 84. Mr. Yalcin Gube, Commercial Counsellor, Embassy of Turkey in Mongolia
- 85. Mr. Umut Deniz, Second Secretary, Embassy of Turkey in Mongolia
- 86. Ms. Ozlem Nudral, Economic Counsellor, Embassy of Turkey in People's Republic of China

III. PARTICIPATING MULTILATERAL INSTITUTIONS**A. Asian Development Bank**

- 87. Mr. Haruhiko Kuroda, President
- 88. Mr. Xiaoyu Zhao, Vice President, Operations 1
- 89. Mr. Shuichi Hosoda, Chief Advisor to the President
- 90. Mr. Nianshan Zhang, Senior Advisor to the Vice President, Operations 1
- 91. Mr. Juan Miranda, Director General, Central and West Asia Department (CWRD)
- 92. Mr. Klaus Gerhaeusser, Director General, East Asia Department (EARD)
- 93. Mr. Sean O'Sullivan, Deputy Director General, CWRD
- 94. Mr. Werner Liepach, Incoming Deputy Director General, CWRD
- 95. Ms. Shigeko Hattori, Director, Country Coordination and Regional Cooperation Division, CWRD
- 96. Mr. Hong Wang, Director, Transport and Communications Division, CWRD
- 97. Mr. Pil-Bae Song, Director, Energy and Natural Resources Division, CWRD
- 98. Ms. Naomi Chakwin, Director, Regional Cooperation, Governance, and Finance Division, EARD
- 99. Ms. Amy Leung, Director, Urban and Social Sectors Division, EARD
- 100. Mr. Tyrrell Duncan, Director, Transport Division, EARD
- 101. Mr. Adrian Ruthenberg, Country Director, Mongolia Resident Mission
- 102. Mr. Lan Wu, Country Director, Kyrgyz Resident Mission
- 103. Mr. Makoto Ojira, Country Director, Tajikistan Resident Mission
- 104. Mr. Haruya Koide, Principal Infrastructure Finance Specialist, Transport and Communications Division, CWRD
- 105. Mr. Ying Qian, Principal Economist (Financial Sector), Financial Sector, Public Management & Regional Cooperation Division, EARD
- 106. Mr. Jeffrey Liang, Head, Programs and Regional Cooperation Unit and Principal Country Economist, PRC Resident Mission
- 107. Mr. Bayanjargal Byambasaikhan, Energy Specialist (Infrastructure), Energy and Natural Resources Division, CWRD
- 108. Mr. Joseph Procak, Regional Cooperation Specialist, Financial Sector, Public Management & Regional Cooperation Division, EARD
- 109. Mr. Philip Wood, Media Relations Specialist, Department of External Relations
- 110. Mr. Asad Aleem, Energy Specialist, Afghanistan Resident Mission
- 111. Ms. Elaine Glennie, Senior Capacity Building Specialist, Asian Development Bank Institute

B. European Bank for Reconstruction and Development

- 112. Mr. Gavin Anderson, Business Group Director

C. International Monetary Fund

- 113. Mr. David Owen, Deputy Director, Middle East and Central Asia Department
- 114. Ms. Ana Lucia Coronel, Division Chief, Middle East and Central Asia Department
- 115. Ms. Ceyda Oner, Economist

D. Islamic Development Bank

- 116. Mr. Rustam Eshonhujjev, Country Officer

E. United Nations Development Programme

- 117. Ms. Kori Udovicki, Assistant Secretary-General, Assistant Administrator and Regional Director, Regional Bureau for Europe and the Commonwealth of Independent States (RBEC)
- 118. Mr. Mahmood Ayub, Senior Advisor for Central Asia, Regional Bureau for Europe and the Commonwealth of Independent States
- 119. Mr. Dmitri Mariassin, Special Advisor to the Regional Director, RBEC

F. World Bank

- 120. Mr. James Adams, Vice President, East Asia and Pacific
- 121. Mr. Shigeo Katsu, Special Advisor to the Managing Directors and Former Vice President
- 122. Mr. Motoo Konishi, Country Director for Central Asia
- 123. Mr. Ranjit Lamech, Sector Manager, Energy, Europe and Central Asia Sustainable Development
- 124. Ms. Mehrnaz Teymourian, Lead Country Program Coordinator for Central Asia
- 125. Ms. Nancy Cooke, Lead Country Program Coordinator for China and Mongolia
- 126. Mr. Arshad Sayed, Country Manager for Mongolia
- 127. Ms. Ochir Lkhagvasuren, Portfolio Operations Officer, World Bank Mongolia Office
- 128. Mr. Tumentsogt Tsevegmid, Infrastructure Operations Officer, World Bank Mongolia Office
- 129. Ms. Altantsetseg Shiilegmaa, World Bank Mongolia Office

IV. SPECIAL PRESENTOR

- 130. Mr. Supachai Panitchpakdi, Secretary General, United Nations Conference on Trade and Development (UNCTAD)

V. OBSERVING MULTILATERAL/BILATERAL/REGIONAL ORGANIZATIONS**A. Japan International Cooperation Agency**

- 131. Mr. Naohiro Kitano, Director General, East and Central Asia and the Caucasus Department
- 132. Mr. Fusato Tanaka, Director, Central Asia and the Caucasus Division, East and Central Asia and the Caucasus Department
- 133. Ms. Tomomi Hirata, Planning Officer, Planning Division, East and Central Asia and the Caucasus Department
- 134. Mr. Toru Ogura, Project Formulation Adviser, Japan International Cooperation Agency Mongolia Office
- 135. Ms. Ankhtsetseg Enkhbayar, Program Administrative Officer, Japan International Cooperation Agency Mongolia Office

B. United Nations Economic Commission for Europe

- 136. Mr. Hans Hansell, Chief Trade Policy and Adviser to the Executive Secretary

C. United Nations Economic and Social Commission for Asia and the Pacific

137. Ms. Geetha Karandawala, Secretary to the Commission

D. World Customs Organization

138. Mr. Delgerbayar Lamjav, Director, Public Administration and International Cooperation, Mongolian Customs General Administration

VI. CAREC ADVISORS

- 139. Mr. Nadir Safaev, Senior Advisor to the National Focal Point (NFP) for Uzbekistan
- 140. Mr. Rustam Aminjanov, Senior Advisor to the NFP for Tajikistan
- 141. Mr. Saifullah Abid, Senior Advisor to the NFP for Afghanistan
- 142. Mr. Meder Turgunbekov, Advisor to the NFP for Kyrgyz Republic
- 143. Mr. Ashraf Kuliyeu, Advisor to the NFP for Azerbaijan
- 144. Ms. Munkhtuya Lkhagvaa, Advisor to the NFP for Mongolia
- 145. Ms. Rosalind McKenzie, CAREC Institute Advisor

VI. CAREC SECRETARIAT

- 146. Mr. David Kruger, Head, Central Asia Regional Economic Cooperation Unit (CARECU), Country Coordination and Regional Cooperation Division, CWRD
- 147. Mr. Ushio Tashibu, Regional Cooperation Specialist, Country Coordination and Regional Cooperation Division, CWRD
- 148. Mr. David Oldfield, Regional Cooperation Specialist, Country Coordination and Regional Cooperation Division, CWRD
- 149. Ms. Ma. Cristina Delos Santos, Senior Programs Assistant, Country Coordination and Regional Cooperation Division, CWRD
- 150. Ms. Isabelita Alba, Regional Development Economist/Consultant, CAREC Unit, Country Coordination and Regional Cooperation Division, CWRD
- 151. Ms. Anna Karmina Ong-Pantig, Regional Cooperation Programs Analyst/Consultant, CAREC Unit, Country Coordination and Regional Cooperation Division, CWRD

Regional Cooperation Coordinators:

- 152. Ms. Dalaikhuu Unurjargal, Regional Cooperation Coordinator, Mongolia Resident Mission
- 153. Ms. Aidana Berdybekova, Regional Cooperation Coordinator, Kyrgyz Resident Mission
- 154. Ms. Wu Jia, Regional Cooperation Coordinator, PRC Resident Mission

ADB Mongolia Resident Mission:

- 155. Ms. Tsetsegmaa Amar, Economics Officer, ADB Mongolia Resident Mission

VI. INTERPRETERS

- 156. Mr. Evgeny Sinelschikov
- 157. Ms. Svetlana Chirkova
- 158. Ms. Elena Mironova
- 159. Mr. Yuri Nevenchanny
- 160. Ms. Cao Ruina
- 161. Ms. Lu Hui
- 162. Ms. Khaliun Dalantai
- 163. Ms. Sayanaa Lkhagvasuren



Joint Ministerial Statement

8th Ministerial Conference on Central Asia Regional Economic Cooperation

Ulaanbaatar, Mongolia
16 October 2009

Representing the Governments of Afghanistan, Azerbaijan, People's Republic of China, Kazakhstan, Kyrgyz Republic, Mongolia, Tajikistan, and Uzbekistan, Ministers adopted the following statement at the conclusion of the 8th Ministerial Conference on Central Asia Regional Economic Cooperation (CAREC) in Ulaanbaatar, Mongolia, on 16 October 2009.

1. The CAREC Program is making significant progress in implementing its project-focused strategies in the priority sectors of transport, trade, and energy. Building on the active investment plans of each CAREC country, our multilateral partners¹ have programmed almost \$4 billion in loans and grants in these sectors in 2009. This is double the volume of investment in 2008. It is a strong illustration of the value of our Program's practical approach to cooperation and the close coordination among our countries and partners.
2. CAREC is at work across the region building transport and energy infrastructure, simplifying border and trade arrangements, undertaking research on regional issues, and building networks in support of cooperation. This work is opening new economic opportunities for millions of our citizens. It represents tangible progress toward our vision of "Good Neighbors, Good Partners, Good Prospects."
3. Today we endorsed two documents.
 - The **CAREC Energy Action Plan Framework** will support achievement of the Energy Sector Strategy goals of energy security and increased energy trade to support economic growth. The Action Plan will deliver investments, knowledge and capacity building, and policy advice in three strategic areas: Energy demand-supply balance and infrastructure constraints; regional dispatch and regulatory development; and analysis of energy-water linkages. The Action Plan outlines diagnostic work in each area that will help establish a shared understanding of opportunities for cooperation and action.

¹ Asian Development Bank, European Bank for Reconstruction and Development, International Monetary Fund, Islamic Development Bank, United Nations Development Programme, and World Bank.

- The **CAREC Program Results Framework** will highlight the value and tangible impact of regional cooperation. It will track progress of CAREC operations, indicate areas for improvement, and highlight trends in results. Results Framework data will serve as the basis of a broader CAREC development effectiveness review. This review will articulate program achievements through a credible and transparent process and inform the Program's decision-making processes.

4. These documents complete our strategic direction. With strategies and action plans in place for each of the priority sectors and a framework for monitoring results, we pledge our commitment to work together and with our multilateral partners to achieve our CAREC goal of development through cooperation.

5. As our large investments in transport infrastructure rehabilitate the six CAREC corridors and create connections among our countries and to key external markets, we must deepen our efforts to ensure goods and people can smoothly travel these routes. We welcome the initial findings of the Corridors Performance Measurement and Monitoring program. The data reveal the main causes of delays and costs along the corridors. They highlight the urgent need for infrastructure improvements at border crossings and greater progress on customs modernization and harmonization. They also signal the potential of the single window schemes many of our countries are now developing.

6. We request the CAREC Secretariat and committees to continue the corridor monitoring program, to begin assessments of physical infrastructure needs at priority border crossings along each corridor, and to support the implementation and networking of single window schemes in the region. Our work should target the development of "seamless corridors" to support the competitiveness of our economies in regional and global markets.

7. We welcome the start of efforts to include the private sector in our regional cooperation efforts. We request our multilateral partners to increase support for business climate improvements in the CAREC region. In this regard, we recognize the value of continuing knowledge-sharing workshops on public-private partnerships; holding a CAREC Business Development Forum in Urumqi, Xinjiang Uygur Autonomous Region, People's Republic of China, in 2010; and networking among CAREC chambers of commerce. This expanded public-private interaction will be instrumental to fostering consensus on regional initiatives for increasing private sector participation in CAREC activities.

8. In 2009, our Program moved confidently into implementation of our agreed strategic directions. Despite the global economic crisis, our partnership continued delivering tangible results to the people of the CAREC region and investments that strengthen our growth prospects. As we move forward, we will continue our practical, project-based cooperation, to strengthen our connections with each other and with global markets, and to ensure that trust and goodwill guide our joint efforts.



Energy Action Plan Framework

**8th Ministerial Conference on
Central Asia Regional Economic Cooperation
14 – 16 October 2009
Ulaanbaatar, Mongolia**

EXECUTIVE SUMMARY

In November 2008, the 7th Ministerial Conference on CAREC approved the *Strategy for Regional Cooperation in the Energy Sector of CAREC Countries* (“*Energy Strategy*”). The *Energy Strategy* emphasizes energy security through cooperation and integration. It also recognizes joint use and protection of trans-border rivers. In May 2009, CAREC Senior Officials requested multi-lateral institutions to work with CAREC countries to prioritize actions under the *Energy Strategy*, in the form of an Action Plan. The Plan will be submitted to the 8th Ministerial Conference to be held in Mongolia in October 2009. The Action Plan was the focus of meeting of the Energy Sector Coordinating Committee (ESCC) on September 2-3, 2009 in Almaty, Kazakhstan.

The Action Plan explores opportunities for regional integration through power development, with only indirect assessments for bulk management of oil, gas, and coal resources. The Action Plan for 2010-2013 calls for prioritization of investments in Central Asia for regional and export opportunities. The strategy recognizes various energy corridors: spread along Central Asia, China/Mongolia and Caucasus. In the first phase, the Central Asia corridor is considered the main priority. Other corridors will be considered later.

The Plan is guided by the following principles:

- **Regional:** Build on concept of phased investments to increase energy security, energy efficiency and trade
- **Selectivity:** Focus on investments with high cooperation content
- **Holistic:** Sector development with linkages to other subsectors
- **Reliance:** Focus on regional and national institutions to develop and implement the Action Plan, with the multi-lateral institutions serving as facilitators and financiers

Through regular meetings, the ESCC will provide coordination and oversight on implementation of the Plan.

The Action Plan is structured around three strategic issues:

- **Energy Demand/Supply Balance and Infrastructure.** Promote energy security and regional trade by optimizing integrated transmission and generation (infrastructure) expansion.
- **Regional Dispatch and Regulatory Development.** Maximize the benefits of the unified Central Asian Power System.
- **Energy-Water Linkages.** Strengthen cooperation by integrating energy and water analysis.

The outputs of the Action Plan cover (i) investments, (ii) knowledge and capacity building, and (iii) policy development. The initial activities include additional diagnostic or foundational studies, and immediate investments. The Action Plan is dynamic and will evolve over the three-year period.

The following table summarizes the strategic themes, objectives, and deliverables.

Core Issue		Energy Supply-Demand Balances	Regional Dispatch and Regulatory Development	Energy-Water Linkages
Objective		To promote regional trade by optimizing integrated transmission and generation expansion.	To maximize the benefits of unified operation of the Central Asia Power System.	To strengthen cooperation by integrating energy and water analysis.
Deliverables	Policy Environment	Develop: national generation and transmission plan, integrated regional plan, and assess benefits of regional integration.	Develop an institutional platform and framework for regional power trade based on economic principles. This platform could be within Central Dispatcher Centre (CDC) Energy.	Strengthen Central Asian institutions to lead the dialogue and analysis on rational use of energy-water resources.
	Capacity Building	Involve national and regional organizations in developing the model and execution of the plan.	Strengthening CDC and national load dispatch centers and facilitating preparation of regulations.	Enhance integrated energy-water models, analytical tools, and shared databases that enable assessment of options and impacts across both sectors.
	Investments	Promote/accelerate early-win grid strengthening and generation programs.	Phased investments to implement adequate SCADA, metering, and communication systems in accordance with national needs and circumstances.	Identify consensus projects to improve energy-water rational and effective use (e.g. irrigation and hydro-power rehabilitation and efficiency improvements).

Energy Action Plan Framework

I. BACKGROUND

1. In November 2008, the 7th Ministerial Conference on CAREC approved the *Strategy for Regional Cooperation in the Energy Sector of CAREC Countries* (“*Energy Strategy*”). The *Energy Strategy* emphasizes energy security, energy efficiency, and energy trade. The strategic approach recognizes the need to overcome the impact of uneven distribution of energy resources and the benefits of hydropower development in the context of regional energy market development and interests of downstream riparian countries. The strategy notes the goal of least cost solutions and cooperation in the area of trade, market relations, joint use and protection of trans-border rivers, and knowledge sharing.

2. In May 2009, CAREC Senior Officials requested multi-lateral institutions to work together with Central Asian countries on the preparation of an Action Plan. The Plan is to be discussed at the 8th Ministerial Conference to be held in Mongolia in October, 2009. The Action Plan was the focus of the meeting of the Energy Sector Coordinating Committee (ESCC) on September 2-3, 2009 in Almaty, Kazakhstan.

II. NEED FOR A FRAMEWORK

3. Coordinated and effective development of the regional energy sector will require agreement on strategic issues, as well as comprehensive diagnostics. With these solid foundations, activities to implement the priorities can be staged and milestones developed to track progress and ensure sustained efforts.

A. Principles

4. The Action Plan will be guided by the following principles:

- Regional: Build on concept of phased investments to increase energy security, energy efficiency and trade
- Selectivity: Focus on investments (physical and non-physical) with high cooperation content
- Holistic: Sector development with linkages to other subsectors
- Reliance: Focus on national and regional institutions to develop and implement the Action Plan, with the multi-lateral institutions serving as facilitators and financiers

B. Scope, Focus and Deliverables

5. The Energy Strategy identifies five main energy corridors. Among these, at this initial stage, the Action Plan focuses in Central Asia. This sub-region has diversified and complementary resources, a high potential for trade and strong nexus between energy and water resources management. The Action Plan will later consider further CAREC corridors.

6. The Action Plan will focus primarily on electricity and take into account the role of gas, oil, coal, and water in generating power. This focus is consistent with the needs and priorities of encouraging regional cooperation in Central Asia.

7. The Action Plan will cover the period 2010-2013. The focus will be on immediate gains while building the foundation for cooperative and efficient development of the sector, identifying investments beyond 2013.

8. The Action plan will deliver (i) investments, (ii) knowledge and capacity building, and (iii) policy advice.

C. Strategic Themes

9. The Action Plan is structured around three strategic themes:

- **Energy Demand/Supply Balance and Infrastructure Constraints:** This issue directly addresses the most efficient use of energy resources across the region to meet the needs of its people in a reliable, affordable, financially sustainable, and environmentally sound manner. This approach includes factors such as use of renewable energy resources, energy efficiency and demand side management, intra-regional and extra-regional trade opportunities, and least cost planning. The strategy takes into consideration seasonal supply/demand balances and transmission constraints. This theme focuses on infrastructure investments.
- **Regional Dispatch and Regulatory Development:** This issue directly addresses sector restructuring, regulation, and contractual arrangements. It covers the policy and institutional needs to facilitate energy security, trade and the efficient transit across the region.
- **Energy-Water Linkages:** Hydropower brings a valuable dimension to the region's energy assets. As also recognized in the *Energy Strategy*, the particular distribution of hydropower resources in Central Asia raises complexities of transboundary water management. This theme calls for a strong analytical base to support coordinated management of energy and water resources.

Example Benefits of Mixed Energy Systems

- Reducing the **energy security risks** of individual, national systems that depend on a single or limited types of energy sources.
- Lowering the overall requirement of **reserve margin** relative to individual country needs with accompanying potential for savings in CAPEX for countries.
- Optimized operation of thermal plants operation resulting in **lower costs in operation as well as in annual maintenance.**

10. Each of these strategic themes is discussed below in more detail.

1. Energy Demand/Supply Balance and Infrastructure constraints

a. Background

11. Central Asia enjoys abundant energy resources. However, the resources are not of the same nature nor are they evenly distributed. For instance, Kazakhstan has large oil and coal reserves, Uzbekistan and Turkmenistan have sizeable gas reserves, and Kyrgyz Republic and Tajikistan have significant hydro power resources. This uneven distribution of resources justifies and qualifies regional cooperation. Each country can import and export the most appropriate energy form at the appropriate time to mutual advantage, and differences in energy services can be optimally combined to reduce costs and mitigate supply risks.

12. During the Soviet era the Central Asian Republics (CAR) energy system was designed to take advantage of regional variations. The CARs were interconnected to some extent by gas and to a lesser extent by oil pipelines. This interconnection was done mainly by electrical interconnection, through the 500kV Central Asian Power System (CAPS). Regional cooperation then mixed the thermal based power systems of Kazakhstan, Turkmenistan, and Uzbekistan systems with the hydro based systems of Tajikistan and Kyrgyz Republic. At the same time, Tajikistan and Kyrgyz Republic exported energy during summer when their hydro based power was at a maximum and imported energy during winter when they were in energy deficit. The Tajikistan and Kyrgyz Republic water releases were coordinated to meet irrigation needs in the downstream countries.

13. Since 1990 the Central Asian republics have largely followed an energy self-sufficiency model. Regional electric trade collapsed from 25GWh in 1990 to 3.7GWh in 2008. This has resulted in occasional summer spillage in Tajikistan due to water storage limitations and winter energy deficits in Tajikistan and Kyrgyz Republic. In recent years due to low hydrologic conditions winter energy deficits have been more pronounced, with the winter of 2007/8 being particularly severe. Hydro power requirements (mainly in winter) and irrigation needs (mainly in summer) pose problems for reservoir operation, replacement of winter hydro power by supplies of fossil power and fuel, and exchange conditions between water and energy. Some countries are generating electricity using high value fossil fuels rather than importing from neighboring countries with surplus electricity generated from renewable resources.

14. The CAPS remains an interconnected network with system operation and planning being managed by the Central Dispatching Centre (CDC) in Tashkent. Turkmenistan withdrew from CAPS in 2003 but continues to export to CAR countries from islanded power plants. Afghanistan is in the process of joining CAPS and wishes to meet a part of its demand with imports from CAR countries. Trade is conducted on a bilateral basis; but these arrangements are constrained by limited physical infrastructure. A summary of recent energy trade is presented in following table:

Table 1: CAPS Electricity Trade 9-year Average (2000–2008)

GWh		IMPORT					TOTAL Export	Net Exporter (+) / Net Importer (-)
		KAZ ¹	KGZ	TAJ	UZB	TKM		
EXPORT	KAZ	X	0.0	2.3	0.0	0.0	2.3	-1,718.3
	KGZ	1,642.2	X	223.0	515.9	0.0	2,381.2	2,230.1
	TAJ	69.6	62.6	X	560.5	0.0	692.7	-657.8
	UZB ²	0.0	88.4	705.2	X	5.2	798.9	-284.0
	TKM	8.8	0.0	419.9	6.5	X	435.2	430.0
TOTAL Imports		1,720.6	151.1	1,350.5	1,082.9	5.2	4,310.4	0.0

Notes:

¹ - KAZ imports also includes electricity for further re-export for RAO UES

² - UZB export to TAJ includes intergovernmental agreements and exports to TALCO

b. Objective and Actions

15. The Action Plan will increase energy security, energy efficiency and trade by optimizing integrated transmission and generation (infrastructure) expansion. Key actions are proposed as follows:

- **Diagnostics:** Review of existing studies, confirmation of key issues, and identification of complementary analytical work (if required) as the foundation for integrated development of the regional power system .
- **Policy and Investment:** Carry out a study on integrated development of the regional power system, and identify long-term solutions to balancing demand and supply, taking into account current assets, demand projections, and trade opportunities. The study will address policy measures to promote security and efficiency and will consider:
 - demand and growth projections at country level,
 - condition of existing assets, and rehabilitation needs at country level,
 - planned projects needs and new asset requirements at and identification of alternatives including renewable energy options and the efficient use of power including load management and other demand side management measures
 - alternative scenarios for generation, including hydropower
 - optimization with and without consideration of local and global environmental externalities.

The study will develop national generation and transmission plans as well as an integrated regional plan. Policy notes will be prepared on actions needed for regional trade, energy efficiency, and promotion of renewable energy.

- **Capacity Building:** Actions at the national and regional level to improve institutional efficiency, and improvement of energy models. Any model developed will be transferred to the relevant regional and national institution(s), accompanied by appropriate training to support ongoing use.
- **Investments:** Consistent with the *Energy Strategy*, execute phased investments with regional content covering generation, transmission, distribution and energy efficiency. The latter will include loss reduction and/or, demand side/load management investments, including those eligible for carbon credits.

2. Regional Dispatch and Regulatory Development

a. Background

16. The Central Asian countries were bestowed with strong power transmission networks in the region- constituting about 1,600 km of 500 kV and 1,400 km of 220 kV lines. This network is operated by the Coordinating Dispatcher Center for energy (CDC) in Tashkent, which controls and monitors the demand-supply balance, power voltage, and frequency. CDC is a nongovernment, noncommercial organization working under the apex power council, constituting heads of power utilities/ transmission companies of Kazakhstan, Kyrgyz Republic, Tajikistan and Uzbekistan.

17. The adequate utilization of an extensive transmission network like CAPS depends on development of facilities to dispatch and coordinate power flows, and a proper regulatory and institutional system to manage and maximize benefits to participants. The facilities at CDC are old and in need of significant investment to bring them to par with modern control and dispatch centers. Kazakhstan has already initiated steps to modernize its national control center and its nine regional control centers. Similar investments may also be needed in the national dispatch centers of all the member countries. To complement these facilities, institutional systems to regulate and manage the system through a central entity (having confidence of all the players) would be required.

18. The operation of CAPS can be improved and the benefits of a mixed energy system expanded by taking actions such as:

- Flattening of the demand curve thereby reducing peak loads and associated infrastructure demands; and
- Mitigating part of the credit risk for independent power producers (IPPs) development projects with relatively small countries

19. Notwithstanding the benefits of regional dispatch, there are a number of projects aimed at developing and optimizing transmission facilities from a single country context rather than at the regional scale. But some small initiatives have already been undertaken which support the development of a strong dispatch and regulatory set up in the regional context. USAID, under the project Regional Electric Market Assistance Program (REMAP), has supported the establishment of CDC. There are plans to provide further assistance through a REMAP-II.

b. Objectives and Actions

20. The Action Plan will maximize the benefits of a unified CAPS operation. This entails moving towards the integrated planning of the transmission system on a regional basis, developing institutional capacity, and enhancing the role of CDC and national dispatch centres. Key actions are as follows:

- **Diagnostic:** Review existing studies and confirm key issues related to regional dispatch. Identify urgent investments in CDC and national dispatch centres. This work will support the preparation of a concept note for either future studies, policy reforms, investments, and/or the establishment of dispatch entity.
- **Policy:** Develop an institutional platform and framework (organization, hierarchy, charters, and codes) for regional power trade based on economic principles. This platform could be within CDC Energy. However, coordination with national dispatch centres is critical. The national centers are equipping themselves to ensure efficient national dispatch. If not coordinated, developments at the national level could create technical and institutional barriers to united regional dispatch. An early task is to define principles that would allow meeting the national needs without jeopardizing moving back to unified regional dispatch.
- **Capacity Building:** Strengthen regional and national dispatch centers and facilitate preparation of relevant regulations. Deliver on-the-job training during the preparation of relevant charters, codes, augmented by developmental assignments in dispatch centers, etc.

- **Investments:** Phased investments to implement adequate Supervisory Control and Data Acquisition (SCADA), metering and communication systems in accordance with national needs and circumstances.

3. Energy Water Linkages

a. Background

21. Hydropower resources concentrated in the upstream republics of Kyrgyz Republic and Tajikistan provide important energy services and complement other energy sources available in the rest of the region. However, given large existing and potential water storage capacity of hydropower projects, the role of the hydro resources extends beyond power generation. Other sectors such as drinking water and irrigation in both upstream and downstream countries are affected. Agriculture, the mainstay of several economies in the region, requires irrigation water during summer season. However, countries with large hydro potential (and extreme cold climates) have the ability to store water in summer in order to generate power to meet domestic needs for heating and lighting deficits in the winter. Decisions in the management of water extend even beyond these direct uses, with both domestic and regional implications for water quality, climate change mitigation and adaptation, ecological protection and even water quantity through evapotranspiration.

22. Water management, especially in the face of climate change, also links back to energy security and system stability through the annual and year-over-year management of reservoirs for ancillary services such as power frequency regulation and reserve capacity.

23. The Action Plan addresses the need to analytically integrate the two resources and the running of model impacts of energy and water projects on a range of users across all countries involved.

b. Objectives and Actions

24. The Action Plan will strengthen cooperation by integrating energy and water analysis. This analysis will improve understanding of water-energy linkages and enable to decision makers to query options and investments applying to both energy and water sectors. This work does not encompass decision-making on water or energy sharing agreements. Institutionally, the energy-water analytical framework creates a focal point for dialogue based on a widely accepted, credible, and understood characterization of each sector, and their co-dependencies.

c. Actions

- **Diagnostic:**
 - Assessment of current analytical approaches, including data, models, and interfaces for dialogue used in both the energy and water sectors.
 - Identification of priority analytical enhancements including the extension of data through satellite imagery, additional modules to address such issues as climate change and water quality, and incorporation of relevant water basins outside Central Asia (e.g., Afghanistan).

- Review of water savings potential and priority policy, management and/or infrastructure investments. Identification of appropriate regional institution(s) for integrated analysis, and evaluation of capacity building priorities.
- Identification of necessary linkages across relevant organizations to ensure robust cross-sectoral dialogue, with accompanying policy note to guide institutional strengthening and coordination.
- **Policy:** Assist Central Asian institutions to lead the dialogue and analysis on rational use of energy-water resources. Based on input from the International Fund for Saving the Aral Sea and Scientific Information Centre of the Interstate Commission for Water Coordination, establish regional working groups and international panel of experts. Initiate a regional training program on energy-water linkages and associated analytical tools and resources.
- **Capacity Building:** Upgrade integrated energy-water models, analytical tools, and shared databases that enable assessment of options and impacts across both sectors. Based on the diagnostic, undertake a water-energy linkage study, develop additional modules, etc. Ensure analytical tools and products fully meet the needs of users, in particular groups mandated to advise on energy-water management issues to Heads of States through a consultative approach to model development.
- **Investments:** Identify consensus projects to improve energy-water rational and effective use. Implement fast track projects; initiate the preparation of longer-term investment efforts.

D. Implementation of Action Plan

1. ESCC

25. The ESCC will guide and oversee implementation of the actions identified in the Action Plan. It will facilitate agreement on the terms of references as well as conclusions and recommendations of diagnostic work and studies. The ESCC will encourage strong involvement of regional and national experts in the assessments. It will monitor and report on progress on a regular basis, share outputs, and discuss key conclusions/initiatives. Regular (bi-annual) meetings will be held, with an agenda that covers reports on action items, progress on the three core themes, and updates on regional energy projects.

2. Schedule of Outputs

Preliminary Schedule of Outputs			
Date	Energy Supply-Demand	Regional Dispatch	Energy-Water Linkages
Dec 2009	Diagnostic note	Diagnostic note	Diagnostic note
July 2010	Identification of early investments/programs for loss reduction and demand side management investment options	Institutional note on harmonizing dispatch centres Terms of reference to strengthen regional dispatch centre	Draft Terms of Reference for a policy note on institutional strengthening and coordination
March 2011	Generation and transmission plan and prioritization of infrastructure investments	Phased outputs from REMAP study	Based on emerging analysis, assess consensus water/energy efficiency projects
Dec 2011	Policy notes on regional trade as well as opportunities for renewable energy and efficiency. Initiation of preferred, long term generation and infrastructure investments identified in the plan		Updated analytical foundation for energy-water linkages, including decision tools
June 2012		Preliminary design of platform for regional dispatch	Initiation of energy-water efficiency projects
Ongoing	Prioritized investments in transmission, distribution, and generation	Prioritized investments in dispatch systems	Phased activities to strengthen institutions based on diagnostic and policy note. Phased investments to improve analytical tools

3. External Assistance

26. The Action Plan will require finance for studies, capacity building and investments. ADB, World Bank, Islamic Development Bank, EBRD, USAID and others will provide support as appropriate. ESCC will explore avenues for coordinating IFI contributions.

4. Key Performance Indicators

27. The *Energy Strategy* identifies eight performance indicators to monitor implementation of the *Energy Strategy*. This Action Plan, focusing as it does on the Central Asia energy corridor, would emphasize indicators 1,2,3,and 7, that is:

- (1) Agreements reached (riparian)
- (2) Agreements reached (energy trade)

- (3) Agreements reached (energy transit)
- (7) Volume of exports and imports for electricity.¹

28. Three years is a relatively short time frame for some of these indicators. It is expected that numerical measures will be possible for volume of exports (as new transmission lines become operational). However, riparian agreements and finalized agreement for energy transit may not be finalized in the three year period. The indicators provide a framework for monitoring progress, with specific linkage back to the *Energy Strategy*, and specific performance indicators would be developed for individual actions within the Plan.

¹ Less emphasis will be placed on littoral agreements reached, and volume of trade in oil and coal.



CAREC Program Results Framework Concept Note

**8th Ministerial Conference on
Central Asia Regional Economic Cooperation
14 – 16 October 2009
Ulaanbaatar, Mongolia**

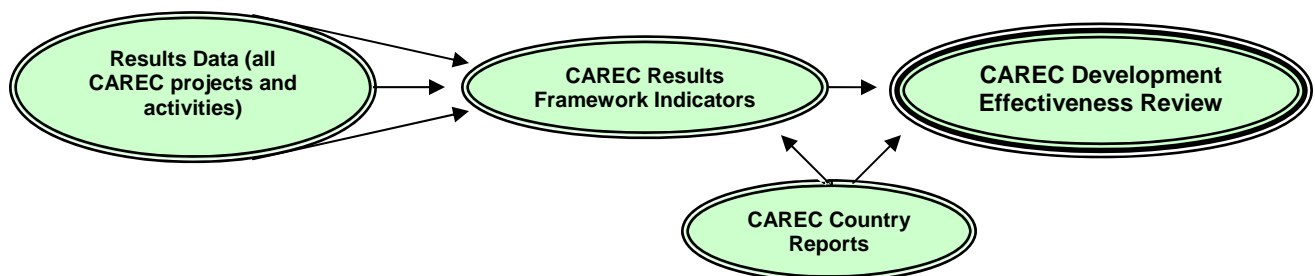
I. INTRODUCTION

1. A Senior Officials' Meeting (SOM) of the Central Asia Regional Economic Cooperation (CAREC) Program was convened in Ulaanbaatar, Mongolia, on 28-29 May 2009. The SOM considered a proposal to develop a CAREC Program Results Framework to enable the Program to report on progress and performance. The Results Framework will provide a simple, substantive, and consistent way to show CAREC leaders, partners, and other stakeholders the benefits of project-based regional economic cooperation.
2. The Results Framework will serve as the basis of an annual comprehensive CAREC development effectiveness review (DEfR), tracking progress and achievements. The review will contribute to management reports and inform future decision-making processes for CAREC operations. The review will highlight successes and challenges and indicate required actions by tracking performance trends in specific areas under CAREC.
3. This concept note is submitted for endorsement to the SOM on 14 October 2009. It outlines an approach to (i) advance the Results Framework structure and methodology, and (ii) prepare the first CAREC Program Results Framework and DEfR for presentation to the 2010 CAREC Ministerial Conference. The CAREC Institute (CI) will work with the appropriate committees and entities to (i) finalize the choice and definition of indicators, (ii) develop clear instructions and provide comprehensive ongoing training for data collection, and (iii) coordinate the aggregation and analysis of data to create the first CAREC Results Framework and DEfR.

II. DESIGN AND METHODOLOGY

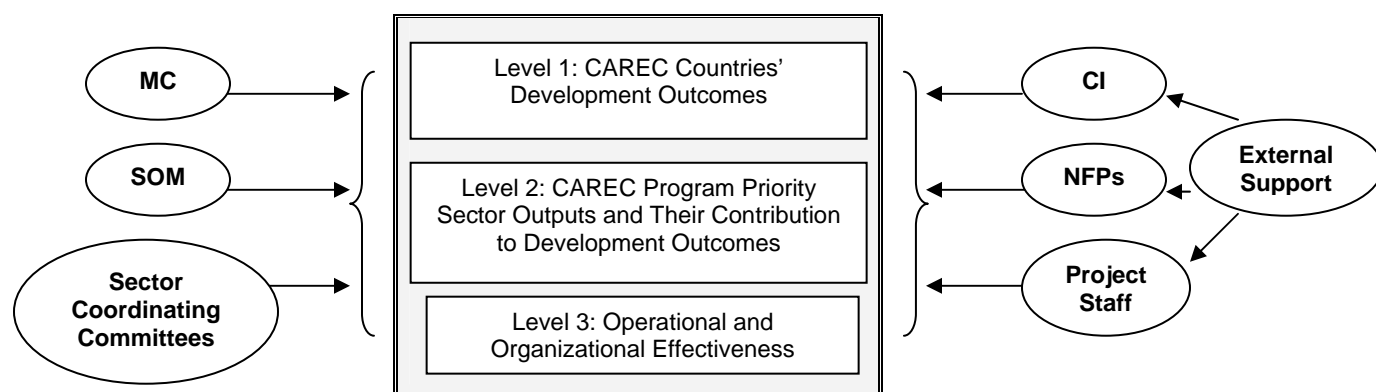
4. The proposed Results Framework comprises indicator sets that correspond to CAREC Program goals and objectives. Aggregated results data from CAREC projects and activities feed the indicators, which in turn form the basis of the CAREC DEfR. For preparation of the DEfR, Results Framework data will be supplemented by data and analysis collected in individual CAREC country reports (Figure 1).

Figure 1: Input Chain for CAREC Results Framework and DEfR



5. The Results Framework will operate at three levels: (i) CAREC countries' development outcomes, (ii) CAREC Program priority sector outputs and their contribution to development outcomes, and (iii) operational and organizational effectiveness of CAREC partners (Figure 2).

Figure 2: CAREC Program Results Framework



CAREC = Central Asia Regional Economic Cooperation Program; CI = CAREC Institute; MC = Ministerial Conference; NFPs = National Focal Points; SOM = Senior Officials' Meeting

6. **Level 1** of the Results Framework tracks broad development outcomes of the eight partner countries toward (i) poverty reduction; and (ii) gross domestic product, trade and business environment, and infrastructure development. These country-level objectives correspond to the CAREC Program's stated goal of accelerated economic growth and poverty reduction through economic cooperation. While outcomes at the country level result from the collective effort of countries and development partners and cannot be attributed solely to CAREC activities, inclusion of Level 1 indicators reinforce how CAREC objectives support the broader development priorities of the partner countries.

7. **Level 2** presents a comprehensive overview of outputs delivered through CAREC priority sectors (transport, trade facilitation, trade policy, and energy) during the review period, and assesses their potential contribution to the broader development outcomes of the CAREC region. Presenting aggregated sector outputs from all the CAREC countries supports the Program mission of development through cooperation, demonstrating how partnership can impact results positively.

8. **Level 3** indicators track progress of operational and organizational effectiveness through (i) CAREC project performance, (ii) finance mobilization, (iii) knowledge management, (iv) private sector partnerships, (v) the use of human and budgetary resources, and (vi) business processes and practices.

9. Successful implementation of the Results Framework requires support and participation at various levels. Involved players will include, but not be limited to, those indicated in Figure 2. Participation levels will range from approval and endorsement, to more practical data collection processes. More detailed roles and responsibilities are indicated throughout sections IV and V. CI will identify and coordinate appropriate results management training for all CAREC entities responsible for data collection, analysis and aggregation. CI will at all times strive to establish efficient data collection mechanisms that are practical and yield comparable results.

10. An indicative timeframe for short- and medium-term actions required to support start-up is provided in Section V. This timeframe assumes CI as the main coordinator of results management activities for the CAREC Program, functioning closely with National Focal Points, sector coordinating committees and project staff as the primary active participants.

III. INDICATOR, BASELINE AND TARGET IDENTIFICATION

11. Indicators currently shown in the draft Results Framework are provisional. CAREC sector coordinating committees will agree on final indicators for Level 2 and provide input for other level indicators, to be presented to the first CAREC SOM in 2010 for approval and endorsement.

12. The process of identifying and defining the indicators will be guided by the following parameters. Indicators should:

- (i) Be linked to the strategic objectives and goals of the CAREC Program;
- (ii) Seek to reflect a regional perspective or dimension where possible;
- (iii) Be practical, realistic, achievable, and use readily available data;
- (iv) Deliver priority sector output data that can be aggregated;
- (v) Be flexible and allow for adjustment as required, yet retain the ability to standardize, aggregate and compare across all CAREC countries to the extent possible.

13. CI will provide further guidelines and assistance to the sector coordinating committees during the indicator selection and definition process.

14. To facilitate and speed start-up, CAREC will consider implementing the Results Framework with only indicative baselines and targets until fixed targets can be established (ie, target is simply to increase, decrease or maintain, rather than an exact numerical target). The relevant CAREC sector coordinating committees and other identified entities will identify baseline and target figures within the proposed timeframe (Section V).

15. The proposed Results Framework is an evolving process. It will remain flexible to reflect the priorities and direction of the CAREC Program and will be evaluated on a regular basis to identify areas for improvement. For example, while every effort will be made to determine and define lasting indicators from the outset, refinements and/or adjustments will be made as required to capture as accurate a picture as possible of CAREC's progress and achievements.

IV. PROPOSED CAREC RESULTS FRAMEWORK

A. Level 1: CAREC Countries' Development Outcomes

16. Level 1 of the Results Framework tracks specific development progress of the eight partner countries towards objectives in (i) poverty reduction, and (ii) gross domestic product, trade and business environment, and infrastructure development. These outcomes reflect the broader development outcomes to which CAREC Program operations seek to contribute: poverty reduction and accelerated economic growth through economic cooperation. These outcomes result from the collective effort of countries and development partners and cannot be attributed solely to CAREC activities.

Table 1: CAREC Countries' Development Outcomes (Level 1)

Indicator	Baseline Year	Baseline Value	2006	2007	2008
Poverty Reduction					
Population living below \$1.25/day (%)					
GDP, Trade and Business, and Infrastructure Development					
GDP per capita PPP (current international dollars)					
Intraregional non-energy trade volumes (\$ or % share in GDP)					
Intraregional energy exports (\$)					
Foreign direct investment, net inflows (% of GDP)					
Employment to population ratio (%)					
Women employed in the non-agricultural sector (%)					
Cost to start business (% GNI per capita)					
Time to start business (days)					
Household electrification rate (% of population)					
Improved water source (% of population)					

CAREC = Central Asia Regional Economic Cooperation Program; GDP = gross national product; GNI = gross national income; PPP = power purchase parity.

Indicative sources: ADB, *Key Indicators*; UNESCAP; UNCTAD; UN Population Prospects; WB databases (including, *Trade Logistics Index*; MDG Monitor, *World Development Indicators*); International Energy Agency, *World Energy Outlook*; CAREC country reports; and National Focal Points and teams.

17. The indicators shown above are provisional and subject to agreement by the CAREC partners. In the case of data not being readily available for specific indicators, CI will consult appropriate sector expertise to identify alternative indicators. Use of proxies will be avoided where possible.

18. Data for Level 1 are sourced, wherever possible, from established development databases for the CAREC countries, aggregated, weighted for population mass as required, and the average determined. Data for the People's Republic of China should pertain only to Xinjiang Uygur Autonomous Region and the Inner Mongolia Autonomous Region.

19. CI will (i) monitor and compile data for Level 1 indicators; (ii) coordinate additional data collection from the CAREC countries as required with the assistance of the National Focal Points; and (iii) perform analysis and aggregation for all Level 1 indicators with ADB support/training as required.

B. Level 2: CAREC Program Priority Sector Outputs and Their Contribution to Development Outcomes

20. The goal of Level 2 is to present a comprehensive overview of the effectiveness of CAREC's project-based operations and assess how they contribute to (i) the goals of the CAREC Program, and (ii) the broader desired development outcomes of the CAREC region. This will be achieved by aggregating outputs delivered through CAREC projects in the four identified priority sectors: transport, trade facilitation, trade policy, and energy. The four priority sectors will provide data for the first tier of Level 2, to be collected from the start of Results Framework implementation. CAREC's identified special projects will ultimately provide data for the second tier of Level 2 (start year to be decided).

Table 2: CAREC Program Priority Sector Outputs and Their Contribution to Development Outcomes (Level 2)

Indicator	Baseline Year	Baseline Value	Outputs Delivered		Outputs Programmed		
			2008	2009	2009	2010	2011
FIRST TIER: PRIORITY SECTORS							
Transport and Trade Facilitation							
Roads built or improved (km)							
Railways built or improved (km)							
Airports built or improved (#)							
Cross-border facilities improved (#)							
Number of one-stop services and/or single window schemes introduced in CAREC countries							
CAREC Corridor Performance Measurement Monitoring (Time)							
CAREC Corridor Performance Measurement Monitoring (Cost)							
Trade Policy							
WTO membership							
Energy							
Regional transmission lines installed or repaired (km)							
Regional distribution lines installed or repaired (km)							
Energy trade volumes among CAREC countries (\$)							
SECOND TIER: SPECIAL PROJECTS							
Indicative areas of focus:							
(i) Business Development							
(ii) Disaster/Risk Management							
(iii) Environment Management and Mitigation							
(iv) HIV/AIDS and Communicable Diseases Coordination							

CAREC = Central Asia Regional Economic Cooperation Program; km = kilometer; WTO = World Trade Organization.

Indicative sources: Transport sector project staff; trade facilitation sector project staff; trade policy sector-related staff; energy sector project staff; identified freight forwarder associations; CAREC secretariat; CAREC Institute; CAREC country reports; and National Focal Points and teams.

21. The indicators shown above are provisional and the final choice of Level 2 indicators, baselines and targets (programmed outputs) will be determined by the relevant sector coordinating committee. CI will provide support, guidelines and a timeline for this process.

22. For Level 2 indicators, progress will be tracked through ongoing CAREC operations. This approach allows CAREC to (i) measure achievements in real time (avoiding the time-lag of several years required when relying exclusively upon project completion reports for results); (ii) identify strengths and achievements to build on; and (iii) address potential weaknesses as rapidly as possible. Results will be measured against year-on targets: the latest current data reflects achieved outputs of the review period and is measured against the programmed (or forecast) target. In the example below, CAREC would have exceeded their 2009 target for the indicator 'roads built or improved'.

Indicator	Baseline Year	Baseline Value	Outputs Delivered		Outputs Programmed		
			2008	2009	2009	2010	2011
FIRST TIER: PRIORITY SECTORS							
Transport and Trade Facilitation							
Roads built or improved (km)	2007	695	710	940	860		

23. Other Level 2 indicators may have fixed targets identified and agreed by the relevant sector coordinating committee. Although preferable to establish baseline and target years that do not vary greatly, the indicators at Level 2 are not all tied to the same year for these figures.

24. Data collection will occur primarily at project level, involving project staff. National Focal Points will be requested to coordinate collection of non-project-based data. Templated CAREC country reports will annually provide as much data as possible.

25. Results will be gathered, compiled, aggregated, checked and entered into the Results Framework by the CI. The CI will work together with representation from each sector coordinating committee to ensure reliability and validation of data.

C. Level 3: Operational and Organizational Effectiveness

26. Continual improvement of CAREC operations will strengthen CAREC's ability to contribute to the region's overall development outcomes. Indicators of operational effectiveness measure how effectively (i) CAREC projects are performing, (ii) finance is mobilized, (iii) knowledge is managed and shared, and (iv) partnerships and collaboration are strengthened. CAREC's organizational effectiveness is captured through the use of internal resources of the CAREC partners for CAREC-related activities. These indicators track progress in three areas: (i) human resources, (ii) budgetary adequacy, and (iii) business processes and practices.

Table 3: Operational and Organizational Effectiveness (Level 3)

Results Framework Indicator	Baseline Year	Baseline Value	2008	2009	2012 Target
Quality of Operations					
Ratings of completed projects (% successful)					
Finance Mobilization					
Overall new funding committed for CAREC projects (total funding from CAREC partners)					
Overall disbursement ratio for CAREC loan projects (%)					
Overall private sector funding of CAREC loan projects (% volume of total CAREC projects)					
Knowledge Management					
Ratings of CAREC-related technical assistance projects completed (% successful)					
Number of participants in training programs supported by CAREC					
Number of women participants in training programs supported by CAREC (% of overall participants)					
Public-Private Partnerships					
Proportion of CAREC projects with private sector participation (% total CAREC projects)					
Human Resources					
Number of staff active in CAREC-related operations (CAREC countries and MIs)					
Number of women staff active in CAREC-related operations (CAREC countries and MIs) (% of total staff)					
Budgetary Adequacy					
TBD					
Business Processes and Practices					
Average time from loan approval to first disbursement for CAREC projects (months)					

CAREC = Central Asia Regional Economic Cooperation Program; MI = multilateral institution.

Indicative sources: CAREC Institute; relevant CAREC government statistical and finance departments; MI project operations and finance departments; National Focal Points.

27. The indicators shown above are provisional and subject to agreement by the CAREC partners. In the case of data not being readily available for specific indicators, the coordinating committees and National Focal Points should work together with the CI to identify alternatives acceptable to all. Use of proxies should be avoided where possible.

28. Data for Level 3 will be systematically collected from all CAREC partners—governments and MIs—and submitted to the CI for analysis, aggregation and entry into the Results Framework. In-country data collection will be supported by the National Focal Points, together with identified external assistance.

29. The CI will coordinate the gathering of information from the various indicative sources detailed above, providing timelines as appropriate.

V. TIMEFRAME FOR SHORT- AND MEDIUM-TERM ACTIONS

Action	Responsibility	Timeline
1. Circulate draft Results Framework to NFPs and chairs of sector coordinating committees, including proposed indicators; request comments/suggestions; adjust.	1. CAREC Institute 2. Consultant	Mid-September 2009
2. Request SOM approval of framework concept.	1. CAREC Institute	Mid-October 2009
3. Request endorsement at MC of Results Framework concept.	1. CAREC Institute	Mid-October 2009
4. Review and adjust indicators. Identify and agree definitions, baselines and targets. Agree mechanisms for data collections.	1. CAREC sector coordinating committees 2. CAREC Institute 3. MIs	Q4 2009–Q1 2010
5. Design, coordinate and hold training in results management, Results Framework implementation, and standardized data collection for NFPs and other identified players.	1. CAREC Institute 2. External consultant/trainer	Q4 2009–Q2 2010
6. Review and adjust CAREC Country Report template.	1. CAREC Institute 2. CAREC consultant	Q4 2009
7. Consolidate data from 2007-2008 for CAREC Results Framework.	1. CAREC Institute 2. Internal ADB and external support	Q4 2009–Q1 2010
8. Compile 2009 data for Levels 1 and 2 (and as much of Level 3 as possible).	All relevant entities as detailed in Results Framework, led by CAREC Institute (with external support)	Q1–2 2010
9. Request SOM approval of finalized indicators (and identified baselines and targets where possible).	1. CAREC Institute	Q2 2010
10. Analyze and aggregate data, compile first CAREC Results Framework and Development Effectiveness Review.	1. CAREC Institute 2. External support	Q2–3 2010
11. Circulate Results Framework to CAREC partners for SOM approval.	1. CAREC Institute	Q3 2010
12. Present first CAREC Results Framework and DEF at MC 2010	1. CAREC Institute	Q3–4 2010
13. Expand and adjust CAREC Results Framework as required: indicator definitions, baseline values, data collection methodologies;	All relevant entities	Q4 2010–Q1 2011
14. Identify ongoing training requirements and implement.	1. CAREC Institute	Q4 2010

MC = Ministerial Conference; MI = multilateral institution; NFP = National Focal Point; Q = quarter; SOM = Senior Officials' Meeting.



**Collective View of the Multilateral Institutions
8th 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.