

# ADB Foresees a New Era for Development in Asia and the Pacific

**T**he Asian Development Bank (ADB) disclosed its plans for the Asia and Pacific region as it enters a new era of development.

“We are entering a new era that holds much promise for the region. In this new era, ADB must become a more relevant, more responsive, and more results-oriented institution, serving the needs of all its shareholders,” said ADB President Haruhiko Kuroda at the close of ADB’s 38<sup>th</sup> Annual Meeting of the Board of Governors in Istanbul, Turkey on 6 May. He also confirmed ADB’s commitment to institutional change and renewal to better serve the needs of developing Asia and the Pacific.

The high-level forum brought together delegates from ADB’s 63 member countries, including senior economic and finance planning government officials, ministers, academics, journalists, business

people, investment bankers, and representatives of international and nongovernment organizations.

On the first day of the meeting, Aidar Arifkhanov, Kazakhstan Vice Minister of Finance, presented a country case study on the economic policy and development outlook for Kazakhstan. It covered Kazakhstan’s social and economic development in 1995–2004, investment policy, outlook and priorities of social and economic development for 2005–2007, and status and prospects of cooperation with ADB.

During the 3-day session, governors stressed the urgency of addressing Asia’s large infrastructure needs, ensuring inclusive economic growth, and promoting good governance. Participants also noted the critical importance of the private sector as an “engine for growth” in the region, as was underscored during the seminar on Private Sector Participation in Infrastructure in Central Asia held on the final day of the meeting.

“Infrastructure investment in Central Asia needs to increase significantly to around \$2 billion–\$3 billion per year in 2005–2010 to sustain growth,” said Satish Rao, Director General of ADB’s East and Central Asia Department. Mr. Arifkhanov said private sector participation could usefully complement state investments in energy sector infrastructure, air transport, rail transport, telecommunications, and water supply infrastructure by providing new capital and management expertise.

Lloyd Paxton, President of Kazakhstan’s airline Air Astana,

underscored the importance of public-private partnership in air transport in Central Asia and cited the profitability of private sector investments in infrastructure sector.

At the close of the Annual Meeting, governors urged ADB to (i) increase its promotion and leadership of regional cooperation and economic integration; (ii) strengthen its ordinary capital resources and increase the quality of financial assistance by streamlining policies and procedures, developing new lending instruments, and ensuring the cost-competitiveness of its products and services; (iii) work with governments, development partners, and the private sector to meet priority infrastructure investment needs; and (iv) use its comparative advantage to promote increased private sector participation in the region’s development. ■



**APPEAL TO CHANGE** ADB President Haruhiko Kuroda presents the challenges ahead for the region at a press conference of the 38<sup>th</sup> Annual Meeting

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*In this publication, \$ refers to US dollars.*

## Exploring Opportunities for Private Sector Operations in Infrastructure

A mission of the Asian Development Bank (ADB) to Kazakhstan on 16–21 May focused on opportunities for private sector financing in the infrastructure sector.

Stephen Wermert, Senior Structured Finance Specialist, Infrastructure Finance Division of ADB's Private Sector Operations Department, met with senior representatives of the Ministry of Economy and Budget Planning, Agency on Regulation of Natural Monopolies and Competition Protection, Investment Fund of

Kazakhstan, and Development Bank of Kazakhstan, among others.

They discussed broad private sector development efforts in Kazakhstan. Kazuhiko Higuchi, Country Director of ADB's Kazakhstan Resident Mission (KARM); and Aliya Mukhamedyarova, KARM Economics/Programs Officer, joined Mr. Wermert in the meetings.

Mr. Wermert also met with private sector representatives to discuss prospects for cooperation and project finance.

## Development Needs in Road Sector

The draft final State Roads Development Program for 2006–2015, financed under the Asian Development Bank (ADB) technical assistance (TA) project on State Roads Development Plan, was presented in Astana on 19 May at a seminar jointly organized by the Center for System Research and ADB.

Kairat Aitekenov, Vice Minister of Economy and Budget Planning, opened the seminar while Kazuhiko Higuchi, Coun-

try Director of ADB's Kazakhstan Resident Mission, delivered welcome remarks.

Marian Zachara, Road Engineering TA Consultant, presented an overview of the TA findings in identifying developmental needs and elaborating plans for road works, funding arrangements, institutional development, and their implementation during 2006–2010. He also discussed preparations on a 10-year financing plan and development framework for 2011–2015. ■



**ROAD WORKSHOP** Participants gather at a workshop on a draft road development program to identify major needs for road sector development

## Technical Assistance Project on Government Support Begins

The start of implementation of the technical assistance project on Strengthening Government Programs Performance was discussed in Astana. Kazuhiko Higuchi, Country Director, Kazakhstan Resident Mission of

the Asian Development Bank, and Ali Dastgeer, consultant, met on 30 May with senior officials of Ministry of Economy and Budget Planning and Azamat Abdymomynov, Vice Minister of Education and Science. ■

## Continuing Support to Rural Water Sector



**PROJECT AREA** Eri Honda (right), Urban Development Specialist, ADB East and Central Asia Department, examines water quality of a public standpipe in East Kazakhstan oblast

The proposed technical assistance for the Second Rural Water Supply and Sanitation Project were discussed during the visit to Kazakhstan of Eri Honda, Urban Development Specialist, Asian Development Bank (ADB) East and Central Asia Department, on 1–13 May.

Ms. Honda held extensive consultations with Batyrkhan Issayev, Vice Minister of Economy and Budget Planning; Nurlan Atshabarov, Deputy Chairman, Committee for Water Resources; and representatives of the Ministry of Finance and Ministry of Agriculture.

Ms. Honda also took field trips to East Kazakhstan and Pavlodar oblasts, where she met with representatives of local governments and other community/stakeholder groups. ■



**PHYSICAL INFRASTRUCTURE IN RURAL AREAS** Water storage reservoirs in Pavlodar oblast to be upgraded and rehabilitated under the project

# Assessing Project Sustainability

The performance evaluation of the Road Rehabilitation Project, completed in 2002, was undertaken on 7–23 June during the visit to Kazakhstan of Tyrrell Duncan, Principal Evaluation Specialist, Asian Development Bank (ADB) Operations Evaluation Department, and Philip Salt, consultant.

The project aims to rehabilitate the 192-kilometer road section between Gulshad and Akstyao of the Almaty-Karaganda-Astana transport corridor. ADB provided a project loan of \$50 million.

An ADB specialist team held a series of meetings in Astana and Almaty. They met with officials of the Ministry of Economy and Budget Planning, Committee for Transport Infrastructure Develop-

ment, and Ministry of Finance, among others. They consulted transport user groups and international organizations while assessing the relevance, effectiveness, efficiency, sustainability, and other impacts of the project.

The ADB team traveled on the project roads to conduct field inspections. They also held a wrap-up meeting with the Committee for Transport Infrastructure Development in Astana on 22 June to review their findings.



**FIELD INSPECTION** (from left) Tyrrell Duncan, Principal Evaluation Specialist, ADB's Operations Evaluation Department; Phil Salt, consultant; Kuat Mukhanbetzhanov, Principal Specialist of Karaganda oblast Division of the Committee for Transport Infrastructure Development; and Baglan Kuspekov, Deputy Director of Karaganda Branch of Kazakhavtodor Enterprise, on the Balkhash section of the road

# Seminar on the Use of Consulting Services



**KNOWLEDGE SHARING** A 4-day seminar aims at promoting understanding of the working procedures under ADB's projects

Thirty-five officials from government and state agencies involved in ongoing and planned projects under the Asian Development Bank (ADB) participated in a 4-day workshop to learn about ADB's policy and procedures on the selection of consultants. The seminar on the use of consulting services was held in Astana on 14–17 June.

Gregory London, Principal Consulting Services Specialist of ADB's Central Operations Services Office, conducted the seminar. Aidar Arifkhanov, Vice Minister of Finance, delivered the opening remarks. Kazuhiko Higuchi, Country Director of ADB's Kazakhstan Resident Mission, and Mr. London led the awarding ceremony at the close of the workshop.

The workshop highlighted ADB's new initiative to introduce greater delegation of project implementation to clients. ADB identified consultant recruitment as an initial step in further delegating project administration to executing agencies.

## News in Brief

### Consultations in Financial Sector

The status of the regional technical assistance project Financial Sector Governance was discussed in Almaty on 11 May. Jurgen Conrad, Economist of the Asian Development Bank (ADB) East and Central Asia Department (ECRD), and Aliya Mukhamedyarova, Kazakhstan Resident Mission (KARM) Economics/Programs Officer, met with representatives of the National Bank of Kazakhstan and Financial Supervision Agency of Kazakhstan.

### Improving Financial Standards

On 23–27 May, Radhakrishna Narasimham, Senior Portfolio Management Specialist, ECRD, spoke on ways to develop the financial sector to international standards during a visit to Kazakhstan.

He met with senior officials of the Ministry of Economy and Budget Planning, Ministry of Finance, professional accounting and auditing supervision agencies, and domestic and international audit firms, to obtain insights on the need to enhance accounting and auditing standards within the region.

The visit was part of a proposed regional technical assistance (TA) project

on Enhancing Financial Disclosure Standards in Transitional Economies, covering Kazakhstan, Kyrgyz Republic, Mongolia, and Uzbekistan. The TA project aims to enhance the application of accounting and auditing standards in line with International Financial Reporting Standards and International Standards of Auditing.

### Promoting Economic Development in Central Asia

A high-level international conference on strengthening subregional economic cooperation in Central Asia and the future role of the United Nations Special

*(continued on page 4)*

## News in Brief

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Programme for the Economies of Central Asia (SPECA) was convened in Astana on 25–27 May.

The participants from ADB were Craig Steffensen, Head of the Central Asia Regional Economic Cooperation (CAREC) Unit; and Qifeng Zhang, Senior Regional Cooperation Programs Specialist, CAREC Unit from ADB headquarters in Manila.

The participants reviewed the trends and economic development outlook in Central Asia and its integration into the world economy. They also discussed SPECA cooperation with multilateral and bilateral financial institutions to enhance regional cooperation.

## Strengthening Regional Trade, Transport, and Transit

A working group meeting on the draft ADB report on CAREC in trade, transport, and transit was held in Almaty on 10–11 June.

Adrian Ruthenberg, Director, Operations Coordination Division, ECRD; Mr. Steffensen; and other ADB senior staff members attended. The participants shared their views on harmonization of the trade, transport, and transit matters in the region.

## Development Partners Join Video Production on Central Asia

ADB, in partnership with the United Nations Development Programme and the World Bank, will produce a video documentary “Central Asia at the Crossroads,” on the value of regional cooperation for Central Asia. The video will cover developmental efforts in the region, such as access to the World Trade Organization, improving transport links for the region, fighting HIV/AIDS, addressing situations of shuttle business, and border farming.

Ian Gill, Principal External Relations Specialist of ADB’s Department of External Relations, visited Kazakhstan on 22–26 May on his 23-day coverage by road in the region, covering Kyrgyz Republic, Tajikistan, Turkmenistan, and Uzbekistan.

Mr. Gill interviewed representatives of international organizations in Almaty. He took shots depicting people’s lives in Kazakhstan and also visited Karaganda to see firsthand Kazakhstan’s efforts on HIV/AIDS.

## Land Management in the Regional Context

The first national workshop on Central Asian Countries Initiative for Land Management (CACILM), under the TA project on Capacity Building in Environmental Information Management System in Central Asia, was held in Almaty on 6 June.

Robert Everitt, Senior Project Specialist (Natural Resources Management), ECRD, met with Sultangali Kesikbayev, First Vice Minister of Environmental Protection, in Almaty on 6 June, to discuss country-specific matters of the joint initiative. The CACILM Task Force meeting was held in Almaty on 24–25 June.

## Country Programming

Bilateral meetings to update the current country strategy and program (CSP) for Kazakhstan were held on 20–24 June. ADB staff from headquarters and KARM met senior officials and private sector representatives, and held informal consultations with stakeholder groups and development partners.

ADB’s team included Ganeshan Wignaraja, Senior Economist; and Xavier Humbert, Energy Specialist, ECRD, as well as KARM staff, led by Kazuhiko Higuchi, KARM Country Director.

A memorandum of understanding was signed on 7 July in Astana. The CSP update for 2006–2008 will be put forward for government review.

## ADB Staff in Country Projects

### Sona Shrestha

Economist, Governance, Finance and Trade Division, East and Central Asia Department



Ms. Shrestha joined the Asian Development Bank (ADB) as a young economist in February 2003. In Kazakhstan, she worked on technical assistance projects for supporting local government reforms and strengthening performance of government programs. Ms. Shrestha also worked on a micro and rural finance project in Azerbaijan, and rural finance project and financial sector reform program loan in Mongolia.

She obtained her PhD in Economics from the University of California (Santa Cruz) and BA in Economics from Smith College (Massachusetts).

Before ADB, Ms. Shrestha worked at the Reserve Bank of Australia, where she was involved in research projects and policy work related to emerging markets, including monetary policy and inflation-targeting, exchange rate management, local bond markets, option pricing models, and financial integration and growth. Ms. Shrestha previously worked at the International Monetary Fund and the World Bank where she was primarily responsible for conducting empirical research on the determinants of economic growth.

## News from CAREC



News from CAREC, the quarterly newsletter of the Central Asia Regional Economic Cooperation Program, is a joint effort of multilateral institutions (MIs)—ADB, European Bank for Reconstruction and Development, International Monetary Fund, Islamic Development Bank, United Nations Development Programme, and World Bank. It aims to enhance communications among MIs and CAREC participating countries.

News from CAREC disseminates information on CAREC activities and provides a forum on development issues in the Central Asian republics.

### NEWS FROM

## Kazakhstan

This issue of the quarterly newsletter of the Asian Development Bank (ADB) Kazakhstan Resident Mission (KARM) aims to enhance communications between ADB and its client groups. News from Kazakhstan disseminates information on ADB activities and provides a forum on development issues in Kazakhstan. Articles in the newsletter, however, do not necessarily reflect the official ADB view. We welcome readers’ comments and suggestions.

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