

TECHNICAL ASSISTANCE COMPLETION REPORT

Division: CWOC

TA No., Country and Name			Amount Approved: \$200,000	
TA 6340-REG: Support Preparations for the CAREC Business Development Forum			Revised Amount: n/a	
Executing Agency: ADB		Source of Funding: PRC Poverty Reduction and Regional Cooperation Fund	Amount Undisbursed: \$26,789	Amount Utilized: \$173,211
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			30 November 2006	30 April 2007
Description				
<p>The Central-South Asia Regional Business Roundtable (RBR) was held on 3-4 November 2005 in Bishkek, Kyrgyz Republic, immediately prior to the 4th Ministerial Conference (MC) on Central Asia Regional Economic Cooperation (CAREC). At the 4th CAREC MC Ministers described the private sector as "an engine of economic growth for the region and emphasized the importance of ensuring that regional cooperation reflects the needs and interests of the private sector."</p> <p>A major conclusion of the RBR was recognition of the need to "enhance the representation of the private sector in regional cooperation meetings and reflect the consolidated perspectives and interests from among the region's domestic and foreign businesses into various regional cooperation programs." The RBR also called for the more detailed consideration of opportunities and recommendations for sectors of key importance to the business community, namely, energy, mining, finance, agribusiness, and tourism and related services.</p> <p>Subsequently, the People's Republic of China (PRC) called for the conduct of a CAREC Business Development Forum (BDF), which was held on 16-17 October 2006. The Forum brought together a unique mix of business leaders, policy makers, and representatives from multilateral institutions to explore the potential for greater business participation in regional opportunities in industry, services, and infrastructure projects in CAREC participating countries.</p>				
Expected Impact, Outcome and Outputs				
<p>The intended impact of the RETA was improved investment, trade, and transport conditions in the CAREC region resulting from the establishment of an effective forum for private sector feedback and input into CAREC. The envisaged outcome of the RETA was a business community that is able to participate more fully in regional investment projects in the five key sectors in the CAREC economies. The RETA was expected to support the preparation required to ensure a successful CAREC BDF in October 2006. The BDF sought to achieve the following objectives: (i) to deepen awareness of the region and draw attention to the wide range of investment opportunities available; (ii) to establish an effective public-private sector partnership mechanism for regional cooperation; (iii) to improve the business environment through the adoption of relevant policy reforms; and (iv) to develop the business sector's capacities in undertaking regional business by giving it a voice in the region.</p>				
Delivery of Inputs and Conduct of Activities				
<p>The TA design framework was adequately formulated to ensure the successful preparation and conduct of a first CAREC BDF. In accordance with the terms of reference outlined in the TA paper, an event management specialist/consultant was engaged to manage the BDF. The consultant effectively coordinated inputs of all co-organizers of the event, namely, ADB's CAREC Unit and Private Sector Operations Department; European Bank for Reconstruction and Development; and the Ministry of Commerce and the All China Federation of Industry and Commerce of PRC. In addition, ADB and other multilateral institutions contributed in kind by providing expert resource persons who served as keynote speakers, moderators, and panelists for the various sessions of the BDF. The BDF was also supported by inputs provided by international consultants—engaged under a separate CAREC RETA—who prepared background papers for the five major sectors covered during the Forum.</p>				
Evaluation of Outputs and Achievement of Outcome				
<p>Building on the results of the RBR in November 2005, which called for a more detailed development of opportunities and recommendations for the major sectors of business interest in CAREC, the BDF effectively explored potential partnerships between private and public sectors and across private businesses in support of regional cooperation initiatives in Central Asia. A BDF final report was prepared which contained general and sector recommendations with a view to generating investment and, consequently, spurring sustainable growth and development in the region. The outcomes and recommendations of the BDF were reported, in plenary, to the 5th CAREC MC and widely disseminated</p>				

among BDF and MC participants, in addition to being posted on the CAREC web pages at ADB.org.

Key BDF recommendations included:

- CAREC must make itself relevant to business. Business inputs are critical for successful regional cooperation. Regional cooperation processes and programs need to harness the business sector as an engine of growth.
- All stakeholders must maintain the pressure for policy and related reforms in all the key areas of general concern for business – infrastructure provision, cross-border issues, governance and anti-corruption, financial sector reforms, and human resources development - recognizing explicitly that “money comes from reforms”.
- All CAREC members are urged to support the improvement of business environments through the creation of public-private consultation mechanisms at the national level to focus the attention of all stakeholders on implementing critical reforms to enhance the business environments.
- CAREC should proceed immediately to form a mechanism to ensure that business concerns and perspectives are reflected more effectively in the planning and implementation of regional cooperation policies and efforts.
- CAREC countries need to undertake urgent initiatives, both national and regional, to finance the region’s massive infrastructure requirements in close cooperation with the business sector, multilateral institutions, and financial sector institutions in the region.
- The harmonization of sector-specific policies is essential to attracting investments in the region and creating a more secure operating environment that is conducive to business in the long-term.
- Information is critical for business operations, so CAREC is urged to develop special measures to enhance information availability to business on regional cooperation activities and related activities and also to strengthen information ties and linkages among businesses across CAREC.

Overall Assessment and Rating

By bringing together in a single forum more than 200 business leaders and policy makers, the TA was successful in deepening awareness of the range of investment opportunities in key sectors in Central Asia, and in recommending specific actions targeted at concerned governments and businesspeople to reduce impediments to regional economic cooperation. The recommendations and understandings developed at the BDF were presented to and recognized by ministers, senior officials, and representatives of multilateral institutions attending the 5th CAREC MC in October 2006. The BDF also marked a change in the way CAREC is viewed by its principal counterparts, i.e., governments and businesspeople in the region, by highlighting the need to build public-private partnerships and the catalytic role of the private sector in regional cooperation and development. The BDF marked a fundamental change in the way the CAREC Overall Institutional Framework operates, by engaging the EBRD in planning and preparations for a major CAREC event.

Major Lessons

- It is important to distinguish between an event that (a) aims to promote and support greater business sector involvement in CAREC, and (b) aims to promote the CAREC region as an investment opportunity. Both (a) and (b) require additional work; achievement of (a) would contribute to improving the region’s business environment and therefore support (b).
- The success of the RETA and BDF was strongly supported by (i) the significant ownership of the BDF displayed by the CAREC countries, and (ii) the close cooperation among countries and supporting multilateral institutions.
- Improvement in a number of areas is required in most CAREC countries before the region’s business environment will be conducive to major foreign investments beyond oil and gas: (i) *Investment Promotion Capability*: There is a need to build capacity in the region’s investment promotion agencies (IPAs) to be proactive participants in the BDF. This will be a challenge given the nascent stage of such agencies in the region, but will be important to ensure they actively participate in and take ownership of the process. A part of the activity could involve the systematic preparation of a CAREC investment promotion strategy; (ii) *Investor Targeting*: Marketing a future event at least nine months to one year in advance, and more systematically identifying investors in East Asia, Europe, and the Americas interested in business opportunities in CAREC countries; (iii) *Investment Promotion Information*: Significantly greater allocation of resources and involvement of CAREC countries and co-organizers would improve the range and depth of information and analysis of investment opportunities in the Sector Background Reports; (iv) *In-country Preparation*: In-country efforts—by IPAs or ADB/EBRD country offices—to stimulate higher-level interest in a future BDF among businesspeople in the region would be valuable.

Recommendations and Follow-Up Actions

In support of efforts to enhance availability to business of information on regional cooperation activities and to strengthen information ties and linkages among businesses across CAREC, a seminar on regional cooperation for chambers of commerce and business associations in the Central Asia region is being planned for 2007. This activity will be co-organized by ADB’s CAREC Unit, the All China Federation of Industry and Commerce, and the Ministries of Foreign Affairs and Finance of the PRC. This event should discuss ways to promote greater interaction between the business community and the CAREC Program.