

Consultations with NGOs and the Private Sector on LTSF Review in Bishkek on 10 August 2007- A Record of Proceedings

A. Introduction

1. ADB conducted consultations on the review of the Long-term Strategic Framework with the NGO and private sector representatives from the Central and West Asian region on 10 August 2007 in Bishkek¹. (List of persons present at Attachment 1). The consultations covered three key issues (i) risks and challenges of the Asia Pacific Region, (ii) strategic options and operational priorities for ADB and the relevance of EPG recommendations, and (iii) ADB's own strengths and weaknesses. NGOs appreciated ADB's gesture to consult them at an early stage of the review of the long-term strategic framework.

B. Risks and Challenges of the Asia and Pacific Region

2. **Views of NGOs.** NGOs generally endorsed EPG's diagnosis of the risks and key challenges of the Asia and Pacific region but indicated that the magnitude of their importance and impact would vary across different regions and countries. Achieving the MDGs would be a serious challenge in the region, and poverty is and will remain major problem in some DMCs of the region. NGOs requested ADB to take note of the following additional challenges as relevant to their countries/region:

- a. Migration of skilled labor is a major source of brain drain in Central Asia, where shortage of skills in many critical areas is endemic. Migration is also causing serious demographic imbalance in rural areas where only the old, the very young and women remain.
- b. Deteriorating quality of and access to social services due to poor local governance and accountability is a major challenge to MDGs.
- c. Asia is the most natural disaster prone region in the World in terms of frequency and impact on human suffering. Climate change will possibly accentuate this problem in the future.
- d. Climate change needs to be recognized as a distinct category of risk from environmental degradation at national and regional levels.
- e. Deterioration of governance and the rule of law.
- f. Adverse impact of drug trafficking on the countries of origin, transit, and destination.

3. **Views of the Private Sector.** The private sector generally endorsed the key challenges and risks identified by the EPG but noted that the relative importance of individual risk factors will not be the same in all countries; while corruption remains the biggest threat to development in all countries. The following additional risks and challenges have been identified as the most daunting for the private sector development in the region:

- a. Poor governance and weak rule of law.
- b. Lack of good quality business education.

¹ Comprised of Mr. Ashraf Malik, Country Director, KYRM, and Mr. V. B. Tulasidhar, Senior Economist, EARD

- c. Migration of skilled labor.

C. Strategic Focus

4. NGOs generally endorsed the proposed strategic focus on promoting inclusive growth, environment, and regional cooperation and integration but sought flexibility in ADB's approach due to the diversity of problems and needs of countries at different stages of development. Some participants suggested a differentiated strategic focus to cater to the diverse needs of DMCs in the region. The private sector too endorsed the three areas of strategic focus and requested ADB to promote **rule of law and good governance as the fourth strategic thrust area** to recognize the primacy of the role of governance for fostering economic and social development in DMCs.

5. **Operational Priorities:** NGOs and the private sector supported the six priority operational sectors identified by the EPG and noted that the relative importance of individual sectors vary across regions and countries. ADB would need to consider the special needs of regional DMCs in setting priorities for countries at different stages of development. The following special needs have been identified for DMCs in Central and West Asia:

- a. Both NGOs and the private sector identified poor governance and corruption as the most important impediment to development. ADB should pay special attention to improving **governance in the public and the private sectors**. Rule of law must replace the rule of power for the region to prosper:
- b. The private sector suggested ADB to invest on priority basis in **e-governance** in all DMCs in the region to enhance transparency and access to information, and to remove personal contact between people and civil servants—a major source for corruption.
- c. Both NGOs and the private sector identified migration of skilled labor to be an important binding constraint to growth. The private sector suggested ADB to focus on skills development by supporting **vocational education and business education**. NGOs suggested ADB to accord high priority to the **agriculture sector, and rural infrastructure** to provide gainful employment in rural areas to mitigate rural poverty and dampen the pressure to migrate.
- d. NGOs welcomed the inclusive growth approach and suggested ADB to **focus on rural poverty**. Inclusive growth should aim to create sustainable livelihoods.
- e. The private sector suggested ADB to promote **small and medium enterprises** in the region by providing financial resources and creating conducive business climate.
- f. Fight **drug trafficking** by adopting a holistic approach to rural development in Afghanistan and sealing the transit routes in the region.
- g. **Disaster management** and relief to be made a priority area.
- h. Pay special attention to **equitable access and quality of service delivery** in social infrastructure projects.
- i. NGOs generally endorsed ADB's thematic priorities and recommended special attention to gender. They sought promotion of **civil society's participation in development** be made a thematic priority.

6. **Role of ADB:** The private sector representatives strongly urged ADB to begin and expand its private operations in all DMCs in Central Asia. Through its private sector operations, ADB should consider investing in equity, providing lines of credit to SMEs in innovative ways through local commercial banks, in addition to traditional project financing. ADB should (i) gradually shift emphasis from project financing to program financing and sector wide support; (ii) continue to provide knowledge to build DMC capacity and to improve the competitiveness of DMCs in an increasingly globalizing World; and (iii) pay particular attention to link knowledge transfer to policy formulation and application to operations.

D. Operational Strengths and Weaknesses

7. **Weaknesses:** To be effective in the region, ADB will need to address the following operational weaknesses:

- a. A lack of consistency between operational priorities and strategy at the institution level.
- b. Weaknesses in project processing and implementation.
- c. Lack of country ownership in conditionality. Inability to strengthen country capacity in policy making in a sustainable manner.
- d. Lack of awareness of local practices, conditions and peculiarities in framing and prescribing policies particularly in the area of environmental management, and while transferring knowledge about good practices from other DMCs.
- e. Inadequate country ownership in some regional cooperation activities

8. **Strengths:** NGOs and the private sector identified the following to be ADB's strengths.

- a. Supporting infrastructure has been identified as ADB's key strength by the private sector representatives.
- b. Due to the successful implementation of many projects in the region, NGOs requested ADB to continue its support to the education sector including vocational education.
- c. Improved donor coordination to enhance project effectiveness.
- d. Special regional knowledge.

**ADB's Long Term Strategic Framework (LTSF)
for CWRD Countries**

Consultation with Representatives of NGOs

**Friday, 10 August 2007
Bishkek, Kyrgyz Republic
Venue: Hyatt Hotel**

	Name	Organization	Country	Email
1	Mr. Naeem Salimee	Afghanistan Coordinating Body for Afghan Relief (ACBAR)	Afghanistan	No need
2	Mr. Hayk Piloyan	Specialist on Governance, Business and Anti-corruption	Armenia	
3	Mr. Mehman Krimov	Azerbaijan Community Development Research; Training and Resource Center	Azerbaijan	
4	Ms. Gulmira Jamanova	Central Asia Sustainable Development Information Network (CASDIN)	Kazakhstan	
5	Ms. Ana Katamidze	Young Economists' Association of Georgia	Georgia	
6	Mr. Gantumur Radnaa	Centre for Social Development	Mongolia	
7	Mr. Sohail Maqbool Malik	IUCN Pakistan	Pakistan	No need
8	Ms. Muatar Khaydarova	NGO "Society and Law"	Tajikistan	No need
9	Ms. Gulya Nurmuhammedova	Youth Union of Turkmenistan NGO Bosfor	Turkmenistan	No need
10	Mr. Rustam Murzakhanov	Environmental Law Center "Armon"	Uzbekistan	No need
11	Ms. Kalia Moldogazieva	Human Development Center "Tree of Life"	Kyrgyzstan	

	Name	Organization	Country	Email
				No need
12	Mr. Evgeniy Ryazanov	ADB's External Forum on Gender Local Market Development Project	Kyrgyzstan	
13	Ms. Zulfia Marat	Bureau on Human Rights	Kyrgyzstan	
				No need
14	Ms. Maya Eralieva	NGO Forum on ADB	Kyrgyzstan	
15	Ms. Toktayim Umetalieva	Association of Kyrgyz Nongovernmental Organizations	Kyrgyzstan	
16	Ms. Zamira Akbagysheva	Congress of Women of Kyrgyzstan	Kyrgyzstan	

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	Name	Organization	Country	Email
1	Mr. Azarakhsh Hafizi	Afghanistan International Chamber of commerce	Afghanistan	No need
2	Mr. Smbat Petrosyan	Armenian Chamber of Commerce and Industry	Armenia	
3	Ms. Khadija Hasanova	Bank Respublika OJSC	Azerbaijan	No need
4	Mr. Kubat Kanimetov	INEXIM Bank	Kazakhstan	
5	Mr. Karchin Yuri	Chamber of Commerce and Industry	Kyrgyzstan	
6	Mr. Georgio Fiacconi	JSC "ZUM Holding"	Kyrgyzstan	No need
7	Mr. Edward Rausch	"Reemtsma-Kyrgyzstan"	Kyrgyzstan	
8	Mr. Temuri Mininoshvili	Businessmen Federation of Georgia	Georgia	
9	Mr. Sharif Saidov	Chamber of Commerce	Tajikistan	
10	Mr. Arslan Annamukhammedov	Audit company Ak Ussa	Turkmenistan	
11	Mr. Nazirjan Kadirov	"Hamkorbank" JSC	Uzbekistan	