

TECHNICAL ASSISTANCE COMPLETION REPORT

Division: ECOC

TA No. and Name TA 5760-REG: Workshops on Economic Cooperation in Central Asia			Amount Approved: \$344,000	
			Revised Amount: n.a.	
Executing Agency: ADB	Source of Funding: JSF		TA Amount Undisbursed \$49,704.88	TA Amount Utilized \$294,295.12
Approval 14 Nov. 1997	Signing n.a.	Date Fielding of Consultants Feb. 1998 – Mar. 1999	Original 31 March 1998	Completion Date Actual 30 June 2002
			Original 31 March 1998	Closing Date Actual 30 April 2003
Description				
<p>The Central Asian countries of Kazakhstan, Kyrgyz Republic, and Uzbekistan face similar development constraints in their transition from the command-state institutions to market-oriented economies. Their future economic growth depends largely on developing new trading patterns and partners. The Xinjiang Uygur Autonomous Region of the People's Republic of China (PRC) shares borders and economic interests with the three Central Asian republics. The region needs to develop stronger ties with its Central Asian neighbors, which are potential markets for its growing industrial production as well as sources for its required energy and other raw materials. Moreover, the numerous resource and market complementarities among these countries imply considerable potential for gains from stronger economic linkages and policy reforms that provide for increased regional cooperation.</p> <p>Phase I of ADB's economic cooperation initiative in Central Asia (TA 5707-REG) covered a review of existing needs, institutions and activities, and the identification of projects and programs that would most directly encourage cross-border trade and traffic. Activities under Phase I were met with considerable enthusiasm by the participating governments. Studies that were undertaken yielded concrete recommendations for investment and technical assistance. In addition, a number of policy issues relating to cross-border trade were identified that call for further study.</p> <p>The next step in ADB's effort toward promoting economic cooperation in the region should logically involve assistance in the process of consensus building concerning preliminary recommendations. This was envisaged to be achieved through the conduct of workshops (under TA 5760-REG) that will bring together representatives from both the public and private sectors of the four participating countries as well as ADB staff to discuss important cross-border issues and alternative solutions to overcoming barriers to cooperation. These workshops were likewise expected to help sustain the momentum that was generated by the initial study, and initiate a continuing dialogue on policy related issues, which was critical for the success of Phase II activities (under TA 5818-REG). The second phase involved pre-feasibility analyses of identified high priority infrastructure investment projects and support for the continuing policy dialogue on overcoming barriers to facilitate the efficient cross-border movement of goods and peoples.</p>				
Objectives and Scope				
<p>The main goal of the regional technical assistance (RETA) was to assist the participating countries in developing a consensus on a set of activities to encourage cross-border trade and traffic and thereby enhance regional economic cooperation. Specifically, the workshops sought to: (i) review the recommendations for project investment and technical assistance made under Phase I, and plan follow up activities; and (ii) bring together representatives of both public and private sectors to discuss policy issues relating to existing impediments to cross-border trade and traffic.</p> <p>The RETA was intended to finance technical workshops at the ADB headquarters and in the field covering issues relating to regional cooperation specifically in the areas of energy, transportation, and trade and regional payments. Participants of workshops included key government officials, private sector representatives, ADB staff, consultants, and other resource persons.</p>				
Evaluation of Inputs				
<p>Individual consultants and resource persons were engaged to prepare background papers for and assist in organizing and facilitating the workshops, in accordance with the terms of reference (TORs) outlined in the RETA paper. These reports succinctly summarized the findings of the study conducted in the first phase RETA and served to effectively stimulate discussions of relevant issues during the workshops. They reflected mostly the governments' sentiments, conclusions, and assessments about the respective sectors. Follow-up consultation missions particularly in the area of trade were useful to discuss further critical policy issues with the governments.</p> <p>The workshops provided a valuable forum for each of the governments to indicate their own priorities with respect to required investments. Moreover, these workshops provided an opportunity for the concerned governments to work together in thinking through some of the difficult issues and find solutions to problems such as how to maintain the important infrastructure resource of the integrated power grid. They underscored the importance of continued dialogue among participating countries and ADB's critical role in assisting to promote this dialogue.</p> <p>The interdepartmental working group formed within ADB was helpful in reviewing reports and identifying concerned government agencies and important resource persons.</p>				

Evaluation of Outputs

As originally planned and scheduled, 4 technical workshops were conducted under the RETA. These were the: (i) First Workshop on Economic Cooperation in Central Asia: Challenges and Opportunities in Transportation held on 5-6 February 1998 at the ADB headquarters; (ii) Second Workshop on Economic Cooperation in Central Asia: Challenges and Opportunities in Energy held on 3-5 March 1998 at the ADB headquarters; (iii) Workshop on Cross Border Trade Cooperation between Kazakhstan and the PRC, Part I, held on 30 March 1998 in Urumqi, Xinjiang, PRC; and (iv) Workshop on Cross Border Trade Cooperation between Kazakhstan and the PRC, Part II, held on 1-2 April 1998 in Almaty, Kazakhstan. Consistent with the RETA objectives, the workshops tackled the general issues of economic cooperation and specific problems in respective sectors in the context of regional cooperation. Proposals for investment and technical assistance under the initial phase of the regional economic cooperation initiative were reviewed. Government and private sector representatives also jointly discussed cross-cutting issues concerning infrastructure financing, including the potential for private sector financing.

As a result of these workshops, issues that needed to be tackled in the Phase II RETA were identified and the corresponding Program for follow up activities was drawn up. Draft TORs for subsequent pre-feasibility sector studies were prepared and were used for the succeeding RETA.

A number of published and unpublished workshop reports were produced. These included the: *First Workshop on Economic Cooperation in Central Asia: Challenges and Opportunities in Transportation*; *Second Workshop on Economic Cooperation in Central Asia: Challenges and Opportunities in Energy*; *Trade Cooperation Between Kazakhstan and the People's Republic of China* (unpublished); and *Trade Cooperation Between Kazakhstan and the Kyrgyz Republic* (English alongside the Russian translation; however, the associated workshop for this publication was conducted under the Phase II RETA). Completion of some of these publications was delayed due to the need to transcribe entire workshop proceedings and as a result of some technical problems in production. These publications were released by mid-1999.

An information brochure on ADB's Central Asia regional initiative, *Rebuilding the Silk Road—Encouraging Economic Cooperation in Central Asia: The Role of the Asian Development Bank* (English and Chinese versions), was also produced under the RETA. The expected completion date of the RETA had to be further extended to accommodate the printing of these additional publications. In particular, the Chinese version of the information brochure was produced for the ADB Annual Meeting, which was held in Shanghai in May 2002.

Overall Assessment and Rating

The RETA is rated successful. Through the conduct of the technical workshops, the RETA objectives were achieved. These workshops provided a venue for key government officials from participating countries to review regional projects proposed under the initial phase and identify the priority projects. They also brought together representatives from both the government and private sectors to discuss infrastructure financing and other relevant policy issues. Based on the workshop results, a Program for Phase II activities was formulated.

More significantly, in terms of achieving the broad goal of enhancing regional economic cooperation in Central Asia, the workshops represented the first step towards promoting goodwill and trust among the concerned governments. Moreover, they underscored ADB's critical role in assisting to promote a continuing dialogue among the participating countries. In particular, ADB was requested by the government representatives from the PRC and Kyrgyz Republic to act as facilitator in an unplanned special session outside of the energy workshop to enable the two sides to discuss critical issues surrounding electricity trade between Xinjiang, PRC and the Kyrgyz Republic.

The RETA would have merited a "highly successful" rating from a technical standpoint. However, due to the delay in the closing of the RETA, the rating has been appropriately lowered to "successful".

Major Lessons Learned

- Strong and sustained commitment and support of all participating countries is critical towards the success of further initiatives on regional economic cooperation. This is imminent once the concerned governments are completely convinced of the potential benefits of regional cooperation.
- Effective coordination among ADB departments and resident missions/liaison offices and with focal points in governments is important in bringing together the key persons in a workshop. More importantly, ADB should effectively play the role of an honest broker in order to continue the dialogue and build mutual trust among participating countries.
- Investment requirements for regional projects are huge; thus, private sector participation in financing regional projects should be tapped once the policy environment in the region has improved.

Recommendations and Follow-Up Actions

In view of the success of these workshops in providing a venue for a continuing dialogue among government officials on important technical issues in the respective sectors as well as in promoting goodwill and trust among the participating countries, the (i) establishment of project-specific working groups, and (ii) conduct of regular meetings of existing sector coordinating committees and these project working groups under the present overall institutional framework governing ADB's Central Asia Regional Economic Cooperation (CAREC) Program are highly recommended. The CAREC "umbrella" RETAs could provide the necessary financial support for the conduct of such meetings.