

## TECHNICAL ASSISTANCE COMPLETION REPORT

Division: CWOC

TA No., Country and Name			Amount Approved: \$950,000	
<b>TA 6053-REG: Greater Silk Road Initiative</b>			Revised Amount: n/a	
Executing Agency: ADB		Source of Funding: OCR	Amount Undisbursed: \$68,834.82	Amount Utilized: \$881,165.18
TA Approval Date	TA Signing Date:	Fielding of First Consultant:	TA Completion Date Original: 31 December 2003	Actual: 31 May 2006
16 October 2002	n/a	16 October 2002	Account Closing Date Original: 31 December 2005	Actual: 31 December 2006
<p><b>Description</b></p> <p>In 1997, ADB initiated the Central Asia Regional Economic Cooperation (CAREC) Program among its DMCs in Central Asia. CAREC has followed a phased approach, beginning with background economic analyses and institutional assessments, focusing thereafter on identification and prefeasibility analysis of priority investment projects, before including expanded support for policy dialogue and institutional development. Over the years, CAREC has evolved into a multi-country and multi-institutional framework comprising eight participating countries (Afghanistan, Azerbaijan, People's Republic of China, Kazakhstan, Kyrgyz Republic, Mongolia, Tajikistan, and Uzbekistan) and an alliance of six multilateral institutions (ADB, European Bank for Reconstruction and Development, International Monetary Fund, Islamic Development Bank, United Nations Development Programme, and World Bank), with ADB serving as Program Secretariat.</p> <p>In recent years, the CAREC Program has made progress in fostering mutual trust and understanding among participating countries; identifying, preparing, and implementing regional projects; as well as improving policy environments in the priority sectors of trade, transport, and energy. Progress was facilitated by ADB support for several "umbrella" regional technical assistance (RETA) projects, including RETA 6053 (Greater Silk Road Initiative).</p> <p><b>Expected Impact, Outcome and Outputs</b></p> <p>The overall goal of the RETA was to promote economic growth and raise standards of living in the countries of Central Asia through economic cooperation. The TA had three specific purposes: (i) to elevate efforts to identify, prepare, and implement key regional projects in priority sectors; (ii) to explore new cooperation opportunities in line with the widening of the geographical scope of the CAREC Program; and (iii) to strengthen the partnership between ADB and the participating countries through the Program's overall institutional framework (OIF). The expected outputs included: (i) the preparation of existing key regional projects and identification of new ones in the priority sectors of transport, energy, and trade facilitation; (ii) the identification of new regional projects and programs; and (iii) strengthened institutional framework for fostering mutual trust and understanding.</p> <p><b>Delivery of Inputs and Conduct of Activities</b></p> <p>The TA Framework was properly formulated to achieve the specific objectives of the RETA and to provide overall support for the CAREC Program. As planned, necessary support was provided to activities related to the priority areas of transport, energy, and trade. Efforts were made to strengthen partnerships between ADB (as Program Secretariat) and participating countries, and to improve coordination with partner multilateral institutions. These objectives were achieved mainly through the conduct of high-level policy dialogue and consensus building.</p> <p>In accordance with the terms of reference outlined in the RETA paper, international and domestic consultants were engaged to assist in implementing RETA activities. A Senior Advisor and a number of domestic consultants, including regional cooperation coordinators based in ADB's resident missions in Central Asia, were hired to assist the CAREC Unit in implementing and monitoring Program activities. Intermittent services of regional cooperation and sector experts were engaged to: (i) review the status of institutional and governance capacity for regional cooperation at the regional and national levels, and identify gaps and areas for improvement to enhance regional cooperation; (ii) undertake an inventory of past, ongoing, and planned regional cooperation activities in the priority areas; and (iii) identify gaps in analytical, sector and economic work based on this inventory.</p> <p>In response to the dynamic nature of the CAREC Program, minor changes in RETA scope were approved to: (i) provide support to consultations and ad hoc meetings under the OIF; (ii) finance a high-profile forum that assessed the prospects for greater regional cooperation and integration in the global economy; (iii) support the development of a concept for a regional business roundtable for Central and South Asia; and (iv) accommodate more person-months of input from domestic consultants.</p>				

### **Evaluation of Outputs and Achievement of Outcome**

In line with efforts to strengthen CAREC's institutional capacity, the RETA provided major financial support for the successful conduct of the following high-level meetings: a Regional Preparatory Senior Officials' Meeting (SOM) held in Tashkent, Uzbekistan, in September 2003; the Second Ministerial Conference (MC) on CAREC held in Tashkent in November 2003; SOMs held in Almaty, Kazakhstan, in April and September 2004; and the Third MC held in Astana, Kazakhstan, on 31 October-1 November 2004.

The RETA also financed some sector-specific activities: the Fourth Transport Sector Coordinating Committee Meeting held in Bishkek, Kyrgyz Republic, in October 2005; and consultations on a power trade relations agreement between Tajikistan and Uzbekistan (in connection with the Regional Power Transmission Modernization Project) held in Dushanbe, Tajikistan, in May 2005. These meetings served as important venues to identify regional projects in the transport sector, and to prepare for a regional project in the energy sector.

To assess prospects for greater regional cooperation and explore new cooperation opportunities, the RETA co-financed (with *Foreign Policy Magazine*) a Forum on Central Asia in the Global Economy, which was held in October 2004 in Washington, D.C. The Forum encouraged dialogue among eminent persons from academia, government, civil society, and international organizations to shed new light on the rising potential for growth and economic development in Central Asia and neighboring countries.

A further significant outcome of the RETA was the expansion of CAREC's geographic scope to include Afghanistan as a full participant in the Program. Consultations with participating countries and close coordination with ADB's South Asia Department were undertaken before Afghanistan officially joined CAREC as a participating country at the Fourth MC in Bishkek in November 2005.

Other important outputs of the RETA include (i) the development of the quarterly CAREC Newsletter, the inaugural issue of which was released in September 2004; (ii) a draft TA paper on capacity building for regional cooperation in Central Asia; and (iii) a concept paper on a regional business roundtable for Central and South Asia.

The RETA was extended to utilize RETA savings to support CAREC events and activities in 2004-2005, including the Third MC.

### **Overall Assessment and Rating**

Although there was a delay in the completion of the RETA, it was successful in mobilizing regional cooperation efforts and financial resources, particularly in the CAREC priority areas; increasing policy dialogue to identify cooperation opportunities; and strengthening partnerships among participating countries and partner institutions under the established institutional framework.

### **Major Lessons**

- Institutional development and capacity building are urgently required for effective regional cooperation and integration in Central Asia and the success of regional cooperation initiatives.
- CAREC's success requires greater strategic direction by participating governments to ensure resources and support from partner institutions and other regional organizations are employed to their greatest advantage.
- "Umbrella" technical assistance grants designed to support Secretariat services for a dynamic program such as CAREC must include a degree of flexibility to ensure appropriate capabilities to support new initiatives agreed by the Ministerial Conference.

### **Recommendations and Follow-Up Actions**

- The CAREC Comprehensive Action Plan will be implemented, incorporating the following themes: strategic direction and ownership; mainstreaming of regional cooperation; connectivity; knowledge and capacity building; and new approaches to development through cooperation.
- Regional strategies will be completed in 2007 on transport, energy, and trade.