

## TECHNICAL ASSISTANCE COMPLETION REPORT

Division: CWOC

TA No., Country and Name			Amount Approved: \$900,000	
<b>TA 6199-REG: Greater Silk Road Initiative 2005</b>			Revised Amount:	
Executing Agency: ADB		Source of Funding: TASf	Amount Undisbursed: \$60,206.16	Amount Utilized: \$839,793.84
TA Approval Date: 18 Nov 2004	TA Signing Date: n/a	Fielding of First Consultants: February 2005	TA Completion Date Original: 30 Jun 2006	Actual: 30 Sep 2007
			Account Closing Date Original: 30 Jun 2006	Actual: 31 May 2008
<b>Description</b> <p>At the 2<sup>nd</sup> and 3<sup>rd</sup> Ministerial Conferences on Central Asia Regional Economic Cooperation (CAREC) held in November 2003 (Tashkent, Uzbekistan) and November 2004 (Astana, Kazakhstan), Ministers from the (then) seven CAREC countries—Azerbaijan, People's Republic of China (PRC), Mongolia, Kazakhstan, Kyrgyz Republic, Tajikistan, and Uzbekistan—reiterated their strong commitment to regional economic cooperation as a means of realizing a shared vision of a region where people live in greater prosperity, with free movement of goods, people, and ideas. The Ministers also acknowledged a number of challenges that require greater cooperation if CAREC countries are to successfully integrate with world markets and achieve sustained economic growth and poverty reduction. In this context, the Ministers requested ADB to continue supporting the CAREC Program by strengthening the role of the overall institutional framework (OIF),<sup>1</sup> identifying feasible regional projects, continuing to mobilize or provide financial resources, and further enhancing donor coordination and cooperation with neighboring countries.</p>				
<b>Expected Impact, Outcome and Outputs</b> <p>The RETA was expected to contribute to economic growth and reduced poverty in CAREC countries through support for regional economic cooperation. The expected outcome was a strengthened CAREC Program in line with the strategic thrusts of the Regional Cooperation Strategy and Program (RCSP) for CAREC countries. The main outputs envisaged were: (i) forums for continued dialogue among participating countries and multilateral institutions (MIs) under the CAREC mechanism; (ii) sector road maps and new regional projects, particularly in priority areas of transport, energy, trade facilitation, and trade policy; (iii) analytical studies on regional cooperation; (iv) effective constituencies for regional cooperation; and (v) expanded networks for information exchange and dissemination.</p>				
<b>Delivery of Inputs and Conduct of Activities</b> <p>The RETA conducted the following specific activities under its main components:</p> <p><b>Enhancing an Environment for Dialogue for Regional Cooperation.</b> The RETA supported activities under the CAREC OIF. In particular, in 2005 it prepared and financed the 4<sup>th</sup> Ministerial Conference (MC) (Bishkek, Kyrgyz Republic); three senior officials' meetings (SOMs)—April (Manila, Philippines), October and November (Bishkek). These meetings provided forums for open dialogue on regional economic cooperation issues and building mutual trust and understanding among participating countries and their multilateral counterparts. In addition, the RETA supported CAREC MI Working Group Meetings in 2005, and a consultation meeting with the Shanghai Cooperation Organization in January 2007 (Beijing).</p> <p><b>Identifying Opportunities for Regional Cooperation in Priority Areas.</b> The RETA financed several sector coordinating committee and related meetings. These included the 3<sup>rd</sup> and 4<sup>th</sup> Transport Sector Coordinating Committee Meetings in March and October 2005 (Bishkek); partial funding of the 1<sup>st</sup> Annual CAREC Members' Electricity Regulators Forum (CMERF) in July 2005 (Beijing); the Central Asia-South Asia Electricity Trade Multi-Country Working Group Meeting in October 2006 (Manila); and the Trade Policy Coordinating Committee Meeting in September 2006 (Tashkent).</p> <p><b>Undertaking Analytical Studies.</b> Limited work was undertaken in this area as a number of relevant studies were led by CAREC partner MIs and the sector committees. The RETA supported preparation of research on global value chains that introduced the concept and outlined opportunities and implications for enterprises in CAREC countries.</p> <p><b>Building Strong Constituencies for Regional Cooperation.</b> The RETA organized a Regional Business Roundtable (RBR), as requested by participating countries. The Central Asia-South Asia RBR was held in November 2005 (Bishkek) in conjunction with the 4<sup>th</sup> MC. The RBR resulted in the Bishkek Action Plan which identified four</p>				

<sup>1</sup> The overall institutional framework consists of an annual ministerial conference, senior officials' meetings held three times a year, periodic sector coordinating committee meetings, national and sector focal points, MI focal points, and ADB as CAREC Secretariat.

objectives for any continued support for the RBR: (i) to inject private sector inputs into Central and South Asia regional cooperation programs; (ii) to build an effective public-private sector partnership mechanism for regional cooperation; (iii) to improve the business environment in the region; and (iv) to develop the capacities of business communities to undertake regional business. Further to efforts on this front, the RETA partially funded a Seminar on Central Asia: The Role of the Private Sector in Infrastructure held at the 38<sup>th</sup> ADB Annual Meeting in May 2005 in Istanbul, and the 4<sup>th</sup> Central Asia Cooperation Organization Business Forum held in May 2005 in Dushanbe.

**Furthering Information Dissemination.** Outreach activities were undertaken and publications prepared to expand awareness of the CAREC Program and facilitate information exchange among relevant stakeholders. The CAREC website was regularly updated and a CAREC Newsletter prepared in collaboration with partner MIs was released quarterly. A number of publications—in English, Russian and/or Chinese—were printed using RETA funds, such as the CAREC Policy Brief No. 1, "Central Asia in 2015"; CAREC Program brochure; Regional Cooperation and Strategy and Program Update, 2006-2008, "Development Through Cooperation"; ERD Working Paper, "Central Asia: Mapping Future Prospects to 2015"; and a CAREC Comprehensive Action Plan. Other significant outputs include (i) production of the video documentary, "Caravan of Dreams", jointly undertaken with the Department of External Relations and distributed widely in the region; and (ii) conduct of a series of Trade Policy Outreach Seminars in early 2006 in Astana, Almaty, Bishkek, and Dushanbe.

Activities were supported by consultants engaged under the RETA, including a CAREC Senior Advisor, CAREC secretariat staff at ADB headquarters, and regional cooperation coordinators for PRC and Mongolia. Consultants' performance was satisfactory. Two extensions of the RETA were approved: The first to 31 December 2006; and the second to 30 September 2007. These enabled support to knowledge development and capacity building activities.

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

The RETA was successful in ensuring continuity of CAREC Program activities and strengthening dialogue among participating countries and MIs on regional issues. The 4<sup>th</sup> MC laid the foundation for development of the Comprehensive Action Plan that now guides the work of the CAREC Program. The RETA also supported efforts related to the inclusion of Afghanistan as a CAREC participating country. Afghanistan's participation was endorsed at the 4<sup>th</sup> MC and the country is now an active participant. Support for sector committees enabled discussion of sector road maps, which have since developed into sector strategies for the Program. A Transport and Trade Facilitation Strategy was adopted at the 6<sup>th</sup> MC in 2007; trade policy and energy strategies are under development. The RBR highlighted the need to enhance representation of the private sector in regional cooperation activities, and introduced this need to the MC. This laid the foundation for a CAREC Business Development Forum in October 2006.

### **Overall Assessment and Rating**

The RETA was successful in strengthening the commitment of CAREC countries to the OIF and deepening dialogue on regional economic cooperation among participating countries and partner MIs. ADB's lending in CAREC priority areas (transport, energy, trade) has increased significantly in recent years. The RETA also contributed to ADB's position as a recognized leader of regional cooperation initiatives in greater Central Asia.

### **Major Lessons**

- Regional transport costs remain a serious impediment to development in Central Asia. Cooperation in trade, transit, and transport will yield important benefits.
- Harnessing the region's shared natural resources in a sustainable manner, and managing their use in support of agriculture, industry, and livelihoods, requires a high degree of regional cooperation and third-party assistance.
- Stronger ownership of the CAREC process by countries, led by the office of the National Focal Point in each country, contributed significantly to the success of the RETA.
- CAREC's goal of improving living standards and reducing poverty in CAREC countries through broad-based, sustainable economic growth remains valid, as do the original building blocks: transport, energy, and trade. Despite progress, a clear need remains for more efficient and effective regional cooperation to strengthen the institutional framework and capacity for regional cooperation in participating countries, and to position the CAREC Program more effectively with respect to other regional initiatives.

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

Support for the OIF remains essential to ensuring practical, project-focused, and consistent interaction among participating countries and MIs to foster the nascent "regional perspective" to development in the CAREC region. Support for the planned CAREC Institute, greater interaction with a broader spectrum of development partners active in CAREC's priority areas, and improved coordination with other regional organizations active in Central Asia will support efforts to achieve CAREC's overall objectives.