

**Enhancing regional integration of
landlocked developing countries
in North and Central Asia through
infrastructure connectivity
6 and 7 September 2017
Issyk-Kul, Kyrgyzstan**





What is CAREC?

**Central Asia Regional Economic Cooperation
(CAREC) Program**



PARTNERSHIP

- 11 Countries; 6 Multilateral institutions;
- Afghanistan, Azerbaijan, P.R.China, Georgia, Kazakhstan, Kyrgyz Republic, Mongolia, Pakistan, Tajikistan, Turkmenistan, Uzbekistan
 - ADB, EBRD, IMF, IsDB, UNDP, World Bank

Action and results oriented

- Strategies and action plans
- Investment in transport, energy, and trade facilitation
- Promotion of capacity development and knowledge management

CAREC 2020: Focus, Action, Results



✓ **Strategic objectives**

- Expanded trade
- Improved competitiveness

✓ **Operational priorities**

- 4 priority sectors:
 - transport
 - trade facilitation
 - trade policy
 - energy

- **Economic Corridor Development**
- **CAREC Institute**



Proposed CAREC 2030



CAREC as a platform to help achieve SDGs and COP21 commitments

1. **Better alignment** with National Strategies of CAREC countries.
2. **Identification** of SDGs and COP21 NDCs that can be addressed through CAREC.
3. Development of **regional collective actions** for achieving common agreed goals.
4. Close **coordination** among international institutions.

OWNERSHIP

National strategies aligned with the Global Development Agenda

REGIONAL APPROACHES

Regional initiatives to complement national efforts

CAREC 2030's Driving Principles



Aligning with national strategies and supporting SDGs and COP21



Maintaining CAREC's **honest broker role** and informal nature



Staying focused in **selective expansion** of operational priorities



Integrating the role of the **private sector** and **civil society**



Developing **knowledge services** and **policy dialogue** as a key pillar of CAREC support



CAREC as an **open, inclusive platform**



Proposed CAREC Mission Statement

CAREC 2030: *“A Regional Cooperation Platform to Connect People, Policies and Projects for Shared and Sustainable Development”*



Economic Corridor Development: Organizing Economic Activity

- Infrastructure critical to linking markets (nationally, regionally and globally), cities/urban clusters. ECD here is thus about using infrastructure and other inputs to organize economic activity.
- Focus on growth nodes, urban agglomeration, inter-urban links (within countries and cross border), urban-rural links
- May be cross-border, or domestic; What matters is underlying economic potential.

Examples:

- Almaty-Bishkek Economic Corridor
- Supporting Industrial Park Development in the CAREC Region



Kyrgyz Republic

As of 31 December 2016, the country has received 41 loans and 29 grants from the Asian Development Fund (ADF) and 8 grants from Japan Fund for Poverty Reduction (JFPR). ADB has also provided 95 technical assistance projects.

Kyrgyz Republic: Cumulative Lending, Grant, and Technical Assistance Approvals^{a, b, c}

Sector	No.	Total Amount (\$ million) ^d	% ^d
Agriculture, Natural Resources, and Rural Development	20	107.27	6.16
Education	16	106.03	6.08
Energy	13	352.04	20.20
Finance	18	123.44	7.08
Health	7	14.60	0.84
Industry and Trade	6	26.10	1.50
Public Sector Management	40	268.00	15.38
Transport	28	568.85	32.64
Water and Other Urban Infrastructure and Services	6	62.25	3.57
Multisector	13	113.96	6.54
Total	167	1,742.54	100.00

ADB-SUPPORTED PROJECTS AND PROGRAMS

Transport Sector

- Total amount financed by ADB \$587 million
- 6 Active Projects (\$376.5 million)
- 6 Completed Projects

Totally rehabilitated 863 kilometers (km) of roads.

In 2016, ADB approved a 253 km rehabilitation project of roadway connecting southern and northern regions of the country.

Energy Sector

- Total amount financed by ADB \$352 million)
- 4 Active Projects (\$302.5 million)
- 5 Completed Projects

In 2016, ADB approved the third phase of the **Power Sector Rehabilitation Project** (Toktogul Hydroelectric Power Plant)

Urban Development and Water (Infrastructure Projects)

- Total amount financed by ADB \$62 million
- 1 Active Project (\$28.5 million)
- 2 Completed Projects.

- **Emergency Assistance for Recovery and Reconstruction Project** in Osh, Jalal-Abad, and Bazar-Korgon helped reconstruct or repair 1,629 houses, more than 30 km of water transmission pipelines, and rehabilitate 17 water intake systems.

- ADB is supporting **Issyk-Kul Sustainable Development Project** (Balykchy, Cholpon-Ata, and Karakol).



Kyrgyz Republic

Financial Sector

- Total amount financed by ADB \$123 million
 - 1 Active Project (\$1.5 million)
 - 6 Completed Projects
- The \$1.5 million **Women's Entrepreneurship Development Project**.
 - In 2016, ADB approved a further \$25 million toward the Second Investment Climate Improvement.

Social Sector

- Total amount financed by ADB \$121 million
- 3 Active Projects (\$41.2 million)
- 6 Completed Projects

ADB continues helping to reform key aspects of school and vocational education.



Kyrgyz Republic

NONSOVEREIGN OPERATIONS

- Two private sector transactions approved (\$20 million).
Total outstanding balances and commitments of this transactions as of 31 December 2016 was \$10 million.
- ADB's Trade Finance Program works with three banks in Kyrgyz Republic and has supported \$0.6 million in trade between two transactions.

COFINANCING

- Cumulative direct value-added official cofinancing for the Kyrgyz Republic amounted to \$373.6 million for 13 investment projects and \$4.4 million for 10 technical assistance projects.

In 2016, the Kyrgyz Republic received \$117 million loan cofinancing from the Eurasian Development Bank, the Islamic Development Bank, and the Saudi Fund for Development for the CAREC Corridors 1 and 3 Connector Road; and \$40 million loan cofinancing for the Toktogul Rehabilitation Phase 3.

FUTURE DIRECTIONS

The ADB country operations business plan, 2017–2019 for the Kyrgyz Republic supports the following directions:

- Public sector management for private sector development
- Contributing to knowledge products and services
- Reforms in education and training to improve the availability of a skilled workforce and enhance the employability of the people, especially the poor and vulnerable.



Uzbekistan

ADB has approved more loans to Uzbekistan than to any other country in Central Asia. Uzbekistan has received 63 loans, including two private sector loans.

Uzbekistan: Cumulative Lending, Grant, and Technical Assistance Approvals^{a, b, c}

Sector	No.	Total Amount (\$ million) ^d	% ^d
Agriculture, Natural Resources, and Rural Development	29	581.96	10.04
Education	22	297.85	5.14
Energy	25	1,546.20	26.67
Finance	27	885.14	15.27
Health	5	42.40	0.73
Industry and Trade	3	175.68	3.03
Public Sector Management	15	29.73	0.51
Transport	29	1,527.85	26.35
Water and Other Urban Infrastructure and Services	23	710.77	12.26
Total	178	5,797.57	100.00

ADB-SUPPORTED PROJECTS AND PROGRAMS

Infrastructure Projects

- Total amount financed by ADB \$711 million
- 10 Active Projects
- 3 Completed Projects
- The Horticulture Value Chain Development Project
- The Rural Housing Program
- Tashkent Region Water Supply Development Project

Social Sector

- Total amount financed by ADB \$340 million
- 2 Acting Projects
- 7 Completed
- Education Sector Development Program
- Woman and Child Health Development Project



Uzbekistan

Transport Sector

- Total amount financed by ADB \$1,528 million
- 10 Active Projects
- Completed Projects
 - ADB approved six road projects
 - 660 kilometers of track were upgraded

Energy Sector

- Total amount financed by ADB \$1,546 million
- 12 Active Projects
- 8 Completed Projects
 - **Takhiatash Power Plant Efficiency Improvement Project.**
 - Building of power lines to supply electricity to Afghanistan.

NONSOVEREIGN OPERATIONS

- \$431 million approved for three private sector transactions.
- \$125.2 million was outstanding balance as of 31 December 2016.

In Uzbekistan, the Trade Finance Program works with five banks and has supported \$1.2 billion in trade between 449 transactions. A 66% of the \$1.2 billion in trade was cofinanced by the private sector.



Kazakhstan

ADB has approved \$4.9 billion in sovereign loans, nonsovereign loans, and guarantees for Kazakhstan. Cumulative disbursements to Kazakhstan for lending and grants financed by ordinary capital resources, the Asian Development Fund, and other special funds amount to \$3.86 billion.

Kazakhstan: Cumulative Lending, Grant, and Technical Assistance Approvals^{a, b, c}

Sector	No.	Total Amount (\$ million) ^d	% ^d
Agriculture, Natural Resources, and Rural Development	14	186.52	3.79
Education	7	67.20	1.37
Energy	6	42.32	0.86
Finance	21	982.54	19.97
Industry and Trade	3	1.35	0.03
Public Sector Management	19	1,506.23	30.61
Transport	28	2,036.91	41.40
Water and Other Urban Infrastructure and Services	6	36.85	0.75
Multisector	3	60.55	1.23
Total	107	4,920.46	100.00

ADB-SUPPORTED PROJECTS AND PROGRAMS

Transport Sector

- Total amount financed by ADB \$2,037 million
- 5 Active Projects
- 13 Completed Projects
- Reconstruction of 375 kilometers In Zhambyl oblast.
- Reconstruction of 470 kilometers In Mangistau oblast.
- ADB approved a loan for the reconstruction of the Aktobe-Makat road.

Financial Sector

- Total amount financed by ADB \$983 million
- 4 Active Projects
- 7 Completed Projects
- ADB supports small and medium sized enterprises.
- In 2016 ADB approved a new loan to ease access to finance for rural entrepreneurs.



Kazakhstan

Energy Sector

- Total amount financed by ADB \$42,3 million
 - 2 Active Projects
 - 3 Completed Projects
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- ADB is providing technical assistance to help develop renewable energy generation.
 - ADB is also providing capacity building for the development of performance-based energy-saving contracts.

NONSOVEREIGN OPERATIONS

- \$455.2 million approved for six private sector transactions in Kazakhstan.
- \$46.8 million total outstanding balances and commitments as of 31 December 2016 was.

ADB's Trade Finance Program in Kazakhstan works with three banks and has supported \$11.2 million in trade between 13 transactions.



Tajikistan

The Asian Development Bank has approved over \$1.5 billion in concessional loans, grants, and technical assistance.

Cumulative disbursements to Tajikistan amount to \$1.01 billion.

Tajikistan: Cumulative Lending, Grant, and Technical Assistance Approvals^{a, b, c}

Sector	No.	Total Amount (\$ million) ^d	% ^d
Agriculture, Natural Resources, and Rural Development	31	166.11	10.91
Education	9	43.05	2.83
Energy	19	451.55	29.65
Finance	14	55.92	3.67
Health	5	9.85	0.65
Industry and Trade	6	23.53	1.54
Public Sector Management	21	205.82	13.51
Transport	28	509.79	33.47
Water and Other Urban Infrastructure and Services	2	3.74	0.25
Multisector	7	53.60	3.52
Total	142	1,522.95	100.00

ADB-SUPPORTED PROJECTS AND PROGRAMS

Transport Sector

- Total amount financed by ADB \$510 million
- 3 Active Projects
- 11 Completed Projects

- Over 650 kilometers of Tajikistan's roads have been rehabilitated.
- Installed centralized computer system, developed a national "single window" facility, and improved key customs posts along borders

Energy Sector

- . Total amount financed by ADB \$452 million
- 3 Active Projects
- 4 Completed Projects

- Improved three hydropower plants and installed over 600 kilometers of power transmission and distribution lines



Tajikistan

Urban development and Water

Total amount financed by ADB about \$170 million

- Clean water became available to nearly 30,400 households,
- Over 140,000 hectares of land benefiting from improved irrigation, drainage, and flood management.
- Over 100,000 residents cope with the adverse effects of climate change.
- In 2016, ADB approved a project to boost agriculture production and food security.

Social Sector

Total amount financed by ADB about \$53 million

- Was build or upgraded 1,770 rural classrooms and learning institutions
- Trained more than 68,700 teachers
- ADB is implementing a project to promote demand-driven, flexible technical and vocational education and training in the country.
- In health, ADB has helped strengthen Tajikistan's drug quality control mechanisms, develop a family group practice framework, rehabilitate and equip about 240 rural health care facilities, and train approximately 960 family doctors and nurses.

NONSOVEREIGN OPERATIONS

Since its inception, ADB has approved one private sector transaction in Tajikistan amounting to \$11 million. The total outstanding balance of trade finance transactions in the country as of 31 December 2016 was \$2.8 million.

In Tajikistan, the TFP has supported \$22.2 million in trade between 137 transactions.



Turkmenistan

ADB has approved \$125 million in lending to Turkmenistan.

Cumulative disbursements to Turkmenistan amount to \$116.2 million.

The country operations business plan (COBP), 2018 for Turkmenistan outlines lending of \$800 million.

Turkmenistan: Cumulative Lending, Grant, and Technical Assistance Approvals^{a, b, c}

Sector	No.	Total Amount (\$ million) ^d	% ^d
Agriculture, Natural Resources, and Rural Development	1	0.23	0.18
Energy	1	0.23	0.18
Finance	1	0.50	0.39
Public Sector Management	3	0.57	0.44
Transport	3	125.50	98.81
Total	9	127.02	100.00

ADB-SUPPORTED PROJECTS AND PROGRAMS

The partnership between ADB and Turkmenistan is largely based around various regional initiatives under the CAREC Program.

Transport Sector

- Through a loan of \$125 million, ADB supported the North–South Railway Project—288 kilometers of railway between Chilmammet and Buzhun.

Energy Sector

- ADB provided a TA grant of \$1.3 million for the Regional Power Interconnection Project.



Turkmenistan

Financial Sector

- ADB remains focused on assisting the country's finance sector. Through regional TA projects, ADB supported a series of workshops

Future Directions

- The COBP, 2018 for Turkmenistan places emphasis on the major infrastructure sectors of transport and energy, and on the finance sector. ADB will also support projects to promote private sector development, knowledge sharing, and capacity building.
- The lending program for Turkmenistan in 2017–2018 totals \$800 million and targets projects in rail corridor development and power generation and transmission.
- The nonlending program in Turkmenistan is expected to be driven by lending targets and involve TA grants to assess the bankability of projects.



TAPI

Turkmenistan–Afghanistan–Pakistan–India (TAPI) Natural Gas Pipeline Project.

- Up to 33 billion cubic meters of natural gas per year will be exported through the TAPI pipeline from Turkmenistan to Afghanistan, Pakistan and India over a commercial operations period of 30 years.
- The estimated length of the TAPI pipeline is about 1,600km

What TAPI Means to the Four Countries

- Unprecedented level of regional cooperation
 - Supports regional peace and security
 - Significant capital investments in Turkmenistan, Afghanistan and Pakistan
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- ADB has acted as TAPI Secretariat since 2003.
 - ADB has provided more than \$4 million in technical assistance (TA) grants
 - Several key agreements were successfully concluded and signed at the governmental and commercial levels: notably the Inter-Governmental Agreement (IGA), Gas Pipeline Framework Agreement (GPFA), Operations Agreement, and three Gas Sales and Purchase Agreements (GSPA).



