Central Asia Regional Economic Cooperation Program (CAREC)

Task Force on Regional Electricity Cooperation in
Central and Southern Asia
Kabul - 18 November 2007
by
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Head Energy Operations
Central and West Asia Department, ADB
• What is the CAREC Program?

• What has CAREC achieved?

• What is planned for the years ahead?
Growing Eurasian Trade

- **East Asia ↔ European Union**
  - $244 billion in 1995; $604 billion in 2006

- **East Asia ↔ Middle East**
  - $57 billion in 1995; $276 billion in 2006

- **European Union ↔ South Asia**
  - $34 billion in 1995; $81 billion in 2006

- **Russia ↔ South Asia**
  - $1.8 billion in 1995; $4.9 billion in 2006
CAREC Participation

Eight countries:
- Afghanistan
- Azerbaijan
- PRC
- Kazakhstan
- Kyrgyz Republic
- Mongolia
- Tajikistan
- Uzbekistan

Six multilateral institutions:
- Asian Development Bank
- European Bank for Reconstruction and Development
- International Monetary Fund
- Islamic Development Bank
- United National Development Programme
- World Bank
CAREC’s Goal and Priority Areas

- Development through cooperation, leading to accelerated economic growth and poverty reduction
- Three priority areas:
  - Transport
  - Energy
  - Trade (facilitation and policy)
CAREC Achievements

- A focused partnership of countries and institutions
- Policy dialogue contributing to transport, energy, and trade cooperation
- Mobilization of financial resources for cooperation
- Creation and dissemination of major knowledge products
Focused Dialogue

- Consistent interaction
- Project focus
- Frank, practical, detailed
- Consensus-based decisions
Focused Projects

Regional Perspective

- Almaty-Bishkek Road
- Bishkek-Osh Road
- Southern Transport Corridor
- Dushanbe-Kyrgyz Border Road
Focused Projects

- Regional Power Interconnection Project
  - Tap Tajik power surplus to meet Afghan shortfall
  - 220-KV double circuit link
  - Vakhsh River power stations to Pul-e-Khumri
  - Eventually on to Kabul
Focused Planning

- Comprehensive Action Plan
- Sector strategies
Focused Analysis

- Central Asia Human Development Report
- Increasing Gains from Trade Through Regional Cooperation in Trade Policy, Transport, and Customs Transit
- Regional Electricity Export Potential Study
What is planned for the years ahead?
Key Initiatives

- **Sector Strategies:**
  - Integrated Transport and Trade Facilitation Strategy
  - Energy Sector Strategy
  - Trade Policy Strategic Action Plan

- **CAREC Institute**
The Opportunity

Economy

2005
$128 Billion

2018
$351 Billion

8.1%

Foreign Trade

2005
$72 Billion

2018
$222 Billion

9.1%

CAREC
Central Asia Regional Economic Cooperation
Pillars of Successful Corridor Performance

- Infrastructure
- Management
- Technology

- Balanced Infrastructure, Management & Technology
- Weak Technology
- Weak Management
- Weak Infrastructure
Integrated Transport and Trade Facilitation Strategy

Three transport goals:

- Establish competitive transport corridors across the CAREC region
- Facilitate efficient movement of goods and people across borders
- Develop safe, people-friendly transport systems that are environmentally sustainable
Integrated Transport and Trade Facilitation Strategy

- Three trade facilitation goals:
  - Realize a significant reduction in transaction costs and time by improving administrative efficiency, and simplifying, standardizing and harmonizing trade procedures
  - Encourage the free movement of goods and business people
  - Enhance the transparency of laws, regulations, and procedures, and share information on these and other trade facilitation issues
Linking Eurasia
Key Corridors Selection Criteria

- Current traffic volume
- Prospect for promoting economic growth and future traffic
- Ability to increase connectivity between major population & economic centers
- Potential to reduce delays
- Economic & financial sustainability of investments in infrastructure, technology and management

Inclusion Rule: At least 2 CAREC countries
Indicative Corridor investment plan to 2018, totaling US$19 billion

<table>
<thead>
<tr>
<th>Corridor/Mode</th>
<th>Project Type (number)</th>
<th>Investment</th>
<th>TA</th>
<th>Total</th>
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<td>Other/Not Applicable</td>
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<td>Subtotal by Corridor (*)</td>
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<td>Road</td>
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<tr>
<td>Sea</td>
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<tr>
<td>All</td>
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<td>Total Projects</td>
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<td>81</td>
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Source: CAREC Transport Sector Coordinating Committee Report, 8-9 September 2007
Energy Sector Strategy

- **Vision:**
  - Ensure adequate commercial energy supplies (and services) are available to all in a reliable, affordable, financially sustainable, and environmentally sound manner
  - Enhance economic growth through energy trade
Cooperation Imperatives

- Skewed energy resource endowments
- Infrastructure dimensioned to cover sub-regions
- To be least cost, must be integrated
- Gas, oil, coal must cross borders to reach markets
- Energy export important for all countries
Trade Policy Strategic Action Plan

- **Vision:** Trade openness in the region, contributing to development and poverty reduction
  - WTO accession for all CAREC countries

- **Key elements:**
  - Recommendations from completed studies
  - Performance Indicators
  - Capacity building program
    - Focused agenda:
      - WTO accession for all CAREC countries
      - Monitoring of performance indicators
CAREC Institute

**Mission**: Enhance the quality of regional cooperation by generating world-class knowledge resources in the priority areas of transportation, trade, and energy

**Purposes**:  
- enhance the capabilities of CAREC government officials  
- apply new solutions and best practices to regional challenges
CAREC Institute

Main outputs:

- Capacity building training program
- Applied research program
- Outreach program
- Training/research networks
Key Messages

- Central Asia at the heart of the trend toward reintegration of Eurasia
- The Comprehensive Action Plan provides a clear medium-term guide on priorities
- Integrated Transport and Trade Facilitation Plan at center of project-focused work plan
- A regional perspective to development is being established
- CAREC’s multilateral partners committed to supporting the Program
Recent Energy Investment

- World Bank support for (i) discussion of power sector reforms and regulations, (ii) analyses of region’s electricity export potential and Syr Darya water/energy nexus, (iii) developing concept for water-energy consortium (since 2003)
- EBRD and IsDB support for construction of second Kazakhstan North-South 500-kilovolt (KV) Transmission Line Project
Recent Energy Investment

- IsDB support for 500-KV Syr Darya-Sogdiana Transmission Line in Uzbekistan ($25 million), and 110-KV Batken-Karabulak Transmission Line in the Kyrgyz Republic ($10 million)
- ADB $56.5 million loan to Afghanistan and Tajikistan for Regional Power Transmission Interconnection Project (2006)
Central Asia Regional Economic Cooperation Program (CAREC)

www.adb.org/CAREC
Thank you