

Regional Assistance to Central Asia

The Asian Development Bank (ADB) initiated the Central Asia Regional Economic Cooperation (CAREC) Program in 1997. Azerbaijan, Kazakhstan, Kyrgyz Republic, Mongolia, Tajikistan, Uzbekistan, and the Xinjiang Uygur Autonomous Region of the People's Republic of China (PRC) are now Program members. ADB has strong relationships with each of these partners focusing on the region's long-term development needs.

The primary objective of the CAREC Program is to promote economic growth and

raise living standards by encouraging economic cooperation. The Program focuses on financing infrastructure projects and improving the region's policy environment in the priority areas of water and energy, trade facilitation, and transport. The goal is to lessen Central Asia's economic isolation; maximize the potential benefits of available natural resources, such as water, coal, and natural gas; and support the development of policy frameworks that enable trade within and beyond the region.

As of 31 December 2004, ADB had funded seven regional investment projects

totaling \$275.1 million, and mobilized cofinancing of \$135.2 million for three of these projects. Since 2000, ADB has provided 22 technical assistance grants totaling \$12.9 million for the Program's priority areas. Eight technical assistance grants totaling \$7 million have implemented the Program. In addition, ADB has approved about \$2.8 billion in lending to Central Asian governments in support of its country programs in the region.

Below is a list of ADB lending under the CAREC Program and an outline of the 2005–2006 lending pipeline.

Ongoing Loans

\$275.1 million

Date of Approval
31 October 2000

Total Amount
\$57 million

Kazakhstan component
\$52 million

Kyrgyz Republic component
\$5 million

Almaty-Bishkek Regional Road Rehabilitation

This loan is designed to foster regional economic cooperation in Central Asia through the development of an efficient and safe road link for movement of people, goods, and vehicles between Almaty and Bishkek, and across the Kazakh-Kyrgyz (Akzhol-Chu) border at Georgievka. The Kyrgyz component of the loan is from ADB's Asian Development Fund. The Project will assist the Governments of Kazakhstan and the Kyrgyz Republic in rehabilitating the Almaty-Bishkek road, removing physical and nonphysical cross-border barriers, improving coordination and management of road safety, and introducing a road maintenance system by contract. The Project will rehabilitate about 245 kilometers (km) of the Almaty-Bishkek road (about 204 km in Kazakhstan, and 41 km in the Kyrgyz Republic), including consulting services for design and construction supervision; improve customs facilities at the Akzhol-Chu border; and provide road maintenance equipment for Kazakhstan.

Date of Approval
29 October 2002

Total Amount
\$25 million

Kyrgyz Republic component
\$15 million

Tajikistan component
\$10 million

Regional Trade Facilitation and Customs Cooperation Program

This loan from ADB's Asian Development Fund is a major pillar of the overall CAREC Program. The loan is designed to better integrate the transition economies into the world trading system by setting up a regional framework with an effective cooperation mechanism, providing critical funding for reform and modernization of the two weakest customs systems, and organizing technical assistance activities to strengthen the legal and regulatory frameworks in conformity with international treaties and agreements. Within this broader agenda, the program aims to promote good governance of the institutional structure that deals with trade facilitation and customs modernization, with the objective of promoting greater diversification in trade.

Date of Approval
17 December 2002

Total Amount
\$90 million

Uzbekistan
component
\$70 million

Tajikistan
component
\$20 million

Regional Power Transmission Modernization

This loan will improve the operation and efficiency of the regional power transmission system and enhance economic regional power trade and cooperation among the Central Asian republics. The Tajikistan component of the loan is from ADB's Asian Development Fund. The Project will focus on modernizing the transmission systems of Tajikistan and Uzbekistan and enhancing power trade relations between them. The Project will be the first stage of an assistance program to promote regional energy cooperation. The Project will rehabilitate 500-kilovolt (kV) substations and switch-gears; upgrade facilities at the unified dispatch center, national dispatch centers, and area dispatch centers; install new remote terminal units in 500 kV substations and major power plants; install new transborder metering and meter management systems at all dispatch centers; and implement a Regional Power Trade Action Plan and a bilateral Power Trade Relations Agreement.

Date of Approval
18 December 2003

Total Amount
\$15 million
(Tajikistan)

Dushanbe-Kyrgyz Border Road Rehabilitation Project (Phase I)

This loan from ADB's Asian Development Fund will rehabilitate the 140 km road linking Dushanbe to Nurobod in the Rasht Valley and onwards to the Kyrgyz Republic and the People's Republic of China, as well as 77 km of rural roads serving poor villages. The Project is designed to reduce transport costs on the Dushanbe-Kyrgyz border road; provide agricultural and industrial enterprises with all-weather access to markets within the country and eventually abroad; improve access of the rural poor population to market opportunities, other economic activities, and social services; and strengthen the Government's institutional capacities for efficient management of the national road network.

Date of Approval
22 July 2004

Total Amount
\$37.1 million
(Mongolia)

Regional Road Development Project

This loan from ADB's Asian Development Fund will develop a 428 km section of Mongolia's north-south road transport corridor between Choyr and the border with the People's Republic of China in Zamyn-Uud. The corridor will link the Asian highway networks of the People's Republic of China and the Russian Federation and will pass through major economic centers of Mongolia. The Project also includes a cross-border road transport facilitation plan, road safety improvement, area development to maximize the poverty reduction impact of the Project, and technical assistance for awareness and prevention of HIV/AIDS and human trafficking on the road corridor.

Date of Approval
23 November 2004

Total Amount
\$32.8 million
(Kyrgyz Republic)

Southern Transport Corridor Road Rehabilitation Project

This loan from ADB's Asian Development Fund will promote economic growth and reduce poverty by improving the transport network in the Kyrgyz Republic and increasing regional trade and cooperation. It will rehabilitate sections of the Osh-Sary Tash-Irkeshtam road, which links the People's Republic of China, Kyrgyz Republic, and Uzbekistan. The Project will seek to reduce the cost of road transport and improve access to markets for people living along the road. It will improve about 124 km of the two-lane highway from Osh to Gulcha to Sopol Korgon; provide consulting services for construction supervision, monitoring, and evaluation; and procure maintenance equipment to maintain the entire Osh-Sary Tash-Irkeshtam road. The Project will also provide two advisory technical assistance grants for improving road maintenance and strengthening the transport corridor management department; and raising awareness and prevention of HIV/AIDS, sexually transmitted diseases, and human trafficking.

Date of Approval
26 November 2004

Total Amount
\$18.2 million

Kyrgyz Republic
component
\$7.5 million

Tajikistan component
\$10.7 million

Regional Customs Modernization and Infrastructure Development Project

These loans from ADB's Asian Development Fund will extend ADB's support for customs reform and modernization in the Kyrgyz Republic and Tajikistan, building on the Regional Trade Facilitation and Customs Cooperation Program launched in December 2002. The Program aims to improve efficiency and transparency of customs services, facilitate trade, and promote regional customs cooperation through customs reforms and modernization in the region. This Project will help develop a unified, automated information system, and customs border-post infrastructure. Accompanying technical assistance grants to the Kyrgyz Republic and Tajikistan (in the amount of \$500,000 each) will ensure Project activities are supported by the institutional structure and the business processes of the two countries' customs services departments, and are carried out with sound supervision and quality assurance.

Regional Assistance Pipeline, 2005–2006

The regional assistance pipeline for 2005–2006 comprises ten loan projects totaling \$247 million, and nonlending technical assistance totaling \$12.25 million.

2005 Loans	\$99.0 million
Transport and Communications	
• Dushanbe-Kyrgyz Border Road Rehabilitation, Phase II (Tajikistan)	\$30.0 million
• East-West Road Corridor Improvement Project (Azerbaijan)	\$37.0 million
• Regional Railways Rehabilitation Project (Uzbekistan)	\$20.0 million
Energy	
• Regional Gas Transmission Improvement Project (Tajikistan)	\$12.0 million
2006 Loans	\$148.0 million
Transport and Communications	
• Central Corridor Roads Improvement II (Azerbaijan)	\$15.0 million
• Regional Traffic Enhancement Project	\$50.0 million
• Regional Railway Improvement/North Tajik Railway Modernization and Improvement Project (Tajikistan/Uzbekistan)*	\$20.0 million
• Southern Transport Corridor Road (Osh-Sary Tash-Irkeshtam) Project, Phase II (Kyrgyz Republic)*	\$20.0 million
Energy	
• Regional Gas Transmission Improvement Project in the Central Asian Republics (Kyrgyz Republic)	\$20.0 million
• Power Rehabilitation Phase II Project (Tajikistan)*	\$23.0 million
2005 Technical Assistance	\$6.1 million
Transport and Communications	
• Regional Traffic Enhancement Project	\$0.6 million
• Strengthening the Financial Management and Delivery of Road Maintenance [Central Corridor Roads Improvement II (Qazakh-Georgian Border)] (Azerbaijan)	\$0.4 million
• Southern Transport Corridor Road (Osh-Sary Tash-Irkeshtam) Project, Phase II (Kyrgyz Republic)	\$0.5 million
• Furthering Policy Reforms in Railway Sector (attached to Regional Railways Rehabilitation; Uzbekistan)*	\$0.6 million
Trade Facilitation	
• Regional Financial Sector Development, Phase II	\$0.5 million
• Trade Facilitation and Customs Cooperation Program, Phase III*	\$0.5 million
Energy/Water	
• Capacity Building for Regional Water Management Organizations in Central Asia*	\$0.8 million
Others	
• Support for Greater Silk Road Initiative, 2006	\$0.9 million
• Central Asian Republics Initiative for Land Management (CARILM)	\$0.5 million
• Central Asian Republics: Monitoring and Evaluation of CARILM Implementation*	\$0.8 million
2006 Technical Assistance	\$6.15 million
Transport and Communications	
• Regional Road Development, Phase I	\$0.60 million
• Regional Railway Development, Phase I	\$0.85 million
• Dushanbe-Kyrgyz Border Road Rehabilitation Project, Phase III (Tajikistan)	\$0.40 million
• Harmonization of Cross Border Initiatives for Transport Sector in Central Asia	\$0.85 million
• North-South Corridor Roads Improvement (Azerbaijan)	\$0.60 million
Energy	
• Regional Power Transmission Modernization in the Central Asian Republics, Phase II	\$0.80 million
• Regional Gas Transmission Improvement Project the Central Asian Republics, Phase II	\$0.80 million
Trade Facilitation	
• Capacity Building for Trade Facilitation (Mongolia)	\$0.30 million
Others	
• Support for Greater Silk Road Initiative, 2007	\$0.95 million

* Funding sources yet to be determined



A New Path for an Ancient Route

For centuries, the Silk Road thrived as a bridge between East and West. As a meeting place of great civilizations, Central Asia evolved as a center of trade, ideas, and prosperity. Today, seven nations are reviving that age of hope and opportunity. Azerbaijan, People's Republic of China, Kazakhstan, Kyrgyz Republic, Mongolia, Tajikistan, and Uzbekistan are working together to pursue a shared vision of a region where goods, people, and ideas can move freely. The Asian Development Bank is committed to helping these nations create a better future for their people and their region.



Strength through regional cooperation.

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