

Central Asia Regional Technical Assistance Center (CASTAC)

IMF staff have been discussing with country authorities and donors the possibility of establishing a regional technical assistance center in Central Asia (CASTAC). It is proposed that the center would initially cover Azerbaijan, Kazakhstan, Kyrgyzstan, Mongolia, Pakistan, Tajikistan, Turkmenistan, and Uzbekistan. The IMF currently has six such regional TA centers in operation elsewhere in the world.¹ The center's staff would comprise a coordinator (an IMF staff member), resident advisors, and short-term experts recruited by the Fund. It would mainly be financed by donors and member countries, with the IMF paying for the center coordinator.

CASTAC would be an excellent vehicle to support reform and capacity development in the region, and would contribute toward strengthening economic policy frameworks. This is especially important at present given that high commodity prices and rising commodity production present a unique opportunity to set the stage for sustained and broad-based growth going forward. CASTAC would helpfully complement training by the newly established CAREC Institute, which is led by the AsDB.

CASTAC would provide focused, flexible, and responsive technical assistance and training to support reform and capacity building in the region. The TA provided through CASTAC would be additive and complementary to that from IMF headquarters. Backstopping by IMF technical staff would ensure TA provision of the highest quality. A key advantage of a regional TA center is that the resident advisors would be able to undertake frequent and consistent follow-up site visits to countries, keeping up the momentum for reforms and solidifying relationships, and ensuring continued access to high-quality hands-on technical expertise that might otherwise be difficult to obtain. CASTAC would also help disseminate "best practices" among countries to generate momentum for reforms.

Actual CASTAC priorities would be established through close dialogue between participating countries, donors, the IMF, and other IFIs. Some preliminary thoughts on priority areas for TA in Central Asia are: (i) strengthening fiscal frameworks to ensure the effective management of government resources; (ii) bolstering policy frameworks and market institutions to achieve an efficient allocation of resources; (iii) enhancing the depth and stability of financial systems to support growth; and (iv) providing policymakers with the necessary information to analyze economic developments, identify vulnerabilities, and develop appropriate policy responses.

¹ Centers currently operate in the Pacific, the Caribbean, the Middle East, and Africa (where there are three). Centers in other regions are currently under consideration.