

**STATEMENT OF THE ISLAMIC DEVELOPMENT BANK ON 13th MINISTERIAL
CONFERENCE ON CENTRAL ASIAN REGIONAL ECONOMIC COOPERATION
BISHKEK, KYRGYZ REPUBLIC, 6 NOVEMBER 2014**

**Time: 13.30 – 14.30. Views of CAREC Multilateral Institution Partners
and Bilateral Donor Agencies**

Your Excellency, Mr. Temir Sariev,
Your Excellency, Mr. Takehiko Nakao,
Excellencies, distinguished participants, ladies and gentlemen,

On behalf of the Islamic Development Bank, IsDB allow me to deliver this statement on this prominent Conference and to convey high appreciation to the Government of Kyrgyz Republic for hosting this important meeting in the beautiful city of Bishkek. The meeting arrangements provided by the Asian Development Bank, ADB for the guests are highly appreciated. The IsDB is privileged to be the reliable partner of the CAREC initiatives and is very delighted to continue contributing its resources to its member-countries in the region.

The IsDB is pleased to note the achievements made under the CAREC initiatives during the last years in the transport and energy sectors, removing the barriers and promoting the trade across the region. The IsDB has also contributed to the foregoing achievements, thus strengthening the regional cooperation among its member-countries. The bright testimony of the IsDB efforts under CAREC initiative is the successful development of the CAREC road corridors. The IsDB assisted its member countries in construction and reconstruction of almost 1,300 km of motorways and 325 km of railways that are part of the CAREC road corridors. Only within this year the Bank approved three road projects of regional importance, which include the reconstruction of road section Osh-Batken-Isfana in Kyrgyz Republic, Ujar-Agjabedi and dualization of Ganja-Tovuz highway in Azerbaijan. Total amount of the IsDB financing for the above approvals is about US\$ 471 million. The Bank is expecting to approve another road section in Azerbaijan from Tovuz to Georgian border, which will facilitate the cooperation between two countries and open the doors for the trade from East to West. It's worth mentioning that the road projects approved for Azerbaijan align with the corridor CAREC-2.

In Kazakhstan the IsDB is intending to step in the second phase of massive and ambitious governmental program for Industrial and Innovative development, which is to be implemented over the period 2014-2019. Under the Partnership Framework Agreement with the Government of Kazakhstan, which was signed in May 2014, the IsDB will participate in the reconstruction of two international road corridors, namely Center-West and Center-South. Three road sections that are part of the above road corridors will be processed by the Bank in the coming years. The expected amount of IsDB financing will be more than US\$ 1 billion.

The IsDB will also consider the request of Kyrgyz Republic in developing the alternative route from North to South. The IsDB will complete the construction of the whole road from Kulyab to Khalaikum in Tajikistan, which will open the new road corridor to China. The project will be implemented in close and full cooperation with the Coordination Group, namely: Saudi Fund, Kuwait Fund, OPEC Fund, Abu-Dhabi Fund and newly joined Qatar Fund for Development.

I am pleased to inform you that last week the members of the Coordination Group have organized two back-to-back Round Table Meetings, in Tashkent on 27 October, and in Bishkek on 31 October. As per the outcome of these meetings, the funds identified several priority projects for both countries, including infrastructure projects in transport and energy sectors, etc.

As part of the governmental program (Improvement of National Highway in Uzbekistan), the Bank will finance a road sections, which is part of international road corridor A-380 and CAREC-2a which will connect Guzar-Bukhara-Nukus-Beyneu. We expect that the approvals for the foregoing projects in the region will be made in 2015 and this will expand our portfolio in transport sector and contribute to the CAREC efforts in improving the road infrastructure in the region.

We also would like to welcome the development of economic corridor between two cities Almaty and Bishkek, which will certainly benefit the growing business ties and bilateral cooperation between Kazakhstan and Kyrgyz Republic. We believe that this pilot initiative could be replicated for development of other economic corridors in the Central Asian region.

While transport corridors are developing, the IsDB pays a great attention to the trade facilitation and removal of trade barriers. For this purpose the Bank via its frequent respective programs and workshops encourages its member-countries to adopt the advanced examples of international trade. The IsDB appreciate in this regard the activities of the CAREC Institute, which extends a tremendous number of the professional knowledge and experience-sharing tools through the workshops in CAREC countries. Our capacity building related departments would be willing to cooperate with the CAREC Institute and promote the reverse linkage programs that could underpin the business and knowledge-sharing cooperation in the region.

The energy sector represents one of the driving factors of the economic growth of the countries in the region. In considering the energy projects, IsDB has been always focusing on the intraregional power export development. The energy transmission projects in Kyrgyz Republic, Tajikistan and Uzbekistan are noteworthy and obvious manifestation of the IsDB willingness to transfer the power from energy-rich to energy-deficient regions, thereby creating the sustainable energy security in its member-countries. So far the Bank assisted the countries to rehabilitate the power generation facilities, which led to power increase by 540 MW. The Bank financed construction of high voltage transmission lines for over 1,200 km, thus delivering the electricity to the remote areas that

deprive energy resources. In promoting distribution of energy resources and their efficient utilization, the joint financial assistance of the CAREC financial partners is essential. The IsDB is very keen to participate in the projects that would benefit sustainable energy generation, distribution and their efficiency. The Bank will be looking forward to assist the countries in the region in rehabilitating the power generation facilities, constructing the transmission lines and providing support in their efficient utilization.

Excellencies,

The IsDB will continue to be an active participant of the CAREC activities. Throughout the years of cooperation the Bank has been continuously involved in all CAREC initiatives and participated actively in the joint projects with the primary purpose to benefit the people in our member-countries. The Bank is actively interacting with the ADB in determining the priorities for our cooperation in our common member-countries. We signed a US\$ 6-billion Framework co-financing agreement in November 2011 for period of 2012-2014 and financed a number of infrastructure projects in our common member countries. In September a high level IsDB mission visited the ADB for the Joint Retreat Meeting with purpose to review and assess joint project/program activities within the Framework Co-financing Agreement (FCA) for the period 2012-2014. Given the moderate pace of joint cooperation, both institutions extended the Framework co-financing agreement for the period 2015-2017. The extended FCA will focus not only on infrastructure development, but at the same time, it will include partnership in the areas of agriculture, food security, rural development, education, health and private sector development. The above examples of our cooperation represent the sincere willingness of the Bank in join its hands with the ADB in promoting the economic development in the region. We would like to assure that the IsDB will exert its efforts in providing support to CAREC initiatives for our member-countries.

Finally, let me reiterate the Bank's desire to continue its support for the Central Asian Governments' efforts to strengthen economic development in the region, in close cooperation and coordination with our International financing partners in the CAREC and with the Governments in the region. The IsDB Group will continue to commit itself to work closely with all parties in order to strengthen and to deeply widening our cooperation with the members of the CAREC in the Central Asian region for realizing their key development objectives.

Once again I would like to express my gratitude to the Government of the Kyrgyz Republic for hosting this important event and for the warm hospitality extended to the participants and for the excellent arrangements done by the CAREC /ADB.

Thank you for your kind attention.