



Reference Document
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2010 Central Asia Regional Economic Cooperation Program Development Effectiveness Review: Toward CAREC 2020

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ABBREVIATIONS

ADB	–	Asian Development Bank
BCP	–	border crossing point
CAP	–	Comprehensive Action Plan
CAREC	–	Central Asia Regional Economic Cooperation
CFCFA	–	CAREC Federation of Carrier and Forwarder Associations
CIPAR	–	CAREC Institute Performance Assessment Review
CPMM	–	Corridor Performance Monitoring and Measuring
DEfR	–	development effectiveness review
ESCC	–	Energy Sector Coordinating Committee
ExRP	–	External Relations Plan
GII	–	Gender Inequality Index
GDP	–	gross domestic product
HDI	–	Human Development Index
IMAR	–	Inner Mongolia Autonomous Region
MDG	–	Millennium Development Goal
PPP	–	purchasing power parity
PRC	–	People's Republic of China
SOM	–	Senior Officials' Meeting
TLI	–	Trade Liberalization Index
TPCC	–	Trade Policy Coordinating Committee
TPSAP	–	Trade Policy Strategic Action Plan
TTF	–	Transport and Trade Facilitation
UNDP	–	United Nations Development Programme
WTO	–	World Trade Organization
XUAR	–	Xinjiang Uygur Autonomous Region

WEIGHTS AND MEASURES

GWh	–	gigawatt-hour
km	–	kilometer
km/h	–	kilometer per hour
MW	–	megawatt

NOTE

In this report, "\$" refers to US dollars.

EXECUTIVE SUMMARY

The *Central Asia Regional Economic Cooperation Development Effectiveness Review 2010: Toward CAREC 2020 (2010 CAREC DEfR)* is the second annual performance assessment of the overall CAREC Program. It measures progress made by CAREC initiatives during calendar year 2010 toward achieving the goals and objectives laid out in the 2006 *Comprehensive Action Plan*. The development effectiveness review (DEfR) process aims to highlight achievements made, as well as issues and challenges faced by the CAREC partnership. With the expansion of the partnership in 2010 to include Pakistan and Turkmenistan, the imperative for CAREC to fully understand the strengths and challenges of the Program is strengthened.

The DEfR strategic document unites all diverse components of the CAREC program—the project-based sectors, the policy-focused capacity building activities, and the production and dissemination of knowledge. It is a tool to examine how the main component parts both complement and support each other, and also how they can fall short in maximizing their impact.

As the second cycle of data and results for the overall program, the *2010 CAREC DEfR* begins a process of year-on-year comparative analysis, highlighting which results have improved and which have deteriorated since the first cycle laid out in the *Introduction to the CAREC Program Development Effectiveness Review: Building the Baseline 2009 (2009 CAREC DEfR)*. However, it is still too early to analyze *trends* in data—these will become apparent only after 3-4 years of the DEfR process and will bring significantly greater understanding to the achievements of the CAREC Program.

Data for national-level development outcomes in 2010 reflected some progress, although the constraints of available poverty data continued to limit a deeper understanding of achievement and trends in this area over the past 5 years. Three-quarters of the indicators tracking GDP, trade, and the business environment showed improvement and were rated on track.

Results for CAREC priority sector outputs in 2010 were mixed and uneven across the Program's various operations and activities. While transport sector activities demonstrated solid progress in the rehabilitation of 1,078 km of CAREC road corridors, the selected intermediate outcome indicators for trade facilitation highlighted the complexities of opening up border crossing points throughout the region, and reducing the time and costs of crossing these borders. Data for trade policy showed that almost all CAREC member countries had achieved the 2010 target to simplify, liberalize, and open their trade regimes, and were moving steadily toward their 2011 target. The energy sector during the same period focused on strengthening its strategic base through diagnostic analysis in support of the three pillars of the Energy Action Plan. However, as there were no completed energy projects in 2010 that could contribute data to the energy indicators, there was no change in measured output for this sector.

CAREC operations continued to expand in 2010, reaching a cumulative value of almost \$15 billion since 2001, supporting more than 100 projects across all implementing sectors. On the other hand, cumulative growth happened at a slower rate than in previous years with fewer new investment projects approved during 2010.

Available data for completed CAREC-related technical assistance projects recorded a drop both in the number of projects, and the percentage of completed projects rated “successful”. Given the importance of analytical diagnostic work for the CAREC members, this indicator will be closely monitored over the next DEfR cycle and efforts made to identify the reason behind this

decline. The area of knowledge production and dissemination likewise underperformed during 2010: fewer people participated in CAREC-supported training events during this period, and there remains an increasingly urgent need to address the continuing lack of knowledge and research materials produced and delivered within the CAREC membership.

As CAREC further elaborates its strategic direction for the second decade of implementation—through development of *CAREC 2020: A Strategic Framework for the Central Asia Regional Economic Cooperation Program 2011-2020 (CAREC 2020)*—it will be necessary to consolidate and build on the results-orientation of all activities. As the list of medium-term priority projects (MTPP) that will underpin *CAREC 2020* is identified, commensurate enhancement will be carried out for the results framework.

The DEfR is an action-oriented process wherein every annual *DEfR* proposes specific measures to strengthen and, as necessary, accelerate implementation of CAREC projects and activities. These Actions are for the consideration of the mid-term SOM. Progress made in resolving issues will be reported by the senior officials to the annual CAREC Ministerial Conference. Due to limited response time between the 2009 CAREC DEfR and the 2010 CAREC DEfR, many Actions from 2009 were not addressed: they are carried over into the 2010 CAREC DEfR. In 2010, new Actions proposed include:

- Explore options to source updated poverty data;
- Continue to modify or refine indicators, as required, to capture a more accurate and fuller picture of CAREC's performance;
- Include discussion of DEfR priority Actions in technical sector coordinating committee meetings;
- In line with the development of *CAREC 2020* and the CAREC MTPP, consider whether current indicators remain relevant, or whether adjustment or change is desirable in order to better capture the outputs of the technical implementing sectors;
- Accelerate upgrading of the CAREC website;
- Identify priority publication and outreach needs of technical sectors; and
- Expand media monitoring systems to include non-English sources.

I. 2010 PERFORMANCE SNAPSHOT

1. Steady progress was made in 2010 toward achievement of CAREC's goals and objectives as outlined in the *Comprehensive Action Plan*. However, progress was not equal across all sectors and areas of activity. The performance snapshot presented here attempts to summarize the overall results of 2010, using a simple rating system designed to show immediately (i) where progress is being made in the overall context of CAREC activities (ii) where progress has slowed or begun to deteriorate; and (iii) where urgent attention is required to prevent further deterioration. The traffic light rating system proposed for the CAREC DEfR process is as follows:

	The indicator value for the current development effectiveness review (DEfR) has made progress and improved on the indicator value reflected in the previous DEfR cycle. This indicator is “on track”.
	The indicator value for the current DEfR has neither made progress nor deteriorated since the previous DEfR cycle. This indicator has “stalled” and necessary action should be identified to prevent further deterioration.
	The indicator value for the current DEfR has stalled and/or deteriorated for two consecutive years. This indicator is “off track” and immediate attention is required.

2. It is important to consider that 2010 data reflect only the second cycle of the CAREC development effectiveness review (DEfR) process. This means that for the majority of indicators, it is still too early to analyze trends, which ultimately provide a far more robust understanding of how the overall program is performing.

Table 1: 2010 Performance Snapshot

Level 1: CAREC Region Development Outcomes	
Poverty and human development outcomes	
Gross domestic product, trade, and business environment	
Level 2: CAREC Priority Sector Outputs	
Transport sector	
Trade facilitation sector ^a	
Trade policy sector	
Energy sector	
Level 3: Operational and Organizational Effectiveness	
Operations growth	
Finance mobilization	
Knowledge management	

^a The Level 2 indicators selected in 2009 to report progress for trade facilitation activity under CAREC are not output indicators; instead, they are broader intermediate outcome indicators. This means they do not measure the tangible output of specific CAREC or CAREC-related projects, but rather how project-based outputs begin to contribute to the desired objectives of the overall program.

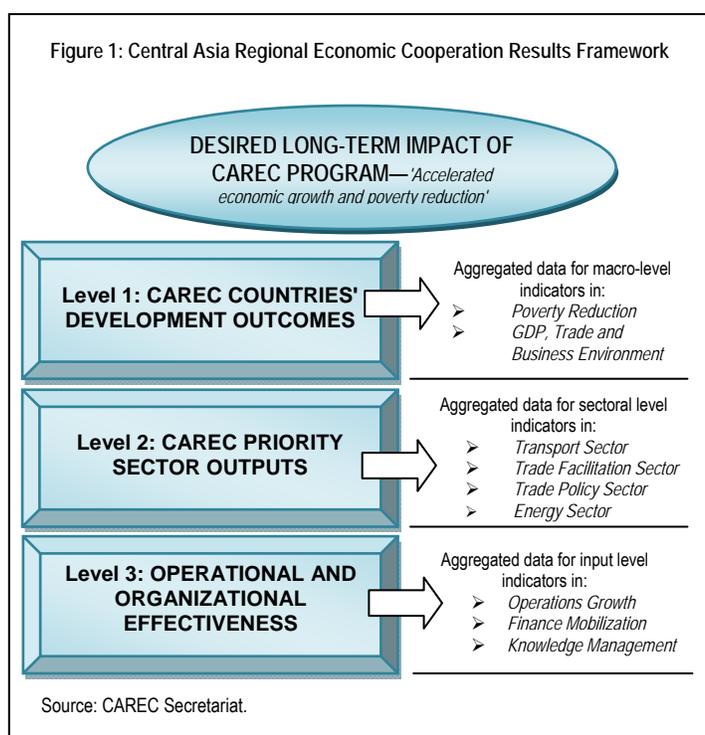
3. Development outcome indicators at Level 1 are rated “on track” in 2010. However, the lack of regular poverty data updates remains an issue—the effects of the 2008-2009 global financial crisis are still not reflected. Within the set of 12 indicators tracking gross domestic product (GDP), trade, and business environment, results were mixed: while the growth rate of real GDP was positive between 2006 and 2010, it slowed throughout the period. The real growth rate of trade in goods and services also slowed.

4. Level 2 recorded sound progress in the transport sector with 1,078 kilometers (km) of CAREC corridor built or improved in 2010. The trade policy sector likewise showed strong results, surpassing its 2010 Trade Liberalization Index target and moving steadily toward the 2011 target. The intermediate outcome level data for trade facilitation, however, indicated that crossing borders along the CAREC Corridors remained an increasingly costly and time-consuming process in 2010. It reflects the need for continued CAREC focus on the soft side of infrastructure development to reduce time and cost of crossing borders. The energy sector produced a series of three diagnostic studies, essential to the further development and implementation of its activities, yet there were no quantifiable results for this sector in 2010.

5. Level 3 reported steady operations growth and financial mobilization, with almost \$2.8 billion of new funding approved during 2010 in support of 15 projects in three implementing sectors: transport, trade facilitation, and energy. Cumulative levels of funding at year-end 2010 stood at almost \$15 billion in support of 110 projects. However, performance in knowledge production and dissemination remained weak and requires renewed focus.

II. INTRODUCTION

6. The Central Asia Regional Economic Cooperation (CAREC) Program is a practical, project-based and results-oriented initiative implemented by its ten partner countries and six supporting multilateral institutions.¹ The *Central Asia Regional Economic Cooperation Development Effectiveness Review 2010: Toward CAREC 2020 (2010 CAREC DEfR)* is the second annual performance assessment of the overall CAREC Program. The *Introduction to the CAREC Program Development Effectiveness Review: Building the Baseline 2009 (2009 CAREC DEfR)* introduced the concept of analyzing the 32 aggregated performance indicators of the CAREC results framework (Figure 1), in order to present an annual consolidated picture of progress toward the goals and objectives of CAREC's *Comprehensive Action Plan (CAP)*.²



7. The DEfR process aims to highlight achievements made during the previous calendar year, as well as the issues and challenges faced by the CAREC partnership. The *2010 CAREC DEfR* presents the second cycle of data and results for the overall program: as such it begins a process of comparative year-on-year analysis, highlighting which results have improved and which have deteriorated since the first cycle laid out in the *2009 CAREC DEfR*. It does not,

¹ The 10 country partners comprise: Afghanistan, Azerbaijan, the People's Republic of China, Kazakhstan, the Kyrgyz Republic, Mongolia, Pakistan, Tajikistan, Turkmenistan, and Uzbekistan; the six multilateral institutions are the Asian Development Bank, European Bank for Reconstruction and Development, International Monetary Fund, Islamic Development Bank, United Nations Development Programme, and the World Bank.

² CAREC Secretariat. 2006. *Comprehensive Action Plan*. Manila.

however, show *trends* in data—these will become apparent only after 3-4 years of the DEfR process and will bring significantly greater understanding to the achievements of the CAREC Program, as well as to persistent and emerging challenges.

8. Further, the DEfR process is the only strategic document that unites the diverse components of the CAREC program—the project-based sectors, the policy-focused capacity building activities, and the production and dissemination of knowledge. It is a tool to examine how the main component parts both complement and support each other, and also how they can fall short in maximizing their impact. It is an action-oriented process wherein every annual DEfR will propose specific measures to strengthen and, as necessary, accelerate implementation of CAREC projects and activities.

9. The need to more fully understand the strengths and challenges of the CAREC Program became all the more important in 2010, with the expansion of the partnership to include Pakistan and Turkmenistan. An in-depth understanding of how CAREC works will assist the partners in making informed strategic decisions to strengthen and advance the goals of the program.

10. The *2009 CAREC DEfR* began the process of monitoring the CAP by creating a results framework and baseline from which future progress or regression can be measured (Figure 1). The 32 indicators selected in 2009-2010 for inclusion in the results framework collect data at three levels that function as inter-dependent building blocks. Starting at the base of the results framework, the indicators at Level 3—operational and organizational effectiveness—examine financial and knowledge-based contributions (*inputs*) to the CAREC Program. The transformation of these inputs into projects and activities is tracked at Level 2 through specific indicators that monitor the tangible results of implementation (*outputs*: how kilometers of roads and transmission lines have been built, for example, and how much more open the trade regimes of the CAREC countries have become). Finally, Level 1 provides a broad-stroke context of national-level development progress (*development outcomes*) to which CAREC outputs aim to contribute, together with the work of every national government and many other development partners.

11. The results framework is based on the premise of practicality and flexibility. The indicators will be reviewed regularly and adjusted or changed as the CAREC Program matures and implementation priorities evolve. Baseline data are likewise subject to change as new data becomes available, and/or adjustments are made to indicators. This is especially pertinent given the development in 2010 of the commemorative study *CAREC: Ten Years of Cooperation and Moving Forward*, a critical stock-take of achievement under CAREC from 2001-2010 that serves as a foundation document for *CAREC 2020: A Strategic Framework for the Central Asia Regional Economic Cooperation Program 2011-2020 (CAREC 2020)*.

12. *CAREC 2020* will promote greater alignment of national development priorities and agendas with the goals and objectives of the CAREC Program over the second decade of CAREC's evolution. A list of medium-term prioritized projects (MTPP) in the implementing sectors will be identified to underpin *CAREC 2020*.

13. In order for the results framework to monitor *CAREC 2020* effectively, it will be necessary to re-visit the original results framework of 2009 to (i) re-validate, adjust or change indicators as required; (ii) re-set baselines and targets; and (iii) identify intermediate outcome level indicators that begin to track more direct linkages of how CAREC outputs contribute to national and regional development outcome goals. The CAREC Secretariat—together with all relevant stakeholders—will conduct this review process during 2011, in step with further development and finalization of the *CAREC 2020* strategic framework.

III. ACTIONS

14. The *CAREC DEfR* seeks to be an action-oriented living document: it aims to function both as a monitoring tool for the effectiveness of the CAREC Program and as a platform from which to initiate specific priority actions going forward.

15. As a result of the re-scheduling of the DEfR process—agreed by the CAREC stakeholders during the Ninth Ministerial Conference held in Cebu, 2010—the current DEfR report appears only six months after the *2009 CAREC DEfR*. Importantly, this has meant that the technical sectors, the CAREC Secretariat and other relevant entities have not been able to address all endorsed Actions set out in the *2009 CAREC DEfR*. It has also created challenges in terms of new data collection at all levels of the results framework. Consequently, measures have yet to be initiated to address several of the 2009 DEfR Actions. Table 2 summarizes the current status of DEfR proposed Actions.

16. In recognition of the importance of the DEfR proposed actions, the Actions section is placed immediately after the Introduction in the DEfR document. In the main body of the text, proposed actions will be shown in **bold type-face**, and a short section at the end of each level of the results framework will summarize the actions proposed in that section of the DEfR.

17. **The 2010 CAREC DEfR proposes that all technical sector coordinating committees, the CAREC Secretariat and other relevant entities introduce discussion of the DEfR proposed Actions into the agenda items of their regular meetings.**

Table 2: Actions Proposed under the DEfR Process, 2009-2010

Actions Proposed in DEfR	Lead Responsibility	Measures Taken / Initiated	Action Status
LEVEL 1: CAREC REGION DEVELOPMENT OUTCOMES			
1. Adjust selected indicators under the gross domestic product, trade, and business environment category.	CAREC Secretariat	Completed; indicators added/replaced.	Completed.
2. Identify comparable Level 1 data sources for subnational data for People's Republic of China.	CAREC Secretariat	No action to date.	To initiate.
3. Identify intermediate outcome indicators to monitor implementation of <i>CAREC 2020</i> .	CAREC Secretariat	Ongoing.	Continue.
4. Explore options to source updated poverty data.	CAREC Secretariat	Not applicable.	NEW ACTION.
LEVEL 2: PRIORITY SECTOR OUTPUTS			
Transport and Trade Facilitation			
1. Continue refinement of data monitoring and collection systems in context of the <i>CAREC 2020</i> medium-term priority projects list (MTPP).	Transport Sector Coordinating Committee (TSCC).	Ongoing.	Continue, in line with development of MTPP.
2. Identify targets for planned outputs, in line with MTPP, for both transport and trade facilitation components.	TSCC (transport). Customs Cooperation Committee (CCC) (trade facilitation). National Joint Transport and Trade Facilitation Coordinating Committee (NJC) (trade facilitation).	No action to date.	To initiate, in line with development of MTPP.

3.	Establish baseline for indicator “costs incurred to travel corridor section (\$)”.	CCC. NJC. CAREC Federation of Carrier and Forwarder Associations (CFCFA).	Completed: new baseline established.	Completed.
4.	Modify indicator, “costs incurred to travel corridor section (\$)”, perhaps in the form of a ratio, for inter-temporal comparison.	CCC. NJC. CFCFA.	Not applicable.	NEW ACTION.
5.	Include discussion of DEfR priority Actions in sector coordinating committee meetings.	TSCC. CCC. NJC. CFCFA	Not applicable.	NEW ACTION.

Trade Policy

6.	Investigate options to support more active participation by partners in the Trade Policy monitoring questionnaire and timely submission of responses.	Trade Policy Coordinating Committee (TPCC).	No action to date.	To initiate.
7.	Include discussion of DEfR priority Actions in sector coordinating committee meetings.	TPCC.	Not applicable.	NEW ACTION.

Energy

8.	Develop monitoring and data systems to ensure alignment with <i>CAREC 2020</i> and the CAREC MTPP.	Energy Sector Coordinating Committee (ESCC).	No action to date.	To initiate, in line with development of Regional Energy Master Plan
9.	Consider whether the current indicators remain relevant to the energy MTPP, or whether adjustment or change is desirable in order to better capture the outputs of the energy sector.	ESCC.	Not applicable.	NEW ACTION
10.	Include discussion of DEfR priority Actions in sector coordinating committee meetings.	ESCC.	Not applicable.	NEW ACTION.

LEVEL 3: OPERATIONAL AND ORGANIZATIONAL EFFECTIVENESS

1.	Develop the current CAREC project portfolio database to ensure inclusion of more comprehensive investments and technical assistance data.	CAREC Secretariat.	Limited action.	Ongoing, to continue in line with development of CAREC MTPP.
2.	Develop comparable and practical indicator to measure CAREC's financing gap.	CAREC Secretariat.	No action to date.	To initiate, in line with development of CAREC MTPP.
3.	Develop a CAREC external relations plan.	CAREC Secretariat.	Ongoing.	Ongoing; for approval 3 rd quarter 2011.
4.	Build an appropriate knowledge production and dissemination indicator.	CAREC Secretariat. CAREC Institute.	No action to date.	To initiate.
5.	Strengthen capacity of the CAREC Institute to coordinate relevant training and capacity building across all components of the program.	CAREC Secretariat. CAREC Institute.	Ongoing.	Ongoing.
6.	Accelerate upgrading of the CAREC website.	CAREC Secretariat. CAREC Web Team.	Not applicable.	NEW ACTION.
7.	Identify priority publication and outreach needs of technical sectors.	CAREC Secretariat. CAREC Institute.	Not applicable.	NEW ACTION.
8.	Expand media monitoring systems to include non-English sources.	CAREC Secretariat.	Not applicable.	NEW ACTION.

CAREC = Central Asia Regional Economic Cooperation; CCC = Customs Cooperation Committee; ESCC = Energy Sector Coordinating Committee; MTPP = medium-term priority project list; TPCC = Trade Policy Coordinating Committee; TSCC = Transport Sector Coordinating Committee.

Note: Numbered Actions shaded blue are those introduced under the *2010 CAREC DEfR*.

IV. LEVEL 1: CAREC REGION DEVELOPMENT OUTCOMES

18. Macro-level development outcomes impact the ability of the CAREC countries to achieve economic growth and further the goals of poverty reduction, both at national and regional levels. Accordingly, the results framework tracks indicators at this level that reflect desired medium-term priority objectives of the program. Indicators fall under two groupings: poverty reduction and human development; and economic progress—gross domestic product (GDP), trade, and business environment.

19. The CAREC Secretariat is responsible for data collection and analysis at Level 1, using data from established international database systems. In 2010, the United Nations' Development Programme (UNDP) revised its computation methodology for one of the primary databases used at Level 1—the composite Human Development Index (HDI). Although retrospective re-calculation was applied to the HDI back to 1990, revisions were not applied to available subnational HDI data. Consequently, the DEfR process is no longer able to include data for either the Xinjiang Uygur Autonomous Region (XUAR) or the Inner Mongolia Autonomous Region (IMAR). **The CAREC Secretariat should accelerate efforts to identify relevant data sources for both XUAR and IMAR and present a more complete picture of Level 1 outcomes under the 2011 CAREC DEfR process.**

20. In addition to identifying subnational data sources at Level 1, and in line with the development of the *CAREC 2020* strategic framework during 2010-2011, **the CAREC Secretariat should also work, in close collaboration with all partners to identify indicators, data collection, and analysis methodologies that will effectively monitor implementation of CAREC 2020 and its enhanced strategic objectives.** There will be specific focus will be on starting to build credible and appropriate linkages between CAREC priority sector outputs and intermediate macro-level development outcomes.

A. Poverty Reduction and Human Development (Table 3)

21. The CAREC results framework tracks poverty reduction and human development through three sets of data: first, a variant of the familiar Millennium Development Goal (MDG) measure of extreme poverty—"proportion of people living on less than \$1.25 a day"—adjusted to more appropriately represent current poverty levels in the CAREC region.³ However, given the limitations of current global poverty indicators and data collection, data for this indicator as measured by the World Bank's PovcalNet are not updated on a regular basis.⁴ **options should be explored to identify sources of more frequently updated poverty data.**

22. The CAREC DEfR process also relies on UNDP's composite HDI to measure a broader spectrum of human development. For 2010 data, the HDI modified the indicators used and aggregation methodology applied to its three basic dimensions of (i) a long and healthy life, (ii) knowledge, and (iii) a decent standard of living.⁵ The most significant adjustment is in the knowledge dimension, which now measures the mean years of schooling a child receives (instead of the adult literacy rate), together with expected years of schooling (instead of the

³ As explained in the *2009 CAREC DEfR*, five CAREC countries (Azerbaijan, Kazakhstan, the Kyrgyz Republic, Mongolia, and Tajikistan) had been classified as early achievers by 2009, so the CAREC results framework chose to use the next level of income poverty measurement for which data is systematically collected: population living below \$2 a day. Appendix 3 presents a comprehensive picture of progress made by the CAREC region toward achievement of the MDGs and projected estimates of which targets will be met by 2015.

⁴ Limitations include (i) the availability of poverty data only with a considerable time-lag because of the time and resource challenges of conducting effective poverty analysis; (ii) the capacity of the relevant country's monitoring and statistical systems; and (iii) the difficulties of establishing internationally comparable standards and norms.

⁵ The full report (UNDP. 2010. *Human Development Report 2010. Anniversary Edition. The Real Wealth of Nations: Pathways to Human Development*. New York), and explanation of revised computations is available at http://hdr.undp.org/en/media/HDR_2010_EN_Complete_reprint.pdf

gross enrolment ratio), or in other words, the years of schooling that a child can expect to receive given current enrolment rates. This adjustment allows qualitative assessment as well as quantitative. In addition, a decent standard of living is now tracked through gross national income (GNI) per capita—instead of gross domestic product (GDP) per capita—in order to include international remittances and aid flows.

23. The final indicator in this section is UNDP's Gender Inequality Index (GII), which in 2010 replaced the Gender-related Development Index. The GII aims to highlight how human development achievements can be eroded by gender inequality, and to provide empirical foundations for policy analysis and advocacy efforts. It is a composite indicator that assesses inequality in achievements between women and men in three dimensions: (i) reproductive health (measured through maternal mortality ratio and the adolescent fertility rate); (ii) empowerment (measured through the share of parliamentary seats held by each sex and by secondary and higher education attainment levels); and (iii) the labor market (measured through women's participation in the work force). With scores ranging between zero, where inequality does not affect men or women's achievement, and one, where men or women fare poorly compared to one other in all dimensions.

Table 3: Level 1—Poverty and Human Development

Indicator	Indicative Target	Baseline Year	Baseline Value	2009/Latest Value	Progress
1. Population living on less than \$2 a day (%)	↓	2002	52.3 ^a	42.4 ^{a,b}	
2. Human Development Index	↑	2000	0.507	0.599 ^c	
3. Gender-Related Development Index	↑	2008	0.577 ^d	...	...

^a No data for Afghanistan.

^b 2005 data.

^c 2010 data.

^d No data for Uzbekistan.

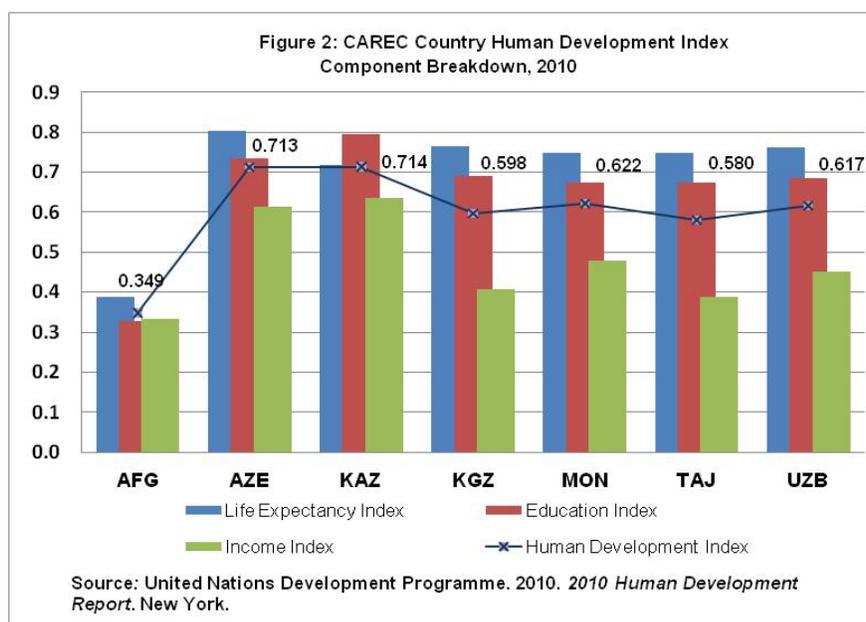
Notes: Comparable subnational data for Xinjiang Uygur Autonomous Region and Inner Mongolia Autonomous Region are not available.

Sources: World Bank. PovcalNet Online Database for indicator 1; United Nations Development Programme. 2011. *Human Development Report 2010*. New York, for indicators 2 and 3.

24. There has been no update on poverty data since the 2009 CAREC DEIR (Table 3). This means that available statistics still do not reflect the initial impact of either the global financial crisis that began in 2008, or of the fluctuating energy and food prices of 2008-2010. Although these impacts are likely to vary from country to country, all MDG measures of poverty are likely to be adversely affected.

25. In light of the revised computation methodology in 2010, Table 3 presents a new aggregate baseline for the HDI, pegged at 2000. The 2010 CAREC subset average of 0.599 is broken down by the three component indexes of the HDI in Figure 2: the life expectancy index, the education index, and the income index. Out of the CAREC countries for which data are available, overall HDI scores were highest for Kazakhstan and Azerbaijan, while Afghanistan lagged considerably in each of the individual indexes. Disaggregating the three indexes, Kazakhstan and Azerbaijan still consistently lead the scores, although Kazakhstan dropped noticeably to sixth out of seventh place in the life expectancy index.

26. Under the income index, Kazakhstan and Azerbaijan unsurprisingly presented a strong lead over the other CAREC countries. Notably, the income index is pegged significantly lower than the life expectancy and educational indexes for four CAREC countries: the Kyrgyz Republic, Mongolia, Tajikistan, and Uzbekistan. Afghanistan shows minimal difference in value between the three indexes, and in the case of Azerbaijan and Kazakhstan, the difference in the income index vis-à-vis the other two indexes is relatively small.



27. A new baseline was also established for the GII in 2010, due to significant computation and methodology revisions. No retro-adjustment was carried out for the GII, however, so the figure 0.577 becomes the baseline against which future progress will be measured for the CAREC region average. It is worth noting that the average GII in 2010 for countries categorized as by the HDI “medium human development” was 0.591, and for countries categorized as “high human development”, the average was 0.571. In comparative terms, the CAREC region is already performing strongly. Out of the CAREC countries, Mongolia scored highest with 0.523, followed by Azerbaijan with a score of 0.533.

B. Gross Domestic Product, Trade and Business Environment (Table 4)

28. The second set of performance indicators at Level 1 is designed to monitor macroeconomic progress in growth, employment, trade, and the business environment. It aims to track the attainment of key strategic objectives in strengthening economic growth in member countries. Table 2 presents a list of macro indicators relevant to economic growth, and for which data can be collected through international databases.

29. In this section of the *2010 CAREC DEfR*, an indicator measuring “real GDP growth rate (%)” has been added as a key universal indicator of economic performance.⁶ Another addition is the “labor force participation rate (%)”:⁷ a standard indicator of the percentage of the working age population active in the labor market. The labor force participation rate replaces the indicator “employment to population ratio”.

30. Growth and prospects for regional cooperation are linked directly to trade openness and to the level and sophistication of export products in member countries. For this reason, in 2010

⁶ Definitions of indicators are presented in Appendix 2. In addition, the definitions for indicators introduced in 2010 are footnoted. “Real GDP growth rate (%)” is defined as the average annual growth of sum of value added by all resident producers in the economy plus any product taxes (less subsidies) not included in the valuation of output, calculated without making deductions for depreciation of fabricated capital assets for depletion and degradation of natural resources, expressed in purchasing power parity (PPP) US dollar terms.

⁷ The indicator “labor force participation” is defined as the percentage of the working-age population (ages 15-64) that actively engages in the labor market by either working or actively looking for work. Data are sourced from the World Bank’s World Development Indicators online database, April 2011.

the CAREC results framework introduced a macro-level indicator on “trade openness (%)”.⁸ Movement in foreign direct investment continues to be tracked, as does the quality of the business environment in CAREC countries, which affects growth by creating a level-playing field for the private sector to expand products and services and create new employment opportunities.

Table 4: Level 1—Gross Domestic Product, Trade and Business Environment

Indicator	Indicative Target	Baseline Year	Baseline Value	2008	2009 / Latest Value	Progress
1. GDP per capita PPP (constant 2005 international \$)	↑	2006	3,302	3,796	3,943	G
2. GDP PPP (constant 2005 international \$ billion)	↑	2006	53.9	63.2	67.5	G
3. Real GDP growth rate (%)	↑	2006	11.8 ^a	...	3.8 ^a	A
4. Labor force participation rate (%)	↑	2006	63.5	64.4	...	G
5. Women employed in nonagricultural sector (%)	↑	2006	48.6 ^{a,b}	51 ^{a,b,c}	...	G
6. Real growth in trade of goods and services (%)	↑	2006	12.1 ^d	...	(2.8) ^d	A
7. Trade openness (%)	↑	2006	0.8 ^{a,d}	...	0.9 ^{a,d}	G
8. Intraregional energy trade (GWh)	↑	2006	5,061	4,227	4,435	G
9. GDP per unit of energy use (2005 PPP \$ per kilogram of oil equivalent)	↑	2006	3.0 ^a	3.7 ^{a,c}	...	G
10. Foreign direct investment (% GDP)	↑	2006	4.3	6.3	5.9	A
11. Time required to start a business (days)	↓	2006	32 ^g	16 ^{e,g}	14 ^f	G
12. Cost of business start-up procedures (% GNI per capita)	↓	2006	27.4	11.7 ^e	12.4 ^f	A

... = data not available; () = negative; GDP = gross domestic product; GNI = gross domestic income; GWh = gigawatt hour; PPP = purchasing power parity.

^a No data for Afghanistan.

^b No data for Uzbekistan.

^c Includes 2007 data.

^d No data for Mongolia.

^e 2009 data.

^f 2010 data.

^g The change in the 2006 baseline and the 2009 value for this indicator (from 31 to 32, and 14 to 16, respectively) is because of upward adjustment of data that has become available since the 2009 CAREC DEIR through the online databases of *Doing Business*.

Notes: Comparable subnational data for Xinjiang Uygur Autonomous Region and Inner Mongolia Autonomous Region are not available for indicators in Table 2.

Sources: World Bank. World Development Indicators Online Database for indicators 1–5, 7, and 9–10; World Bank. World Trade Indicators Online Database for indicator 6; Central Dispatch Center, Tashkent, Uzbekistan, 2011, for indicator 8; IFC/World Bank Doing Business Online Database, for indicators 11 and 12.

31. The CAREC region has witnessed strong GDP growth in recent years, driven by robust performance in most CAREC countries including Uzbekistan, Kazakhstan, Mongolia, and Azerbaijan. This has resulted in a significant increase in GDP per capita in the CAREC region, which on a purchasing power parity basis, expanded by an average of 19% between 2006 and 2009. For example, Azerbaijan continued with very robust GDP per capita growth (44%), and was joined by Afghanistan, showing a 36% rise over 2006–2009, and an even stronger year-on-

⁸ The indicator for “trade openness” is a computed ratio, defined as the sum of exports and imports as a percentage of GDP (all in constant 2005 \$). Data are sourced from the World Bank’s World Development Indicators online database, April 2011.

year growth of 38% from 2008-2009. Afghanistan's strong GDP performance is attributable to exceptionally high growth in the agriculture sector; and the still relative low base of Afghanistan's economy which can magnify relatively small absolute increases to relatively large percentage increases over the base year.

32. As over 2006-2008, Kazakhstan's per capita GDP again grew at the slowest rate of the CAREC countries over the period 2008-2009, yet it easily maintained the highest nominal annual GDP per capita among the group (\$1,709: at constant 2005 US \$). The average GDP per capita in the CAREC region remains at less than 15% of that in European Union countries and at just under 40% of Europe and Central Asia regional averages.⁹

33. The new indicator on labor force participation rate pegged the average rate at which the population of the CAREC region was actively engaged in the labor market in 2009 at 64% of the total population aged 15 and above. For the indicator "women employed in non-agricultural sector", there has been no new data since the *2009 CAREC DEF*.

34. Pre-independence, electric trade between the five Central Asian Republics was actively pursued and by 1990 had reached an annual volume of over 25,000 gigawatt-hours (GWh). Since independence, the Central Asian countries have pursued a policy of energy security and self-sufficiency. In 2003, the Turkmenistan electric system was disconnected from the interconnected Central Asian Power System and in 2009, the Tajikistan system was disconnected. In 2010, only Kazakhstan, Kyrgyz Republic and Uzbekistan electric systems operated in interconnected mode. This reduction in interconnection combined with energy self-sufficiency policy explains the fall of intraregional trade to 4,435 GWh in 2009. On the other hand, the construction of transmission lines and active electric trade in 2010 between Uzbekistan and Afghanistan can in general be attributed to successes under the CAREC Program.

35. No new data was available in 2010 for the indicator on "ratio of GDP per unit of energy use".

36. The trade openness indicator in CAREC in Table 2 shows some improvement from the 2006 baseline to the latest 2009 value, with the aggregate sum rising from 0.8% to 0.9% of GDP. There are, however, important variations among the constituent countries. While the exporting economies rich in natural resources stand at 0.23% for Azerbaijan and 0.42% for Kazakhstan, CAREC countries that do not trade significant natural resources perform far less robustly, with for example the Kyrgyz Republic and Tajikistan reflecting figures of 0.03% and 0.04%, respectively.

37. Foreign direct investment (FDI) rose in the CAREC region from 4.3% of GDP to 5.9% of GDP over 4 years, 2006–2009. The fact that 2008 saw a slightly higher increase to 6.3% of GDP suggests that the minor decline in 2009 may reflect some impact of the global financial crisis. Cumulatively, however, the trend over this 4-year period remains positive. In comparative terms, FDI in Europe and Central Asia stood at 3.3% of GDP in 2009, and South Asia at 2.3% of GDP.

38. According to the World Bank and International Finance Corporation's annual *Doing Business* database, the private sector business enabling environment in the CAREC region continued to improve in 2010: the average number of days necessary to start a business dropped to 14, from 16 in 2009. In broad comparative terms, the average time to start a business for the wider Eastern Europe and Central Asia region in 2010 stood at 16 days, and for

⁹ Regional groupings are defined in Appendix 3.2.

the South Asia region at 25 days.¹⁰ Gains within the CAREC countries have not been equal, however: while Tajikistan saw the greatest year-on-year improvement of nearly 30% and Azerbaijan 20%, three countries showed no change over 2009 (Afghanistan, Mongolia, and Uzbekistan).

39. The average cost to start a new business remained static for 2010, at 12% of gross national income (GNI). As in the indicator tracking time necessary to start a business, a minority of the CAREC countries recorded improvement over 2009: Kazakhstan and Afghanistan showed the strongest performance, decreasing by almost 4 percentage point, while Tajikistan showed a 13 percentage point increase in the cost to start a business in 2010. The 12% of GNI average cost for the CAREC countries contrasted with an average 9% of GNI for the Eastern Europe and Central Asia region, and 25% of GNI for the South Asia grouping.

C. Proposed Actions for Level 1

40. The CAREC Secretariat should, together with all relevant CAREC partners,
- (i) identify data sources for comparable sub-national data for IMAR and XUAR, PRC;
 - (ii) begin to identify, in collaboration with all relevant partners, appropriate adjustments to the results framework to provide better linkage between CAREC sector outputs at Level 2, and macro-level progress in the region;
 - (iii) explore options to identify sources of regularly updated poverty data.

V. LEVEL 2: CAREC PRIORITY SECTOR OUTPUTS

41. Level 2 tracks the most vital data for the overall CAREC results framework and is the heart of the DEfR process. The outputs delivered through CAREC-related projects and other activities of the priority sectors are reported on and analyzed at this level in an attempt to assess more broadly how the program is making progress in achieving the goals and objectives laid out in the CAP. Outputs are measured and reported on in far greater detail within individual sectors as well, but the aim of the overall results framework is to better understand the wider spectrum of all CAREC outputs as a whole. Only when the composite picture is clear can an assessment of CAREC's contribution to Level 1 development outcomes be attempted.¹¹ Building such linkages remains for the present a longer-term objective of Level 2.

42. The identified indicators at Level 2 seek to capture the latest practical measure of progress in each of the CAREC priority sectors: transport and trade facilitation, trade policy, and energy. They are quantifiable and attempt to reflect wherever possible a majority of project activity, although this is not always possible. As the CAREC DEfR process goes forward, indicators and baselines will be adjusted to reflect evolving strategic goals and approaches of these sectors.

¹⁰ This is not an absolute comparative as the CAREC region includes Afghanistan and Mongolia, which are included in the *Doing Business* subset for South Asia (Afghanistan) and East Asia and the Pacific (Mongolia). Regional groupings are defined in Appendix 3.2.

¹¹ Outcomes at the macro-level are shaped by many factors, and any one project or program makes only a partial contribution—CAREC outputs alone cannot be credited with improvement in Level 1 outcome indicators. The necessary constraints of attribution dictate caution in creating direct linkages between specific project outputs and improvement or decline in macro-level outcomes.

A. Transport and Trade Facilitation Sectors

1. Strategic Approach

43. To strengthen effective cooperation and interaction between transport and trade facilitation components, the CAREC Transport Sector Coordinating Committee (TSCC) and the Customs Cooperation Committee (CCC) implement a joint Transport and Trade Facilitation Strategy (TTFS).¹² The overarching goals of the TTFS are to (i) establish competitive corridors across the CAREC region; (ii) facilitate efficient movement of people and goods through CAREC corridors and across borders; and (iii) develop sustainable, safe, user-friendly transport and trade networks. The consolidated strategic approach of the TTFS maximizes the benefits accruing from investment and technical assistance projects and seeks to increase CAREC's competitiveness in intraregional and international trade.

2. Transport and Trade Facilitation Indicators (Table 5)

44. The transport and trade facilitation sectors are represented in the overall CAREC results framework by six indicators. Physical progress in hard infrastructure development is monitored through two indicators that demonstrate tangible progress in infrastructure connectivity throughout the CAREC region: "expressways or national highways built or improved (km)" and the "proportion of total CAREC road corridor built or improved (%)". Four separate indicators track the soft side of trade facilitation initiatives: "time taken to clear a border crossing (hours)", "costs incurred at a border crossing clearance (\$)", "speed to travel 500 km on CAREC corridor section (km per hour)", and "costs incurred to travel corridor section (\$)".

45. Results for 2010 show positive improvement over results for 2009 in the two transport indicators and they are, accordingly, rated "green". Three out of the four trade facilitation intermediate outcome indicators showed negative movement over 2009 data, however, and they are shown as "amber" (i.e. progress for this indicator has stalled). It should be clearly understood that data for trade facilitation reflects a significantly broader performance update than project-specific output indicators for the other CAREC priority sectors: progress or regression of the four trade facilitation indicators is a result of the activities of many actors including the CAREC governments, the CAREC multilateral institution partners, and other development partners.

46. Significant steps were taken in 2010 by both the transport and trade facilitation sectors to improve the quality of indicators and/or the accuracy of data submitted to the CAREC results framework. For example, the data monitoring and collection systems for hard infrastructure have been expanded and developed to track disbursement rates and contract awards. **Refinement of these systems should continue throughout the process of identifying priority projects for inclusion in the CAREC MTPP being prepared in support of the CAREC 2020 strategic framework.**

47. **Additionally, the TSCC, the CCC, CFCFA, and NJC should include discussion of DEfR proposed Actions in their respective sector coordinating committee meetings, in order to address pertinent issues.**

48. The methodology for estimation of the four CPMM-monitored trade facilitation indicators underwent considerable adjustment in 2010 due to inconsistencies identified in the initial method. In particular, the 2009 baselines were re-calculated applying the revised methodology that will henceforth yield more robust and comparable results (specific details of methodological

¹² Endorsed at the Sixth CAREC Ministerial Conference in 2007. The Implementation Action Plan (Action Plan) for the TTFS was endorsed at the Seventh CAREC Ministerial Conference in 2008.

changes are outlined in Appendix 4). CPMM data is now retained in a centralized database and will be made accessible to CAREC partners in the second half of 2011.

49. As noted in the *2009 CAREC DEfR*, data for the four trade facilitation indicators is collected by the CAREC Federation of Carrier and Forwarder Associations (CFCFA), established in 2009 as a unified platform for private-sector trade and transport companies to assist CAREC partners implement the TTFS and Action Plan. In 2010, the CFCFA worked to strengthen their capacity to effectively represent the private sector within CAREC: it ratified the CFCFA Constitution, elected officials, and identified a 2010-2011 work plan.

50. In 2011, data will be further expanded by introducing the use of time-release studies (TRS) by the Customs Coordinating Committee at selected border crossing points (BCPs).¹³ The TRS is expected to provide detailed information on BCP activities and assist the country in initiating actions to remove key bottlenecks.

Table 5: Level 2—Transport and Trade Facilitation Sector Outputs

Indicator	Indicative Target	Baseline Year	Baseline Value	2009	2010	Progress
Expressways or national highways built or improved (km)	↑	2008	196	791	1,078	G
Proportion of total CAREC road corridor built or improved (%)	↑	2008	2	10	13	G
Time taken to clear a border crossing (hours)	↓	2009	11	...	13	A
Costs incurred at a border crossing clearance (\$)	↓	2009	282	...	278	G
Speed to travel 500 km on CAREC corridor section (km per hour) ^a	↑	2009	20	...	17	A
Costs incurred to travel corridor section (\$)	↓	2009	873	...	1,248	A

CAREC = Central Asia Regional Economic Cooperation; km = kilometer.

^a Speed is measured here "with delays" for a 20-ton truck or a 20-foot equivalent unit container (Appendix 4).

Sources: Transport and Trade Facilitation Coordinating Committee, Country Progress Reports for transport indicators; and CAREC Corridor Performance Measurement and Monitoring Quarterly and Annual Reports, 2009-2010, for trade facilitation indicators.

51. Considerable progress was seen in 2010 for the two indicators that monitor hard infrastructure transport initiatives. A total 1,078 km of expressways or national highways were recorded built or improved, representing 13% of the total 8,352 km of CAREC corridor identified in the TTFS as requiring improvement. Output data for 2010 also reflects a 36% increase on output seen for this indicator in 2009. These data relate to 13 ongoing projects along all 6 CAREC corridors.

52. Cumulative infrastructure improvements since 2008 along the corridors amounted to over 2,000 km, or 25% of the total corridor to be built or improved.

53. In the case of trade facilitation results, comparative analysis of the revised 2009 baseline data and results for 2010 recorded negative movement for three out of the four indicators. However, caution is needed when comparing 2010 and 2009 results: the CPMM only commenced operations in 2009 and several aspects of data collection and reporting required improvement. For example, in 2010, more associations in CFCFA participated in the CPMM and many more data were collected: 4,062 sample observations were collected over 12 months in 2010, compared to 2,627 samples from April to December in 2009. The quality of data collection and reporting are also improved in 2010.

¹³ The TRS approach uses the World Customs Organization methodology.

54. Improvement in 2010 was seen in the indicator for the average costs incurred at a border crossing point (BCP), which dropped by 1.5%, from \$282 in 2009 to \$278 in 2010.¹⁴ On the individual corridor level, Corridor 4 experienced a very significant drop of 44% in the average cost of clearing a BCP—but at the same time, Corridor 2 saw an even steeper increase of 45%.

55. The modest gains experienced in the lower cost of clearing BCPs in 2010 were offset, however, by an increase in the time needed to physically cross the BCP: this took on average two hours longer than in 2009. In fact, data for 2010 showed an increase in clearing time for all border crossings. Corridors 1 and 3 saw a drastic increase in border crossing time: the Khorgos BCP on Corridor 1, for example, had recorded in 2009 that 1-2 hours was required for each border crossing activity such as customs clearance, loading/unloading, and waiting in line. In 2010, each of those activities averaged 4 to 9 hours to complete. The Konysbaeva-Yallama BCP along Corridor 3 also reported an increase in border crossing time. Drivers were frustrated at the erratic opening and closing of the Yallama border, which created long queues at the BCP. Waiting time increased from 9 hours in 2009 to 13 hours in 2010, and as nearby BCPs were also closed, drivers had no choice but to wait in line to cross the Kazakhstan-Uzbekistan border.

56. The increased time spent at BCPs also contributed to about 15% slower traveling time along corridor sections in 2010, as measured by the third trade facilitation indicator. Moreover, the cost was more than 40% higher than in 2009. While most corridors registered varying degrees of increase, Corridor 1 registered the most significant (220%), and Corridor 3 showed the least (4%). The large increase in Corridor 1 can be attributed to different reasons, namely unofficial payments (especially to ecological checkpoints, the state automobile inspectorate, police checkpoints, border security control, and weight inspection), higher drivers' wages and petrol costs. All these factors increased the vehicle operating cost for drivers and therefore impacted the "costs incurred to travel Corridor section" indicator.

57. As noted above, the indicator measuring the average speed of travel along open corridor sections was adjusted in 2010 to record speed "with delays".¹⁵ "Speed without delay" is generally 50% higher. The objective of trade facilitation work is to remove and reduce those delays either at BCPs or along corridors so that the benefits of better transport infrastructure can fully materialize. On the individual corridor level, Corridor 5 recorded the best "speed with delay" at 19.7 kilometers per hour (km/h), while Corridor 4 had the lowest "speed with delay" at 12.5 km/h. For Corridor 5, data showed that most border crossing at PRC, Tajikistan and Afghanistan BCPs are relatively hassle-free. The main bottleneck occurred at Yierjeshitan-Erkechtam on the PRC-Kyrgyz border. Corridor 4 has the lowest speed because of multiple border crossing delays: for instance, vehicles at Zamyn-Uud and Erlian need 9 hours on average for loading/unloading because of weak handling capacity at the BCPs. Furthermore, mountainous sections of Corridor 4 make for hazardous and slow travel, especially in winter conditions, and where the road is barely wide enough for two-way carriage.

58. Decreasing the time and costs to clear border crossing points is at the heart of CAREC trade facilitation activities and, in line with the Transport and Trade Facilitation Strategy, one essential component of this process is supporting the free movement of people and goods. At the end of 2010 and following four rounds of negotiations, the Kyrgyz Republic and Tajikistan signed the "Agreement on the Cross-Border Transport of Persons, Vehicles, and Goods within the framework of CAREC" (CBTA). This transport facilitation accord will ease transnational

¹⁴ It is important to note that CPMM data reflects time taken to clear one BCP only: thus, when a vehicle crosses from country A to country B, it must clear two BCPs, which in real terms doubles the average time and costs.

¹⁵ The CPMM measures (i) "speed with delays", which includes stoppage time for customs clearance, inspection, immigration, and stoppage caused by police checkpoints and State Automobile Inspectorate activities that occur along a transit route; and (ii) "speed without delay", defined as the traveling speed when the vehicle is in motion, without taking into account stoppage time, such as border crossing activities.

movement of goods and people along the CAREC corridors, principally by improving conditions for (i) transport operations to cross international borders and (ii) international transit movement.

59. In broad terms, the CBTA aims to expedite cross-border movement of goods and people by (i) reducing or eliminating transshipment and transit traffic costs; (ii) speeding up border crossing times through implementation of single-stop and single-window inspection; (iii) streamlining documentation and procedures to reduce transport costs; (iv) liberalizing visa regimes, especially for people engaged in transport operations. Initial implementation of the CBTA aims to provide a demonstration effect on the efficacy of the Agreement, as well as help identify possible refinements that would make it more effective. In the case of the Kyrgyz Republic and Tajikistan, the geographic scope of the CBTA is CAREC Corridor 5. However, to realize the intended full benefits of the CBTA to all countries along CAREC Corridor 5, it remains open to new signatories: both Afghanistan and Pakistan have indicated interest to accede into the Agreement.

3. Contribution of Transport and Trade Facilitation Sector Outputs to CAREC Outcomes

60. Given that the sector outputs tracked by the CAREC results framework contribute in part to the program's broader objective to impact positively on the lives of people in the CAREC region, it is important to remain alert to the longer-term nature of infrastructure impact. Time is needed post-completion for the effects of infrastructure projects to take hold. As a step towards understanding the longer-term impacts (positive or negative) of CAREC-related implementation in this sector, the CAREC DEfR process augments the purely quantitative indicators of annual progress with project assessments issued in the year of review.¹⁶ These assessments comprise both quantitative data and qualitative information, thereby allowing a broader analysis of the project's success in helping improve the quality of life for the people of the CAREC region.

61. In 2010, three assessments contributed toward this broader picture of results. For example, a project completion report for the Dushanbe-Kyrgyz Border Road Rehabilitation Project (Phase 1) in Tajikistan,¹⁷ forming part of CAREC Corridors 3 and 5, included in its outputs the rehabilitation of 140 km of main road, and 78 km of rural roads. Monitoring and evaluation surveys showed a substantial increase in traffic (about 20% per annum on average) on the project road, especially in 2007–2008. On one rehabilitated road section, cars now travel at an average speed of 60–80 km per hour (km/h), compared with 30–40 km/h on the un-rehabilitated section: traveling time from Dushanbe to Fayzobod decreased to about 40 minutes compared with 1.5 hours before the project. Private car ownership and transport services have grown rapidly. About 86.7% of the households interviewed during the survey considered that their living conditions had improved since the project was completed, and 89.9% of them considered that the project contributed to the improvement of their life. However, the assessment did not show a sharp increase in international traffic, possibly because other sections of the corridor remain under rehabilitation. Generally, long-distance traffic shows a sharp increase only after the whole corridor is improved.

62. Another completion report for the Third Xinjiang Highway Project along CAREC Corridor 1b in the People's Republic of China,¹⁸ described the intended outputs as (i) construction of the

¹⁶ These assessments include project completion reports, project validations, and project performance evaluations, and are issued by the relevant multilateral institution partner and their independent evaluation departments. In general, the longer the time elapsed since project completion, the more comprehensive the assessment becomes regarding issues of sustainability and positive or negative outcome.

¹⁷ ADB. 2010. *Completion Report for the Tajikistan: Dushanbe-Kyrgyz Border Road Rehabilitation Project (Phase 1)*. Manila.

¹⁸ World Bank. 2010. *Implementation Completion and Results Report for the Third Xinjiang Highway Project*. Washington, DC.

312 km Kuitun-Sailimuhu Highway, the main trunk line of Xinjiang and an important international link; (ii) rehabilitation of some 600 km of local roads to improve accessibility to poor areas; and (iii) institutional strengthening, studies, and provision of equipment. Post-project assessment shows increased mobility along the constructed road sections has improved conditions for trading, with average travel speeds rising by 100% and more. Stronger police enforcement of traffic safety has also reduced the rate of traffic accidents by 50% over a 5-year period.

63. A performance evaluation report released in 2010 for the Kyrgyz Republic's First, Second, and Third Road Rehabilitation Projects,¹⁹ confirmed the overall success of the three projects that connect CAREC Corridors 1, 2, and 3). It noted in particular the significantly reduced travel time between Bishkek and Osh (from 17 hours to 10 hours), and the improved movement of goods, people, and vehicles along a vital strategic corridor (with increased traffic of 4-6% per year). The rehabilitation of the road has given rise to new small-scale businesses and expanded and/or improved existing businesses in some road segments, and the greater road traffic has increased the number of guesthouses and gas stations along the route. However, this evaluation also questioned (i) the uncertainty of adequate onward maintenance of the road; and (ii) the safety regulations that ban large buses from operating on the route, thus limiting the efficiency of the country's transport system, and reducing the economic viability of the project. Recommendations for future action included (i) providing assistance to establish a sound road asset management system; (ii) revisiting the unfinished elements of the project's institutional reform agenda; and (iii) following up on the ban of bus services on the project road.

B. Trade Policy Sector

1. Strategic Approach

64. The CAREC Trade Policy Strategic Action Plan (TPSAP) envisages concrete policy actions to achieve its key objectives: (i) supporting World Trade Organization (WTO) accession; (ii) eliminating remaining quantitative restrictions on exports and imports; (iii) reducing and simplifying trade taxes; (iv) implementing capacity building activities to facilitate WTO accession and to improve the general institutional environment; and (v) reducing transit and border trade barriers.²⁰ Through these policy actions, the Trade Policy Coordinating Committee (TPCC) aims to help all CAREC countries adopt more open trade regimes, thus facilitating both intra- and interregional trade.

2. Trade Policy Indicator (Table 6)

65. Implementation of the TPSAP is monitored through a composite indicator—the CAREC Trade Liberalization Index (TLI). Based on a questionnaire-based monitoring mechanism designed jointly by the International Monetary Fund and the TPCC, the TLI tracks member countries' progress over the period 2009–2013 in (i) reducing or eliminating specific quantitative restrictions and tariffs, and (ii) simplifying tax regimes related to trade.

66. Based on data returned for 2010, the TLI recorded positive movement—even exceeding its 2010 target—and its rating is therefore “green”.

67. Based on member countries' responses to the questionnaire, Table 6 presents data for the TLI to year-end 2010. In the case of countries that did not submit responses for 2010, TLI calculations assumed no change from responses in 2009.

¹⁹ Independent Evaluation Department (Asian Development Bank). 2010. *Performance Evaluation Report for the Kyrgyz Republic: Road Rehabilitation Project, Second Road Rehabilitation Project, and Third Road Rehabilitation Project*. Manila.

²⁰ Trade Policy Coordinating Committee. 2008. *Trade Policy Strategic Action Plan for the Central Asia Regional Economic Cooperation Program*. Manila.

Table 6: Level 2—Trade Policy Sector Outputs

Indicator	Indicative Target	Baseline Year	Baseline Value	2010	2010 Target	2011 Target	Progress
CAREC Trade Liberalization Index	↑	2009	(1.8)	5.5	(3)	10	ⓐ

() = negative, CAREC = Central Asia Regional Economic Cooperation.
Source: Trade Policy Strategic Action Plan monitoring questionnaire, 2010.

68. Analysis shows that the CAREC countries continued to make good progress toward liberalizing their trade regimes in 2010, with the average TLI score improving from -1.8 at year-end 2009 to 5.5 in 2010. This surpasses the target of -3 set by the TPSAP for 2010—and even covers half of the ground toward the 2011 target. Disaggregated data indicate that the very strong performance of the Kyrgyz Republic in 2010 (scoring 15 points in the TLI), Tajikistan (10 points), and Afghanistan (7 points) bolstered the average. No country achieved all of the individual nine targets that comprise the TLI for 2010: the Kyrgyz Republic and Uzbekistan missed only one target, however, and Tajikistan missed only two.

69. It is possible that some of the improvement seen in 2010 is a result of the more complete reporting of achieved targets, rather than actual changes in the trade regimes. For example, measures that were scheduled to be implemented by year-end 2010 were not reported during 2010, even though in many cases they were already in place, because they were not included in the TLI questionnaire for year-end 2009.

70. Despite this, it is clear that many CAREC countries are on track to meet the 2011 targets and two countries—Kyrgyz Republic and Tajikistan—have already achieved them. The remaining key areas where more progress can be achieved are (i) further simplification of the tariff regimes (i.e. reduction of the number of tariff bands); and (ii) further reduction of the average tariffs in some countries.

71. As the CAREC countries continue to simplify, liberalize and open their trade regimes, as tracked partly through the TLI, they move closer to one of the TPSAP's key objectives—accession to the WTO. Several CAREC countries made progress in their WTO negotiation process in 2010 (Azerbaijan, Kazakhstan, Tajikistan), and Kazakhstan appears to be the closest to becoming the next CAREC country to join the WTO.

72. The potential impact of trade policy work under CAREC has a wider reach, however, than just WTO accession. In the aftermath of the global financial crisis, CAREC countries will face a more competitive trading environment. This means that their competitive edge must be sufficient to penetrate the new opportunities in rapidly growing developing countries. The existing TPSAP, which encompasses a wide range of measures to liberalize trade, remains highly relevant in this context. However, the TPSAP should be enhanced by measures aimed at improving the quality of institutions. In 2010, the TPCC completed a study on institutional impediments to trade in CAREC countries, which concluded that there is significant room for improvement in the institutional environment for trade. By the third quarter of 2011, the TPCC will begin compilation of a set of institutional indicators related to trade, which will be reported along with the TLI.

73. The TPCC should move to include discussion of DEfR proposed Actions in their routine sector coordinating committee meetings, in order to address pertinent issues.

C. Energy Sector

1. Strategic Approach

74. The *Strategy for Regional Cooperation in the Energy Sector of CAREC Countries* (Energy Strategy) seeks to ensure energy security, energy efficiency, and economic growth through energy trade.²¹ The Energy Strategy is supported by the CAREC Energy Action Plan Framework 2010–2013 (Energy Action Plan), which focuses initially on the Central Asian energy corridor.²²

75. During 2010, CAREC's Energy Sector Coordinating Committee (ESCC) continued implementation of the activities described in the Action Plan, clarifying and strengthening the strategic base of this sector. Specifically, two out of three diagnostic studies, initiated in late 2009, were completed and the first phase of the third study will be completed in 2011. These studies directly reflect the three pillars of the Energy Action Plan and will help further develop a shared understanding of opportunities for cooperation and action in this sector. The ESCC established three subcommittees in 2010 to design and conduct the studies concurrently.

76. The first diagnostic, aligned with Pillar 1—energy supply-demand balance and infrastructure constraints—defined the reasons behind the decline in energy trade in the four CAREC countries of the Central Asian energy corridor: (i) technical barriers; (ii) commercial barriers; and (iii) the lack of political will to participate in energy trading agreements. The study noted, among others, the vital need to address the non-physical aspects of the power sector, achieve adequate cost recovery, and attract private sector investment. It further recommended better coordination of specific international financing institution activities to avoid gaps and overlap in implementation, and highlighted several issues ranging from inadequate focus on regional energy infrastructure planning to financing gaps, and inappropriate industry structures.

77. The Pillar 1 diagnostics study led to the development and approval in 2010 of two ADB technical assistance projects to develop a regional power sector master plan for Afghanistan, Kazakhstan, Kyrgyz Republic, Tajikistan, and Uzbekistan, concurrently with a 20-year national power sector master plan for Afghanistan.²³ The regional master plan will add further definition to the strategic direction of the Energy Action Plan. Expected completion of the technical assistance projects is 2012.

78. The diagnostic study aligned with Pillar 2—regional dispatch and regulatory development—analyzed opportunities and challenges in the combined Central Asia power transmission grid operations. Key elements included (i) a specific diagnostic of the Central Asia power system (participants, flows, protocols, charges and settlements, and intra-regional trade); (ii) comparative economic impact assessment of isolated (i.e. unilateral) *versus* joint operations in the energy sector; and (iii) identification of immediate opportunities to improve the combined grid operations. The main recommendation coming out of the study was to focus on re-building the confidence of CAPS members in the benefit of joint operations, acknowledging that this will require mitigation of any negative effects of joint operations. Various prioritized short-, medium-,

²¹ Energy Sector Coordinating Committee. 2008. *Strategy for Regional Cooperation in the Energy Sector of CAREC Countries*. Manila. This strategy was endorsed at the 2008 CAREC Ministerial Conference, Baku, Azerbaijan, and is available at <http://www.carecinstitute.org/uploads/docs/CAREC-Regional-Cooperation-Strategy-in-Energy.pdf>

²² Energy Sector Coordinating Committee. 2009. *CAREC Energy Action Plan Framework 2010-2013*. Manila. This action plan was endorsed at the 2009 CAREC Ministerial Conference, Ulaanbaatar, Mongolia. The Central Asian energy corridor focuses on cooperation opportunities within the Central Asia countries of Kazakhstan, Kyrgyz Republic, Tajikistan, and Uzbekistan. The Action Plan is available at <http://www.carecinstitute.org/uploads/events/2009/8th-MC/Energy-Action-Plan-Framework.pdf>

²³ ADB. 2010. *Technical Assistance for Central Asia Regional Economic Cooperation: Power Sector Regional Master Plan*. Manila; and ADB. 2010. *Technical Assistance to the Islamic Republic of Afghanistan for the Power Sector Master Plan*. Manila.

and long-term measures were identified to support the process of renewing confidence and moving toward effective joint operations.

79. The ongoing Pillar 3 diagnostics study responds to the need to improve analysis of energy-water linkages, and comprises a two-phase process to enhance independent, shared, and robust analytical tools on regional energy-water linkages. In 2011, Phase 1 will establish a consensus regional water-energy model structure, data requirements and supporting institutional platforms. Phase 2 will start in 2011 and, according to the findings of Phase 1, will adapt and/or formulate an agreed model and analytical base for regionally integrated water-energy resource management.

2. Energy Indicators (Table 7)

80. The ESCC determined two distinct sets of performance indicators in 2010. First, four indicators were chosen to monitor implementation of the Energy Action Plan: (i) agreements reached on energy transit, (ii) agreements reached on energy trade, (iii) agreements reached among riparian countries, and (iv) volumes of exports and imports of electricity. The indicators will be monitored annually by the ESCC and reflected in progress reports to the CAREC Senior Officials' Meetings.

81. Agreement was also reached on two preliminary indicators to represent the energy sector in the overall CAREC results framework: (i) "transmission lines installed or upgraded (km)", and (ii) "increased energy generation capacity (MW)". These indicators seek to capture how CAREC's physical infrastructure rehabilitation operations contribute to energy security and efficiency. In the *2009 CAREC DEIR*, a baseline was set for "transmission lines installed or upgraded" and projected outputs estimated for 2010-2015. No projects were completed in 2010 that contributed to the indicator "increased energy generation capacity".

Table 7: Level 2—Energy Sector Outputs

Indicator	Indicative Target	Baseline Year	Baseline Value	2010	Projected Outputs for 2011-2015	Progress
Transmission lines installed or upgraded (km)	↑	2009	580	...	2,477	A
Increased energy generation capacity (MW)	↑	2009	...	...	...	...

km = kilometer; MW = megawatt.

Source: ADB project completion and validation reports, and World Bank online project database.

82. Available data for 2010 recorded no change in these two indicators, which reflect only completed projects (Table 7).²⁴ Consequently, the rating for energy indicators in 2010 is "amber". This lack of data is not surprising as the monitored CAREC-related project portfolio currently includes a modest total of 22 active CAREC-related energy projects spread throughout all member countries, with anticipated closing dates ranging from 2011-2015. The current indicators are unlikely to yield data on an annual basis.

83. Based on the results of the regional master plan, the ESCC will prepare the energy sector MTPP for inclusion in the strategic framework *CAREC 2020*. At the same time, **the ESCC will consider whether the current indicators remain relevant to its MTPP, or whether adjustment or change is desirable in order to better capture the outputs of the energy sector.**

²⁴ Given the lack of incremental progress when building transmission lines and increasing energy generation capacity, infrastructure improvements such transmission lines and generation capacity can only be operationalized when the works and project are fully completed.

84. **The ESCC should in addition move to introduce discussion of the DEfR proposed Actions in their routine meetings, in order to address any pertinent issues.**

D. Proposed Actions for Level 2

85. The Transport and Trade Facilitation Coordinating Committee should, with the support of relevant CAREC partners,

- (i) continue refinement of data monitoring and collection systems throughout the process of identifying priority projects for inclusion in the CAREC MTPP being prepared in support of the *CAREC 2020* strategic framework;
- (ii) identify targets for planned outputs, in alignment with MTPP development;
- (iii) modify indicator, “costs incurred to travel corridor section (\$),” possibly in the form of a ratio, for inter-temporal comparison; and
- (iv) include discussion of DEfR priority Actions in sector coordinating committee meetings.

86. The Trade Policy Coordinating Committee should, with the support of relevant CAREC partners,

- (i) include discussion of DEfR priority Actions in sector coordinating committee meetings.

87. The Energy Sector Coordinating Committee should, with the support of relevant CAREC partners,

- (i) consider whether the current indicators remain relevant to the energy MTPP, or whether adjustment or change is desirable in order to better capture the outputs of the energy sector; and
- (ii) include discussion of DEfR priority Actions in sector coordinating committee meetings.

VI. LEVEL 3: OPERATIONAL AND ORGANIZATIONAL EFFECTIVENESS

88. Indicators at Level 3 track financial and material resource inputs to the CAREC Program to assess operational and organizational effectiveness. Monitoring these inputs helps CAREC better understand how the overall program is (i) building on and consolidating its active operations portfolio and completing ongoing project activities, (ii) securing new financing, and (iii) responding to its member country needs in capacity building and knowledge production and sharing.

89. The *2009 CAREC DEfR* stipulated further development of the CAREC-related project portfolio, to reflect a fuller picture of investments and technical assistance activity in Level 3. Measures to address this action have been delayed due to ongoing preparation of the *CAREC 2020* medium-term priority project list (MTPP), under which priority projects are identified for the 2011-2015 period. The MTPP will determine the body of projects (i) to be included in the CAREC portfolio, and (ii) to be monitored under the overall results framework. It is anticipated that the MTPP process will be completed by the third quarter of 2011. Consequently, a more comprehensive list of CAREC projects can be reflected only in the 2011 DEfR process.

A. Operations Growth (Table 8)

90. Indicators for operations growth examine trends in overall project growth in the transport and trade facilitation, and energy sectors, by tracking the cumulative number and volume of loans and grants approved, and the number of completed projects from the 2006 baseline to the period under review. The data indicate how successfully the CAREC partners continue to attract financing for ongoing and future investment. Data for 2010 reflected positive movement for all three indicators measuring operations growth, and their rating is “green”.

91. For the third operations growth indicator—“number of completed investment projects (cumulative since 2001)”—the calculation methodology was revised in 2010 to better reflect the actual year of project completion, rather than the original year of project approval.

Table 8: Level 3—Operations Growth

Indicator	Indicative Target	Baseline Year	Baseline Value	2009	2010	Progress
Volume of approved investment projects (loans and grants, cumulative since 2001, \$ million)	↑	2006	3,228 ^a	12,217 ^{a,b}	14,980	⊙
Number of investment projects approved (loans and grants, cumulative since 2001)	↑	2006	43	95	110	⊙
Number of completed investment projects (cumulative since 2001)	↑	2006	1 ^c	13 ^b	22	⊙

^a Figures include only disbursed tranches of multifinancing facility investments.

^b Figures that appeared in the 2009 CAREC DEIR have been adjusted to reflect updated project information.

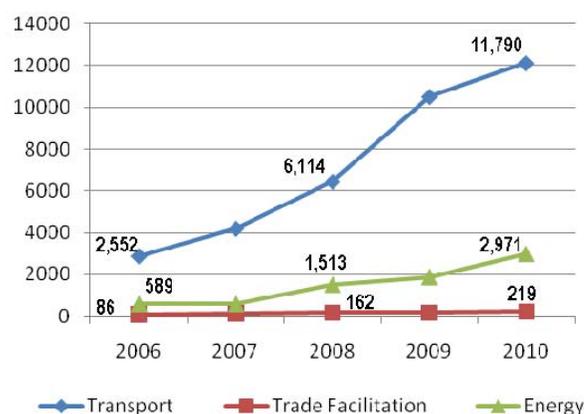
^c Figures that appeared in the 2009 CAREC DEIR have been adjusted to reflect revised indicator calculation methodology.

Source: CAREC Program Portfolio.

92. Overall cumulative investment in CAREC-related projects continued to show steady growth from the 2006 baseline period to year end 2010, increasing from \$3.23 billion to \$14.98 billion (364%). A year-on-year breakdown of recent investment activity shows consistent overall growth of 69% for 2007–2008, 57% for 2008–2009, and 23% for 2009–2010. The unusually high investment increases during 2007–2009 can be attributed to significant transport infrastructure investments in 2008 and 2009.

93. Government co-financing of the cumulative CAREC-related investment portfolio in 2010 stood at \$6.35 billion, or 22% of the total \$14.98 billion portfolio. This was the second consecutive year of decrease from a high of 29% in 2008, and returned the level of government co-financing to the 2006 baseline value of 22%. The share of CAREC multilateral institution investment financing mirrors closely the pattern of government co-financing: the years 2007–2008 saw a commensurate drop, as government co-financing peaked. Other co-financiers' share in CAREC's investment portfolio has remained very stable over the past five years, ranging between 4% and 7%. Non-CAREC co-financiers of active projects include: the Japan International Cooperation Agency, the Afghan Reconstruction Trust Fund, the Organization

Figure 3. Approved Volume of CAREC-related Projects, by Sector, Cumulative since 2001, \$ million



Source: CAREC Program Project Portfolio.

for the Petroleum Exporting Countries' Fund for International Development, and the Republic of Korea.

94. The total \$8.4 billion committed over 2006-2009 through a multifinancing facility (MFF) mechanism for future CAREC projects, was bolstered by the addition of two new MFF programs for phased investments along CAREC Corridor 2 in Kazakhstan and Uzbekistan. The combined value of these two new programs (\$1.54 billion) brought total MFF commitments to almost \$10 billion. By year-end 2010, almost \$2.2 billion of these committed funds had already been disbursed.

95. Within the individual sectors, figures for 2010 showed steady growth in cumulative investments in the energy sector at \$2.97 billion since the baseline year 2006—a rise of 404% (Figure 3). Transport projects accounted for very robust cumulative investment of \$11.79 billion (362% over 2006), and trade facilitation \$219 million (156%).

96. The number of approved CAREC-related investment projects tracked through the CAREC portfolio continued to grow in 2010.²⁵ From 44 projects included in the 2006 baseline, the portfolio increased to 95 projects in 2009, and 110 by year-end 2010 (Table 9). However, although the cumulative trend appears healthy, a year-on-year breakdown reveals a distinct slow-down in the number of new investments. From 2007-2008, the number of approved projects rose by a record 39%, then dropped to 27% for 2008-2009, decreasing further to 14% for 2009-2010.

97. Transport projects still accounted for the largest share of investments, with a cumulative total of 75 approved projects by 2010 (58 of which were ongoing in 2010). The energy sector recorded a total 25 projects in 2010 (21 ongoing in 2010) and also the highest year-on-year increase in projects of all three sectors from 2009-2010 (25%). Trade facilitation accounted for 10 projects since 2001(6 ongoing in 2010).

Table 9: Number of CAREC-related Projects, by Sector, Cumulative Since 2001

Sector	2006	2007	2008	2009	2010
Transport	31	40	52	66	75
Trade Facilitation	6	7	8	9	10
Energy	7	7	15	20	25
TOTAL:	44	54	75	95	110

Source: CAREC Program Portfolio.

98. Of the 110 approved projects in the 2010 CAREC portfolio, a total of 22 were completed (across the three implementing sectors). This represents a healthy increase over the 13 completed projects recorded at year-end 2009. Available portfolio data indicates that a further 9 CAREC-related projects are due to close by year-end 2011, and 14 more by year-end 2012. As the calculation methodology for this indicator was revised for the 2010 DEfR process, it is not possible to measure the estimates made in the previous DEfR cycle against the actual for 2010. It will, however, be possible to start accurately gauging how many CAREC-related projects are subject to delays in implementation during the 2011 DEfR process.

B. Finance Mobilization (Table 10)

99. Level 3 includes two indicators that track different areas of finance mobilization: the “annual average volume of new approved investment projects” and the “CAREC technical

²⁵ These data reflect ongoing and completed CAREC and CAREC-related projects.

assistance project financing gap”. The rationale for tracking these data is to build up over time a clear picture of overall annual investment trends—as distinct from (i) the cumulative volume of the program monitored through indicators for operations growth, and (ii) investment trends for individual sectors. Annual finance mobilization data will enable CAREC partners to analyze the main financing sources for CAREC project-based activities and better strategize future financing options and priorities.

100. The indicator designed to track CAREC’s technical assistance project financing gap (i.e., the outstanding funding gap for proposed priority sector technical assistance projects) will not be activated until the CAREC MTPP has been established. Thereafter, this indicator should be able to provide early warning of funding gaps that may cause delay or risk to project implementation.

101. For 2010, the current indicator tracking finance mobilization—“annual average volume of new approved investment projects”—continued to improve and is therefore rated as “green”.

102. The average annual volume of all new projects approved in 2010 remained high, at almost \$3.5 billion, representing a 15% increase over the volume of approved projects in 2009. The energy sector experienced the highest rise in annual investment volume, from \$426 million in 2009 to \$794 million in 2010.

Table 10: Level 3—Finance Mobilization

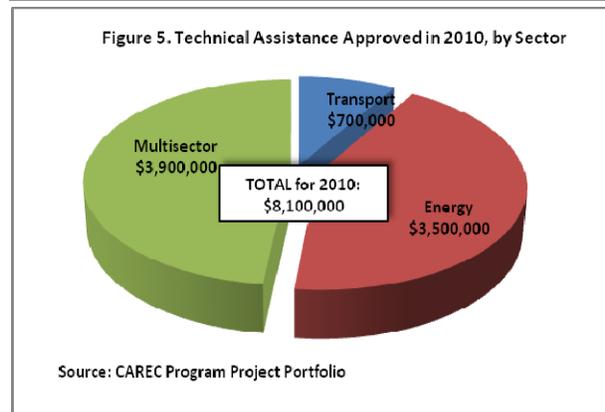
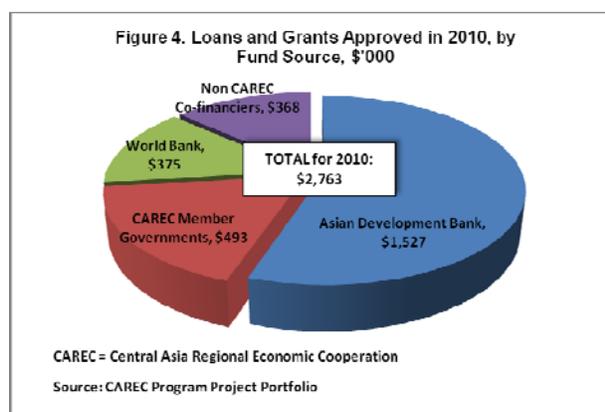
Indicator	Indicative Target	Baseline Year	Baseline Value	2009	2010	Progress
Annual average volume of new approved investment projects (loans and grants, 3-year rolling average, \$ million) <i>CAREC technical assistance project financing gap (\$ '000)</i>	↑	2006	628 ^a	2,997 ^a	3,459	⊙ G

^a Figures that appeared in the 2009 CAREC DEIR have been adjusted to reflect updated project information.

Note: Where rolling averages are used to flatten unrepresentative spikes and dips in data, 2006 reflects data for 2004–2006, and 2009 reflects data for 2007–2009.

Source: CAREC Program Portfolio.

103. In total, 15 new CAREC-related investment projects were approved in 2010, just one more than in 2009. Transport accounted for 9 new projects, energy for 5, and trade facilitation for 1: this breakdown is very similar to that for 2009. Four of the 2010 transport projects were tranches of multifinancing facility mechanisms for CAREC Corridors 1 and 2. Overall volume of new financing for 2010 stood at almost \$2.8 billion (Figure 4), a drop from \$4.4 billion in 2009. The figure for 2009 was unusually high, however, given the \$2.5 billion investment made that year under the South-West Roads: Western Europe-Western People’s Republic of China International Transit Corridor Project (CAREC 1b and 6b).



104. 2010 saw a significant drop in the number of technical assistance projects approved in support of CAREC activities. Following 15 new technical assistance projects approved in 2009, only five were approved in 2010, with a combined value of just over \$8 million—less than half of the technical assistance volume recorded in 2009 (Figure 5). Energy sector and multisector activities accounted for two technical assistance projects each, with the remaining one providing supplemental financing for the Afghanistan Railway Development Study.

C. Knowledge Management (Table 11)

105. The CAREC Program includes knowledge and capacity building as one of its key themes. Research and analytical work conducted through CAREC underpins the design and implementation of mutually beneficial regional initiatives. To this end, the results framework and DEfR process assess three areas of knowledge management: (i) the quality of CAREC-related technical assistance projects circulated in the year under review—“ratings of CAREC-related technical assistance projects completed (% successful)”; (ii) the production and dissemination of CAREC-supported research and other knowledge products—indicator pending; and (iii) training programs and capacity building—“participants in CAREC-supported training programs (number of person days)”.

106. Results for 2010 showed a considerable drop in both tracked indicators for knowledge management. This is the first decline seen in performance of these indicators, so they are rated “amber”.

1. CAREC-related Technical Assistance Projects

107. In 2010, four CAREC-related technical assistance projects completion reports (TCRs) were circulated: two in the transport sector, one in trade facilitation, and one in energy. No TCRs were circulated under trade policy, or multi-sector. Of the four, 2 were rated “successful” (50%), a sharp drop from the 89% of TCRs rated “successful” in 2009, and the 82% in the baseline year 2006.²⁶

108. The two successful technical assistance projects were regional in nature, one in the transport sector, and one in trade facilitation. The expected output of the transport component’s *Cross-Border Agreement among the Kyrgyz Republic, the People’s Republic of China, and Tajikistan* technical assistance project, was the signing of the CBTA, which was achieved in December 2010.²⁷ The technical assistance successfully facilitated five rounds of negotiations and adjusted the design of the CBTA to extend subsequent accession to PRC and other interested CAREC countries. Specific recommendation was made in this TCR to allocate adequate time to this type of negotiated agreement process. In trade facilitation, the *Regional Trade Facilitation and Customs Cooperation Program (Phase II)* technical assistance project made significant contribution to customs reform and modernization efforts of participating CAREC countries, including customs automation; risk management and post-audit entry; joint customs control and one-stop services; regional transit development; and bilateral initiatives for harmonization of procedures, and data exchanges. This was complemented by regional and bilateral initiatives and country specific proposals or training, needs assessments and diagnostics studies to prepare customs legal reforms and infrastructure development. Among

²⁶ For a list of technical assistance completion reports circulated in 2010, see Appendix 5.4.

²⁷ See above, paragraph 59. However, PRC, one of the original parties in the CBTA, postponed its participation in view of ongoing negotiations of the draft Intergovernmental Agreement of the Shanghai Cooperation Organization Members States on Facilitation of International Road Transport.

the key lessons coming out of this technical assistance was the need for flexibility that allows rapid adaptation of program focus in order to optimize emerging opportunities.

109. Of the two technical assistance projects rated “partly successful”, one was in transport and one in energy. The transport technical assistance project—*Capacity Building for Road Sector Institutions*—sought in broad terms to strengthen capacity to develop a road database management and quality control system, improve financial management systems and procedures, and share best practices through technical audits of road construction projects. It was rated “partly successful” as the project was hampered by implementation delays resulting from poor consultant performance, weak executing agency capacity, and the post-conflict situation. Particular note was made of the essential need in post-conflict situations to provide at the project design level sufficient long-term institutional and human capacity building, to ensure sustainable outputs and outcome of the project. Another technical assistance rated “partly successful”—*Preparing the Central Asia-South Asia Regional Electricity Market Project*—did achieve agreement from the participating countries on technical and economic feasibility for a regional energy project, yet did not manage to secure funding for it. The complexities of designing regional projects involving multiple countries and development partners in this case undermined the effectiveness of implementation and resulted in delays. Recommendations included: (i) consensus understanding of the need for open exchange and information sharing; (ii) consolidated consultant contracting; and (iii) frequent stakeholder meetings and extended implementation time lines.

110. The CAREC Secretariat should work with all multilateral institution partners to develop mechanisms that facilitate appropriate data sharing in order for the indicator relating to technical assistance more fully captures both progress and issues. The Secretariat should also develop preliminary target values for this indicator.

Table 11: Level 3—Knowledge Management

Indicator	Indicative Target	Baseline Year	Baseline Value	2009	2010	and Progress
Ratings of CAREC-related technical assistance projects completed (% successful)	↑	2006	82	89	50	A
<i>[Knowledge production and dissemination: pending]</i>
Participants in CAREC-supported training programs (number of person days)	↑	2009	1,825	1,825	1,199	A

CAREC = Central Asia Regional Economic Cooperation Program.

Sources: CAREC Program Portfolio; CAREC Institute; CAREC Website Unit.

2. Knowledge Production and Dissemination

111. CAREC’s knowledge production and dissemination efforts fall under the remit of the CAREC Institute’s research program, and publications and outreach activity. Currently, there is no indicator identified for knowledge production due to a lack of sufficient outputs that would contribute to a meaningful indicator.

CAREC Institute Performance Assessment Review

112. As reported in the *2009 CAREC DEFIR*, concerns of inadequate systematic process and relevance prompted an early review in 2010 of the CAREC Institute’s activities, despite several activities having started only in 2009. With due consideration for the early phase of these activities, the CAREC Institute Performance Assessment Review (CIPAR) was conducted in

2010.²⁸ CIPAR aimed to (i) elicit guidance on the design of subsequent activities of the CAREC Institute, (ii) contribute to the CAREC Institute work plan for 2012-2014, and (iii) complement CAREC's ongoing strategic direction under the CAREC 10-year Commemorative Study.

113. The review offered recommendations at two levels. First, relating to the three areas of activity undertaken by the CAREC Institute—capacity building, research, and outreach—suggestions included: (i) ensuring in-depth coverage of regional cooperation in capacity building exercises and an appropriate level of participants; (ii) targeting sector training activities in a more focused manner, providing specific practical tools and skills; (iii) engaging local training providers and also coordinating better with CAREC's multilateral institutions and other development partners; (iv) identifying the most effective mechanisms to develop second tier activities; (v) reviewing and adjusting the CAREC research program to reflect the more practical needs of the countries, and ensuring appropriate guidelines and mechanisms are in place; and (vi) more actively promote the CAREC program through implementation of a broad external relations plan.

114. Secondly, on issues relating to institutional structure and management, CIPAR's recommendations included: (i) the CAREC Institute working more closely with and seeking inputs from sector coordinating committees and member governments for trainings, agendas, and research output development; (ii) enhancing the CAREC Secretariat's function as administrator and coordinator of the CAREC Institute; (iii) improving coordination with other multilateral institution partners and institutions; (iv) exploring diversified financing sources for the CAREC Institute's programs and activities; and (v) maintaining the CAREC Institute as a virtual entity, rather than physical.

115. The CAREC Institute is currently developing its work plan 2011-2013, to reflect the findings and recommendations of CIPAR. **Once the work plan has been finalized, the CAREC Institute should, in collaboration with the CAREC Secretariat, design and introduce an indicator to track progress and dissemination of knowledge products.**

Research Program

116. The CAREC Institute is the research engine of the overall program, tasked with coordination of the flagship research program and the small research grants program. During 2010, progress was seen in both research components. Specifically:

- **Flagship Research Program:** Of the 15 grants that were awarded in 2009 (Appendix 6), seven have submitted final reports for review and, as of the first quarter of 2011, three are pending. Five grants were discontinued either (i) at the request of the institution, or (ii) due to lack of submission. When all submissions are received and following review by the CAREC Institute, the reports will be disseminated to all member countries. In 2010, the flagship research component also produced a study on retrospective impact evaluation along the Almaty-Korday Road Project (Box 1).²⁹

²⁸ CAREC Secretariat. 2010. *Summary of CAREC Institute Performance Assessment Review (CIPAR): Interim Recommendations for Next Phase of Development*. Manila. Available at <http://www.carecinstitute.org/uploads/events/2010/SOM-Oct/CAREC-Institute-Performance-Assessment-Review.pdf>

²⁹ T. Tamaki. 2010. *Retrospective Impact Evaluation of the Almaty-Korday Road Project (Zhambyl Oblast)*. Manila. <http://www.adb.org/documents/reports/carec/Retrospective-Impact-Evaluation-Almaty-Korday-Road-Project.pdf>

Box 1. A Practical Side of Impact Evaluation

The 2010 CAREC Institute-supported *Retrospective Impact Evaluation of the Korday-Almaty Road Project (Zhambyl Oblast)* presents a practical side of conducting impact evaluation. Within an abbreviated time-span, the study relies on available data to measure selected retrospective project impacts, through the prism of limited variables related to road safety and service industry development along the Korday-Almaty section of CAREC Corridor 1.

Results showed that rehabilitation of the Korday-Almaty road in 2004 (i) had a significant positive impact on the number of service facilities—gas stations, hotels, and retail units—in the immediate vicinity of the road; and (ii) that the project is also associated with an increase in the mean number of annual accidents, injuries, and deaths.

In conclusion, the study highlighted (i) the difference that impact evaluation can bring to project implementation compared to traditional before-and-after evaluation methodologies; (ii) the effectiveness of undertaking *prospective* impact evaluation early in the design cycle; (iii) the importance of selected impact variables and difficulties in identifying control groups; and (iv) the cost implications.

Source: T. Tamaki. 2010. *Retrospective Impact Evaluation of the Almaty-Korday Road Project (Zhambyl Oblast)*. Manila.

- **Small Research Grants Program:** In this second round of the small research grants component, six grants were awarded in 2008, covering topics ranging from competitiveness in export sectors, to trade and tariff barriers, and trade and economic cooperation (Appendix 6). Six final reports were submitted in 2010 and are currently under review and preparation for electronic distribution during 2011.

117. In addition to the cross-cutting thematic research conducted under the CAREC Institute, specific papers, studies, and reports are produced by the technical coordinating committees. In 2010 these included (i) the three energy sector diagnostic studies detailed above (paragraphs 76-79); (ii) trade policy papers “Trade and Institutional Environment: The International Experience and Position of CAREC Countries—A Background Analytical Study,” and “WTO Accession Experience of Mongolia”; and (iii) under trade facilitation, the *CAREC Corridors Performance Measurement and Monitoring Annual Report (April 2009 to March 2010)*. The CAREC Secretariat was responsible for a further two reports: commemorative study *CAREC: Ten Years of Cooperation and Moving Forward*, along with the *Introduction to the CAREC Program Development Effectiveness Review: Building the Baseline 2009*.

Publications and Outreach Activity

118. In 2010, and in response to Actions outlined in the *2009 CAREC DEF*, the CAREC Secretariat initiated development of an External Relations Plan (ExRP), aimed at strengthening effective communications, outreach, and knowledge dissemination among CAREC partners and external stakeholders. The primary objectives of the ExRP are to (i) increase recognition, visibility, and understanding of CAREC, and develop effective “branding” of CAREC for all internal and external stakeholders; (ii) incorporate effective awareness raising and outreach components at all CAREC-sponsored events; (iii) deliver updated and relevant knowledge products to all CAREC stakeholders; and (iv) ensure effective mechanisms to engage and monitor external perceptions of CAREC and its activities, and ensure appropriate response. The ExRP will be finalized and implemented during 2011.

119. In particular, the ExRP launched a set of initial activities to generate awareness and interest in CAREC. A branding process was initiated and initial results will be available at the end of the second quarter 2011. Coordination mechanisms are being designed to ensure that all stakeholders can contribute to and benefit from awareness-raising and outreach activities.

120. Furthermore, the ExRP is developing a concrete 24-month publications plan with the express aim of (i) disseminating the various knowledge products created under the CAREC Program, and (ii) building a solid base of awareness-raising and promotional materials for all CAREC stakeholders. **The Secretariat should work closely with the CAREC Institute, the technical sector coordinating committees, and the member governments to identify priority publication needs. Clearly defined systems of peer and external review should be agreed upon by the CAREC partners to ensure relevance and quality of research and knowledge publications.**

121. CAREC outreach efforts to the public domain are most readily monitored through collating media coverage of the Program's activities. In 2009, for example, the key news collator Factiva recorded 141 English-language articles on CAREC. However, following a focused media campaign in all ten CAREC countries in the run-up to the Ninth Ministerial Conference, Factiva recorded 275 media hits over the course of 2010 related to CAREC. Over 100 of these directly related to the Ministerial Conference and surrounding events.

122. Although some media hits appeared in Financial Times and BBC Worldwide monitoring publications, the majority were in regional publications, including the *Times of Central Asia*, business and banking sector news media, and online media services. The topics that attracted most print space included (i) information on investments, including loan signings, approvals of new investments, and general procurement opportunities; (ii) the Cross-Border Transport Agreement; (iii) the Business Development Forum held in Urumqi; and (iv) coverage of capacity building and training events. **The CAREC Secretariat should continue to develop and expand media monitoring of CAREC initiatives to include both English- and local-language press coverage throughout the CAREC region.**

CAREC Institute Website

123. The CAREC Institute website aims to serve as a hub for knowledge and information on regional cooperation in the region. As a relatively new undertaking, detailed annual analytics were available for the website (www.carecinstitute.org) for the first time in 2010: the website received an impressive total 18,256 visits over this 12-month period (English- and Russian-language websites combined), translating into a monthly average of 1,521 visits. Not surprisingly, the highest actual monthly hits were those surrounding the 2010 Ministerial Conference and the two Senior Officials' Meetings. Notably, the year also started very encouragingly for CAREC with January experiencing a month on rise of over 70% in unique visits.

124. The top source of website hits was search engines (with 6,550 visits), followed closely by direct traffic (6,088 visits), and referring sites (5,618).³⁰ The breakdown of country source is of particular note in 2010. While it was—again unsurprisingly—CAREC countries that accounted for almost all user hits during the early months of the website's launch in 2009,³¹ in 2010 the United States of America accounted for the highest visit tally (1,483), followed by Kazakhstan (1,288), the Russian Federation (674), and Uzbekistan (656). This significantly changes the picture from 2009, where the Kyrgyz Republic accounted for the highest visit tally by country, followed by Kazakhstan, then Uzbekistan. The fact that the United States consistently featured among the top two country sources throughout the calendar year, indicates sustained awareness and interest of CAREC activities from outside the region.

³⁰ 'Search engines' are most commonly Google, which attracted over 30% of visits to the website in 2010, followed by Yahoo and Yandex. 'Direct traffic' refers to users who enter the CAREC website address into their browser; and a 'referring site' means that the user comes to the CAREC website through a link from another website.

³¹ Country source data discounts user hits from the Philippines because the CAREC website is hosted in the ADB server, leading to a weighted distortion of ADB usage.

125. Analytics for 2010 further indicate what types of information visitors to the website accessed. Following the website's home page, the most viewed were feature pages, the Russian-language site, trade facilitation pages, and transport pages. Within the features, the launch of the Central Asia Atlas of Natural Resources drew most attention,³² followed by various new and completed project reports, and activities relating to the Cross-Border Transport Agreement signed under CAREC. These data indicate initial patterns of specific website usage and interest and will be of particular importance in further development of the CAREC website.

126. In December 2010, the CAREC web team, in collaboration with the Secretariat and in response to endorsed Actions of the *2009 CAREC DEfR*, initiated development of a 24-month Website Strategy and Action Plan. As a first step, website activities were reviewed and the decision taken to broaden the focus of the CAREC Institute website to encompass activities of the overall program, rather than only those of the CAREC Institute. The rationale for this expanded focus was to (i) enable comprehensive dissemination of all aspects of the program, including project implementation as well as knowledge products; (ii) strengthen analytical capacity for the Russian-language website, thus enabling better tracking and response; and (iii) in response to country members' requests, introduce more practical sectoral-based information and tools, and introduce more an interactive capacity to the website. To support this expansion and allow sufficient technical flexibility, the CAREC website will be migrated from the ADB host server to an external server during 2011.

3. Training and Capacity Building

127. The indicator "participants in CAREC-supported training programs" tracks the annual number of person days that CAREC sponsors or co-sponsors capacity-building and training activities to assist its institutional bodies and technical sectors to carry out their duties in the most effective way. Several of these initiatives are coordinated through the CAREC Institute.

128. Twenty-one CAREC-sponsored training courses, seminars, and workshops were attended by 663 participants over the course of 2010.³³ This translates into 35% fewer person days and about 40% fewer participants and training and capacity building events during 2010 than 2009. Events took place in seven of the CAREC countries, Japan, Singapore, and the Philippines. Female participation in training and capacity building initiatives stood at just 17% of the total, a significant drop from the 32% female participation rate of 2009.

129. The *2009 CAREC DEfR* raised the *ad hoc* nature of training and capacity building coordination and implementation, and noted the suitability of the CAREC Institute to function as the most practical vehicle. **As the 2011-2013 work plan for the CAREC Institute is developed, trends in past training and capacity should be taken into consideration to ensure that the current declining trend is arrested and relevant capacity building opportunities are made available to support the CAREC countries and sectors.**

130. Capacity building functions aim to be responsive to and strengthen all areas of CAREC institutional and operational activity. The most important areas include:

- ***Institutional framework support and capacity building:*** The CAREC partners continued to meet regularly over 2010, hosting six sector coordinating committee meetings (two each for trade policy sector and the energy sector, and one each for transport sector, and trade facilitation through the Customs Coordinating Committee). A

³² ADB. 2010. *Central Asia Atlas of Natural Resources*. Manila.

³³ A comprehensive list of trainings, seminars, and events—including agendas, lists of participants, and relevant documentation—is available at www.carecinstitute.org/index.php?page=events-list

series of subregional workshops involving all CAREC members was initiated in 2010 to develop the *CAREC 2020* strategic framework. Two Senior Officials' Meetings were held, and the Ninth Ministerial Conference was held in Cebu, Philippines. Following the proceedings of the 2010 Ministerial Conference, CAREC convened its first Ministerial Retreat. Assembled delegates shared productive and frank discussions on three topics: (i) how best to expand the work of the program and strengthen regional cooperation over the next ten years; (ii) the importance of regional cooperation both as a means to achieve development goals, and as a component of the member countries' national agendas; and (iii) the vision of CAREC members going forward to 2020.

- The second round of the ***Executive Leadership Development Program*** was held in 2010,³⁴ providing innovative approaches in effective decision-making processes, organizational behaviors, negotiation, and global best practices in public sector management. In 2010, the ***Public Sector Management Course*** component was also conducted three times. This two-day course for middle-level government officials provided updated practical knowledge and skills in public sector management and finance. The delivered modules (i) examined major strategies and tools with the aim of boosting the performance of public sector management organizations, and (ii) introduced the scope and principles of public finance including fiscal discipline and fiscal risk, tax policy and practice, budget decision-making, and concepts in public sector accounting.
- ***Technical training and capacity building across all priority sectors*** was again active—particularly in the transport and trade facilitation sector—during 2010, including events sponsored or co-sponsored by the CAREC Institute, the multilateral institution partners, and other development partners.
- The ***CAREC Business Development Forum***:³⁵ Held over two days in Urumqi, Peoples' Republic of China, this Forum aimed to (i) support private sector participation in regional initiatives; (ii) encourage foreign direct investment in priority infrastructure projects; and (iii) promote collaboration among private and public sector organizations in CAREC countries. Plenary sessions discussed business opportunities and public-private partnerships in regional development, ten countries delivered presentations on trade and investment opportunities, and the forum also convened panel discussions on transport, agricultural trade, trade facilitation, and energy.

D. Proposed Actions for Level 3

131. The CAREC Secretariat should, jointly with relevant CAREC partners,
- (i) Continue to expand the CAREC project portfolio, in line with development of the MTPP, relating to investment loans and technical assistance projects;
 - (ii) Accelerate efforts to build an appropriate knowledge production and dissemination indicator;
 - (iii) Finalize and implement the CAREC External Relations Plan;
 - (iv) Accelerate upgrading of the CAREC website;
 - (v) Identify priority publications and outreach needs of technical sectors; and
 - (vi) Expand media monitoring systems to include non-English sources.

³⁴ www.carecinstitute.org/index.php?page=executive-leadership-development-program-eldp

³⁵ www.carecinstitute.org/index.php?page=business-development-forum-july-2010

VII. CONCLUSION

132. The second annual performance monitoring cycle of CAREC's *Comprehensive Action Plan* has started to build a clearer picture of progress made by the CAREC Program toward its overall goals and objectives. By comparing data submitted for the 2010 overall CAREC results framework with the same data sets from the 2009 results framework, it is clear that progress was made during 2010. However, achievements were mixed and unequally spread across sectors and activities, clearly reflecting the different stages of implementation of each sector, as well as the very broad spectrum of activity that makes up the CAREC Program.

133. While it is still too early to analyze *trends* in data (the third and fourth annual DEfR cycles will provide a significantly clearer indication of which areas of the Program are consistently performing better, and where more focused attention is needed), it is possible to begin highlighting some program components where additional effort is required.

134. In response, a series of Actions for the technical sector coordinating committees, the CAREC Secretariat, and the CAREC Institute have been proposed for consideration at the mid-term Senior Officials' Meeting in Baku, Azerbaijan. Actions from the *2009 CAREC DEfR* that could not be completed before the current DEfR process took place, are carried over to the *2010 CAREC DEfR*. The CAREC Secretariat and technical sector coordinating committees will work to resolve the identified issues.

135. In terms of the DEfR process, the *2010 CAREC DEfR* has been delivered to the mid-term Senior Officials' Meeting, in line with the revised schedule endorsed at CAREC's 2010 Ninth Ministerial Conference. As the strategic framework *CAREC 2020* is finalized and the medium-term priority project list further developed, sector coordinating committees are urged to continue active participation in the DEfR process, to ensure comprehensive data and analysis of all aspects of CAREC operations.

APPENDIX 1: CAREC PROGRAM RESULTS FRAMEWORK

Table A1.1: Level 1—CAREC Region Development Outcomes

Indicator	Indicative Target	Baseline Year	Baseline Value	2008	2009/Latest Value	Progress
1. Population living on less than \$2 a day (%)	↓	2002	52.3 ^a	42.4 ^{a,b}	...	G
2. Human Development Index	↑	2000	0.507	...	0.599 ^c	G
3. Gender-Related Development Index	↑	2008	0.577 ^d	0.577 ^d	...	...
4. GDP per capita PPP (constant 2005 international \$)	↑	2006	3,302	3,796	3,943	G
5. GDP PPP (constant 2005 international \$ billion)	↑	2006	53.9	63.2	67.5	G
6. Real GDP growth rate (%)	↑	2006	11.8 ^a	...	3.8 ^a	A
7. Labor force participation rate (%)	↑	2006	63.5	64.4	...	G
8. Women employed in nonagricultural sector (%)	↑	2006	48.6 ^{a,d}	51 ^{a,d,e}	...	G
9. Real growth in trade of goods and services (%)	↑	2006	12.1 ^f	...	(2.8) ^f	A
10. Trade Openness (%)	↑	2006	0.8 ^{a,f}	...	0.9 ^{a,f}	G
11. Intraregional energy trade (GWh)	↑	2006	5,061	4,227	4,435	G
12. GDP per unit of energy use (2005 PPP \$ per kilogram of oil equivalent)	↑	2006	3.0 ^a	3.7 ^a	...	G
13. Foreign direct investment (% GDP)	↑	2006	4.3	6.3	5.9	A
14. Time required to start a business (days)	↓	2006	32 ^h	16 ^{g,h}	14 ^c	G
15. Cost of business start-up procedures (% GNI per capita)	↓	2006	27.4	11.7 ^g	12.4 ^c	A

... = no data available; () = negative; GDP = gross domestic product; GNI = gross domestic income; GWh = gigawatt hour; PPP = purchasing power parity.

^a No data for Afghanistan.

^b 2005 data.

^c 2010 data.

^d No data for Uzbekistan.

^e Includes 2007 data.

^f No data for Mongolia.

^g 2009 data.

^h The change in the 2006 baseline and the 2009 value for this indicator (from 31 to 32, and 14 to 16, respectively) is because of upward adjustment of data that has become available since the *2009 CAREC DEIR* through the online databases of *Doing Business*.

Notes: Comparable subnational data for Xinjiang Uygur Autonomous Region and Inner Mongolia Autonomous Region are not available.

Sources: World Bank. PovcalNet Online Database for indicator 1; United Nations Development Programme. 2011. *Human Development Report 2010*. New York and Geneva, for indicators 2 and 3; World Bank. World Development Indicators Online Database for indicators 4-8, 10, and 12-13; World Bank. World Trade Indicators Online Database for indicator 9; Central Dispatch Center, Tashkent, Uzbekistan, 2011, for indicator 11; and International Finance Corporation/World Bank Doing Business Online Database, for indicators 14 and 15.

Table A1.2: Level 2—Transport and Trade Facilitation Sector Outputs

Indicator	Indicative Target	Baseline Year	Baseline Value	2009	2010	Progress
<i>Transport and Trade Facilitation</i>						
Expressways or national highways built or improved (km)	↑	2008	196	791	1,078	G
Proportion of total CAREC road corridor built or improved (%)	↑	2008	2	10	13	G
Time taken to clear a border crossing (hours)	↓	2009	11	...	13	A
Costs incurred at a border crossing clearance (\$)	↓	2009	282	...	278	G
Speed to travel 500 km on CAREC corridor section (km per hour) ^a	↑	2009	20	...	17	A
Costs incurred to travel corridor section (\$)	↓	2009	873	...	1,248	A
<i>Trade Policy Sector</i>						
CAREC Trade Liberalization Index	↑	2009	(1.8)	...	5.5	G
<i>Energy Sector</i>						
Transmission lines installed or upgraded (km)	↑	2009	580	...	...	A
Increased energy generation capacity (MW)	↑	2009	...	...	...	...

... = no data available; () = negative; CAREC = Central Asia Regional Economic Cooperation; km = kilometer; MW = megawatt

^a Speed is measured here 'with delays' for a 20-ton truck or a 20-foot equivalent unit container (Appendix 4).

Sources: Transport and Trade Facilitation Coordinating Committee, Country Progress Reports for transport indicators; CAREC Corridor Performance Measurement and Monitoring Quarterly and Annual Reports, 2009-2010, for trade facilitation indicators; Trade Policy Strategic Action Plan monitoring questionnaire, 2010; and ADB project completion and validation reports, and World Bank online project databases for energy indicators.

Table A1.3: Level 3—Operational and Organizational Effectiveness

Indicator	Indicative Target	Baseline Year	Baseline Value	2009	2010	Progress
Volume of approved investment projects (loans and grants, cumulative since 2001, \$ million)	↑	2006	3,228 ^a	12,217 ^{a,b}	14,980	G
Number of investment projects approved (loans and grants, cumulative since 2001)	↑	2006	43	95	110	G
Number of completed investment projects (cumulative since 2001)	↑	2006	1 ^c	13 ^c	22	G
Annual average volume of new approved investment projects (loans and grants, 3-year rolling average, \$ million)	↑	2006	628 ^d	2,997 ^d	3,459	G
<i>CAREC technical assistance project financing gap (\$ '000)</i>
Ratings of CAREC-related technical assistance projects completed (% successful)	↑	2006	82	89	50	A
<i>[Knowledge production and dissemination: pending]</i>
Participants in CAREC-supported training programs (number of person days)	↑	2009	1,825	1,825	1,199	A

... = no data available; CAREC = Central Asia Regional Economic Cooperation Program.

^a Figures include only disbursed tranches of multifinancing facility investments.

^b Figures that appeared in the *2009 CAREC DEIR* have been adjusted to reflect updated project information.

^c Figures that appeared in the *2009 CAREC DEIR* have been adjusted to reflect revised indicator calculation methodology.

^d Figures that appeared in the *2009 CAREC DEIR* have been adjusted to reflect updated project information.

Note: Where rolling averages are used to flatten unrepresentative spikes and dips in data, 2006 reflects data for 2004–2006, 2009 reflects data for 2007–2009, and 2010 reflects data for 2008–2010.

Sources: CAREC Program Portfolio; CAREC Institute; CAREC Website Unit.

APPENDIX 2: RESULTS FRAMEWORK DEFINITIONS AND SOURCES

Table A2.1: Level 1—CAREC Region Development Outcomes

Indicator	Definition and Source
Poverty Reduction	
Population living below \$2/day	<p>Definition: Percentage of the population living on less than \$2-a-day measured at 2005 international prices adjusted for purchasing power parity (PPP). The \$2-a-day poverty line is compared to consumption or income per person and includes consumption from own production and income in kind.</p> <p>Source: World Bank PovcalNet Online. April 2011.</p>
Human Development Index	<p>Definition: The Human Development Index (HDI) is a composite index measuring average achievement in three basic dimensions of human development—a long and healthy life (life expectancy at birth); access to knowledge (mean years of schooling, and expected years of schooling); and a decent standard of living (GDI per capita [PPP US\$]). The HDI provides a single statistic as a frame of reference for both social and economic development. The HDI sets a minimum and a maximum for each dimension, called goalposts, and then shows where each country stands in relation to these goalposts, expressed as a value between 0 and 1.</p> <p>Source: United Nations Development Programme. <i>Human Development Reports</i>. New York.</p>
Gender Inequality Index	<p>Definition: The Gender Inequality Index (GII) reflects women's disadvantage in three dimensions—reproductive health, empowerment and the labor market. The index shows the loss in human development due to inequality between female and male achievements in these dimensions. It ranges from 0, which indicates that women and men fare equally, to 1, which indicates that women fare worse in all measured dimensions.</p> <p>Source: United Nations Development Programme. <i>Human Development Report 2010</i>. New York.</p>
Gross Domestic Product, Trade, and Business Development	
GDP per capita PPP (\$)	<p>Definition: Sum of gross value added by all resident producers in the economy plus any product taxes and minus any subsidies not included in the value of the products, divided by population. It is calculated without deductions for depreciation of fabricated assets or for depletion and degradation of natural resources and at market prices based on constant local currency.</p> <p>Source: World Bank. World Development Indicators Online. April 2011.</p>
GDP PPP (constant 2005 international \$ billion)	<p>Definition: Gross domestic product (GDP) is the sum of value added by all resident producers plus any product taxes (less subsidies) not included in the valuation of output. Growth is calculated from constant price GDP data in local currency.</p> <p>Source: World Bank. World Development Indicators Online. April 2011.</p>

Indicator	Definition and Source
GDP, Trade, and Business Development	
Real GDP growth rate (%)	<p>Definition: Average annual growth of sum of value added by all resident producers in the economy plus any product taxes (less subsidies) not included in the valuation of output, calculated without making deductions for depreciation of fabricated capital assets for depletion and degradation of natural resources, expressed in purchasing power parity (PPP) US dollar terms.</p> <p>Source: World Bank. World Development Indicators Online. April 2011.</p>
Labor force participation rate (%)	<p>Definition. Percentage of the working-age population (ages 15-64) that actively engages in the labor market by either working or actively looking for work.</p> <p>Source: World Development Indicators Online. April 2011.</p>
Women employed in nonagricultural sector (%)	<p>Definition: Share of female workers in nonagricultural sector expressed as a percentage of total employment in the sector. Nonagricultural sector includes industry and services. Following the International Standard Industrial Classification of All Economic Activities, “industry” includes mining and quarrying (including oil production), manufacturing, construction, electricity, gas and water. “Services” includes wholesale and retail trade; restaurants and hotels; transport, storage and communications; financing, insurance, real estate and business services; and community, social and personal services.</p> <p>Source: World Bank. World Development Indicators Online. April 2011.</p>
Real growth in trade of goods and services (%)	<p>Definition: Average annual growth rate of total exports and imports in goods and services, deflated by import and export prices maintained by Development Prospects Group 2000. This indicator reflects the trade expansion of a country over the period.</p> <p>Source: World Bank. World Trade Indicators Online. April 2011.</p>
Intraregional energy trade (GWh)	<p>Definition: Total volume of regional electric trade in gigawatt-hours of CAREC members Afghanistan, Kazakhstan, Kyrgyz Republic, Tajikistan, Turkmenistan, and Uzbekistan.</p> <p>Source: Central Dispatch Center, Tashkent, Uzbekistan, May 2011.</p>
GDP per unit of energy use (2005 PPP \$ per kilogram of oil equivalent)	<p>Definition: The ratio of GDP to energy use indicates energy efficiency. GDP per unit of energy use is the ratio of gross domestic product per kilogram of oil equivalent of energy use, with GDP converted to 2005 constant international dollars using PPP rates. An international dollar has the same purchasing power over GDP that a dollar has in the United States. Energy use refers to the use of primary energy before transmission to other end-use fuel, which is indigenous production plus imports and stock changes minus exports and fuel supplied to ships and aircraft engaged in international transport.</p> <p>Source: World Bank. World Development Indicators Online. April 2011.</p>

Indicator	Definition and Source
Foreign direct investment, net inflows (% GDP)	<p>Definition: International investment that obtains a lasting interest (at least 10%) in an enterprise resident in another economy. The components of foreign direct investment (FDI) are equity capital, reinvested earnings and other capital (mainly intra-company loans). As countries do not always collect data for each of those components, reported data on FDI are not fully comparable across countries. In particular, data on reinvested earnings, the collection of which depends on company surveys, are often unreported by many countries.</p> <p>Source: World Bank. World Development Indicators Online. April 2011.</p>

CAREC = Central Asia Regional Economic Cooperation, FDI = foreign direct investment, GDI = gender-related development index, GDP = gross domestic product, HDI = human development index, PPP = purchasing power parity.

Table A2.2: Level 2—CAREC Priority Sector Outputs

Indicator	Definition ^a and Source
Transport and Trade Facilitation Sectors	
Expressways or national highways built or improved (km)	<p>Definition: Length of expressways (i.e. fully access controlled highways) built or improved, expressed in km. Access control means no direct crossings. 'Expressways' can include roads that in certain countries are called highways if they have full access control. 'Improving' includes all activity to restore a degraded road to originally intended design capacity (repair/rehabilitation) and to improve on its design capacity (e.g. by widening). 'Improving' cannot be applied in cases where only road signage is improved.</p> <p>Source: Transport and Trade Facilitation Coordinating Committee, Country Progress Reports for transport indicators</p>
Proportion of total CAREC road corridor built or improved (%)	<p>Definition: Percentage total of all CAREC road corridors built or improved through CAREC investment activities that meet appropriate international roughness index standards. Road should be open to public use.</p> <p>Source: Transport and Trade Facilitation Coordinating Committee, Country Progress Reports for transport indicators</p>
Time taken to clear a border crossing (minutes)	<p>Definition: The average duration (in minutes) taken to move cargo from an exit point of a country to the entry point of another country. The entry and exit points are typically a primary control center where customs, immigration and quarantine (CIQ) are done. Besides the standard formalities to clear CIQ, this measurement also includes waiting time, unloading and loading time, change of rail gauges and so forth, to capture both complexity and inefficiencies inherent in the border crossing process. This indicator is normalized at 500 km as a basis of unit, so that duration between long and short corridors is comparable.</p> <p>Source: CAREC Corridor Performance Measurement and Monitoring Reports.</p>
Costs incurred at a border crossing clearance (\$)	<p>Definition: The average of total expenses (\$) to move cargo from an exit point of a country to the entry point of another country. The entry and exit points are typically a primary control center where CIQ are done. Both official and unofficial payments are included. This indicator is normalized at 500 km as a basis of unit, so that average cost between long and short corridors is comparable.</p> <p>Source: CAREC Corridor Performance Measurement and Monitoring Reports.</p>
Speed to travel 500 km on CAREC Corridor section (km/hour)	<p>Definition: The average speed for a unit of cargo to travel within the country and across borders. A unit of cargo refers to a cargo truck with 20 tons of goods (for road transport) or a rail wagon with one 20-foot equivalent unit (for rail transport). Speed is calculated by taking the total distance traveled divided by the total time taken; both distance and time include border crossings.</p> <p>Source: CAREC Corridor Performance Measurement and Monitoring Reports.</p>

Indicator	Definition ^a and Source
Costs incurred to travel corridor section(\$)	<p>Definition: The average of total costs “with delays” incurred for a unit of cargo to travel within the country and across borders. A unit of cargo refers to a cargo truck with 20 tons of goods (for road transport) or a rail wagon with one 20-foot equivalent unit (for rail transport). Both official and unofficial payments are included.</p> <p>Source: CAREC Corridor Performance Measurement and Monitoring Reports.</p>
Trade Policy Sector	
CAREC trade liberalization index	<p>Definition: Composite indicator measuring achievement in prioritized actions leading toward effective trade liberalization, as a first step in the process of WTO accession. Progress is monitored in the following areas: (i) tariffication of quantitative restrictions, (ii) tariff simplification, and (iii) reduction of impediments to transit trade.</p> <p>Source: Data are extracted from an annual IMF-conducted questionnaire survey of eight CAREC partners.</p>
Energy Sector	
Transmission lines installed or upgraded (km)	<p>Definition: Transmission lines $\geq 110\text{kV}$ (some countries may report only $\geq 220\text{kV}$, which was accepted by the committee because it will under-report performance), constructed or upgraded (km).</p> <p>Source: CAREC-related project completion and validation reports, and CAREC multilateral institution online project databases.</p>
Increased energy generation capacity (MW)	<p>Definition: Increased energy generation capacity (expressed in megawatts) is incremental capacity created by the project, and the aggregate of the following categories: (i) MW capacity of new power plant projects; (ii) incremental MW as the result of rehabilitation project; and (iii) MW-equivalent capacity of heating supply added.</p> <p>Source: CAREC-related project completion and validation reports, and CAREC multilateral institution online project databases.</p>

CAREC = Central Asia Regional Economic Cooperation, CIQ = customs, immigration and quarantine, ESCC = Energy Sector Coordinating Committee, IMF = International Monetary Fund, km = kilometer, MW = megawatt, WTO = World Trade Organization.

^a The sector coordinating committees are responsible for identifying appropriate sources for data collection for Level 2 indicators.

Table A2.3: Level 3—Operational and Organizational Effectiveness

Indicator	Definition ^a
Operations Growth	
Number of investment projects approved (loans and grants, cumulative since 2006)	CAREC-related project completion and validation reports, and CAREC multilateral institution online project databases. Number of CAREC-related multilateral institution/country government projects (loans and grants) approved.
Volume of approved investment projects (loans and grants; cumulative since 2006, \$ million)	Total volume of CAREC-related multilateral institution/country government projects (loans and grants) approved.
Number of completed investment projects (cumulative since 2001)	Number of multilateral institution-validated project completion reports, rating projects “successful or better”.
Finance Mobilization	
Annual average volume of new approved investment projects (loans and grants, 3-year rolling average, \$ million)	Total volume of CAREC-related projects (loans and grants) from all CAREC partner multilateral institutions and country governments, approved during 12-month period under review.
CAREC technical assistance financing gap (\$, '000)	Outstanding funding gap for proposed/approved priority sector technical assistance projects, forecast for current 12-month period.
Knowledge Management	
Ratings of CAREC-related technical assistance projects completed (% successful)	Number of completion reports prepared for CAREC TAs in the last 3 years with “successful or better” ratings as a percentage of total TA completion reports circulated in those years.
<i>Knowledge sharing and dissemination: work-in-progress</i>	<i>Pending</i>
Participants in CAREC-supported training programs (# person days)	Total count of individuals successfully completing CAREC-sponsored training programs during 12-month period under review.

CAREC = Central Asia Regional Economic Cooperation, DEF = development effectiveness review, TA = technical assistance.

^aThe CAREC Secretariat will initially collect data for Level 3 indicators through its CAREC-related project portfolio database. Country government and multilateral institution partners will be requested to assist the CAREC Secretariat by supplying information to keep the portfolio database up-to-date.

APPENDIX 3: CAREC REGION DEVELOPMENT OUTCOMES

Table A3.1: Millennium Development Goals in the CAREC Region

Indicator	Baseline Year	Baseline Value	2008 / Latest Value	2015 Projection
Population living below \$1.25 (PPP) a day (%)	2001	25.5 ^a	27.8 ^a	33.2 ^a
Children under 5 moderately or severely underweight (%)	2004-2006	16.5	3.5	2.6
Total net enrolment ratio in primary education, both sexes	2001	98.0 ^a	94.1 ^a	86.7 ^a
Pupils starting Grade 1 who reach last grade of primary, both sexes (%)	2001	96.2 ^a	98.8 ^a	...
Primary education completion rate, both sexes (%)	2001	63.6 ^a	99.4 ^a	97.3 ^a
Gender parity index in primary level enrolment	2001	0.73	0.83	0.87
Gender parity index in secondary level enrolment	2001	0.78	0.78	0.69
Gender parity index in tertiary level enrolment	2001	0.75	0.76	0.76
Women in wage employment in nonagricultural sector (%)	2001	46.3 ^b	50.8 ^{b, c}	Increase
Children under 5 mortality rate per 1,000 live births	2000	154	144	148
Infant mortality rate (0-1 year) per 1,000 live births	2000	105.1	97.1	98.5
Adults (15+) living with HIV (number, million)	2000	0.10	0.14 ^c	Halt or increase
Women (15+) living with HIV (number, million)	2007	0.10	0.10 ^c	
Tuberculosis prevalence rate per 100,000 population	2001	162.6	199.3	133.6
Tuberculosis death rate per 100,000 population	2001	22.9	22.6	...
Land area covered by forest (%)	2000	3.6	3.4	3.3
Protected area to total surface area (%)	2001	5.5	5.5	8.2
Consumption of ozone-depleting CFCs (ODP metric tons)	2001	39.2	37.1	242.9
CO ₂ emissions (metric tons per capita)	2001	1.2	4.8	8.3
Population using improved drinking water source (% of population with access)	2000	67.6	75.0	84.1
Population using improved sanitation facilities (% of population with access)	2000	80.1	73.8	74.8

... = no data available; CAREC = Central Asia Regional Economic Cooperation; CFC = chlorofluorocarbon; CO₂ = carbon dioxide; ODP = ozone-depleting potential; PPP = power purchase parity.

^a No data for Afghanistan.

^b No data for Afghanistan or Uzbekistan.

^c 2007 data.

Note: Comparable subnational data for Xinjiang Uygur Autonomous Region and Inner Mongolia Autonomous Region are not available, therefore these two regions are not reflected in Table A3.1.

Sources: Millennium Development Goals Online Database; World Bank. PovcalNet Online Database; World Bank. World Development Indicators Online Database.

Table A3.2: Level 1 Country Groupings

Europe and Central Asia (all income levels)			
Albania	Faeroe Islands	Kyrgyz Republic	San Marino
Andorra	Finland	Latvia	Serbia
Armenia	France	Liechtenstein	Slovak Republic
Austria	Georgia	Lithuania	Slovenia
Azerbaijan	Germany	Luxembourg	Spain
Belarus	Gibraltar	Macedonia, FYR	Sweden
Belgium	Greece	Moldova	Switzerland
Bosnia and Herzegovina	Greenland	Monaco	Tajikistan
Bulgaria	Hungary	Montenegro	Turkey
Channel Islands	Iceland	Netherlands	Turkmenistan
Croatia	Ireland	Norway	Ukraine
Cyprus	Isle of Man	Poland	United Kingdom
Czech Republic	Italy	Portugal	Uzbekistan
Denmark	Kazakhstan	Romania	
Estonia	Kosovo	Russian Federation	

Europe and Central Asia (developing countries only)			
Albania	Kosovo		Serbia
Armenia	Kyrgyz Republic		Tajikistan
Azerbaijan	Lithuania		Turkey
Belarus	Macedonia, FYR		Turkmenistan
Bosnia and Herzegovina	Moldova		Ukraine
Bulgaria	Montenegro		Uzbekistan
Georgia	Romania		
Kazakhstan	Russian Federation		

South Asia		
Afghanistan	India	Pakistan
Bangladesh	Maldives	Sri Lanka
Bhutan	Nepal	

Source: World Bank. World Development Indicators, Online Database 2011.

APPENDIX 4: LEVEL 2 METHODOLOGIES

Trade Facilitation: CAREC Corridors Performance Measurement and Monitoring Program

136. The CAREC Transport and Trade Facilitation Strategy and its Action Plan focus on six corridors, along which the CAREC Corridors Performance Measurement and Monitoring (CPMM) Program monitors and reports on selected links and nodes, identifies bottlenecks, and proposes actions. The rationale behind the CPMM is premised on the following factors: (i) improving trade facilitation and increasing transport connectivity help economic growth; (ii) efficient and effective transport and logistics services stimulate economic activity and help the CAREC region take advantage of its position as a land bridge between Europe and Asia; and (iii) International trade flows account for about 80% of the region's gross domestic product.

137. In 2010, changes were introduced in the normalization process of CPMM data to improve consistency in estimates of time and cost indicators. The time-cost/distance (TCD) documents submitted by the CFCFA partner associations provide information on actual trips along CAREC corridors, and this information must be normalized so that each TCD sheet can be summed up and analyzed at the sub-corridor, corridor, and aggregate level of reporting.

138. The normalization process is done at the level of a 20-ton truck in the case of road transport, or a 20-foot equivalent unit (TEU) in the case of rail, travelling 500 kilometers (km). The number of border crossing points (BCPs) on the sub-corridor level is also normalized for each 500 km segment.

139. Previously the number of BCPs for each 500 km on the sub-corridor level was not normalized, leading to inaccurate results. The following are the steps now taken for normalization of each TCD sheet:

- (i) Each TCD is split between a non-BCP portion and a BCP portion, in the case of shipments crossing borders.
- (ii) The time and cost figures for the non-BCP portion are normalized to 500 km by multiplying the ratio of 500 km over the actual distance travelled.
- (iii) The time and cost figures for the BCP portion are normalized based on the ratio of pre-determined number of BCPs for each 500 km segment over the actual number of BCP crossed.
- (iv) The TCD is reconstituted by combining the normalized non-BCP portion with the normalized BCP portion.

140. To measure the average speed and cost of transport for trade, the cargo tonnage or number of TEU containers are used as weights (normalized at 20 tons) in calculating the weighted averages of speed and cost for sub-corridors, corridors and overall, based on normalized TCD samples.

APPENDIX 5: CAREC PROGRAM INVESTMENT AND TECHNICAL ASSISTANCE PROJECTS, 2010

Table A5.1: CAREC Investment Projects (Loans and Grants) Approved in 2010

Project	Country	Year of Approval	Year of Closing	Funding Agencies	Funding (\$ million)	Total Funding (\$ million)	Brief Description of Project
TRANSPORT							
Road Network Development Investment Program (MFF), Tranche 2 (Supplementary)	AFG	2010	2013	ADB	340	340	Financed by the Asian Development Bank (ADB), this project aims to improve the road network in Afghanistan. The project supports rehabilitation of the Qaisar-Bala Murghab section (90km) of the Heart-Andkhoy road and construction of the Bala Murghab-Laman section (approximately 146 km). Other projects components include ancillary and emergency works for safety improvements in various sections of the Andkhoy-Qaisar road, maintenance, and business process development.
CAREC Corridor 1 (Zhambyl Oblast Section) (MFF), Project 3	KAZ	2010	2013	ADB	173	281	Financed by ADB, with the Government of Kazakhstan and the Japan International Cooperation Agency, this project is the third tranche of a 2,715 km road improvement multifinancing facility loan, focusing on works from the PRC border, through south Kazakhstan to the Russian Federation's western border. The project supports construction of 80 km road of the Zhambyl Oblast with a 2-lane asphalt concrete pavement on an embankment for 4-lane for future upgrading. It also supports rehabilitation of 13 km existing 2-lane asphalt road and the construction of a 5 km 2-lane asphalt concrete road to the Kyrgyz border.
				JICA	68		
				G – KAZ	40		
CAREC Corridor 2 (Mangystau Oblast) (MFF)	KAZ	2010	2016	ADB	283	333	This first tranche of a new multifinancing facility loan supports physical investments in a 200 km section of the Aktau-Manasha road, capacity building of the Ministry of Transport and Communication and Committee of Roads, in planning and management, and improvement of cross-border infrastructure and facilities.
				G – KAZ	50		
CAREC Corridor 2 Road Investment Program (MFF), Project 1	UZB	2010	2013	ADB	115	146	The first tranche of a multifinancing facility loan comprising civil works of about 50 km of the Guzar-Bukhara-Nukus-Beyneu Road in Uzbekistan. The loan will also support the expansion and implementation of the road asset management system, and capacity building for the Road Fund and the local communities living along the Investment Program road.
				G – UZB	31		

CAREC Regional Road Corridor Improvement (supplementary)	KGZ	2010	2013	ADB	23	32	This ADB- financed project aims to reduce transport costs and foster regional cooperation among PRC, Kyrgyz Republic and other Central Asian countries by paving 136 km of road from Sary Tash to Karamik with two layers of asphalt concrete. The project also intends to increase regional traffic and trade, improve access to regional markets and social services for people living in the area. The Government of the Kyrgyz Republic is also providing counterpart funding.
				G - KAZ	9		
Third Highway Project	AZE	2010	2015	World Bank	242	356	This World Bank and Government of Azerbaijan - financed project aims to contribute to a more efficient and safer Baku-Shamakhi road by upgrading a 100 km section of the existing two-lane motorway with higher-quality road services and improvement management. The project will also support institutional development towards policy preparation on management, financing, operations and maintenance of Azerbaijan's motorways.
				G – AZE	115		
Regional Road Development Project (Supplementary)	MON	2010	2013	ADB	24	26	Together with the original loan, this supplementary loan aims to contribute to regional cooperation and sustainable economic growth in Mongolia. The project includes construction of 62 km of the two-lane road section of about 430 km from Choyr to the border near Zamyn-Uud. Price adjustments related to the construction of road sections from the i) 35 th Railway Crossing to the 18 th Khudag, (ii) 18 th Khudag to the 62.2 mile post, and (iii) another access road to Urgun Soum.
				G - MON	2		
National Road Rehabilitation (Osh-Batken-Isfana) Project - Additional Financing	KGZ	2010	n/a	World Bank	10	10	This Additional Financing for the National Road Rehabilitation (Osh-Isfana) is an emergency operation to respond to the social unrest in the Kyrgyz Republic. With an aim of reducing transport costs and travel time, and improving safety planning along the Osh-Batken Isfana road, an additional US\$ 5.5 million was requested to support road rehabilitation of the original Project and provide temporary road construction jobs.

Regional Logistics Development Project	MON	2010	2016	ADB G - MON	40 27	67	Together with the Government of Mongolia, this ADB-financed project aims to improve the logistics industry in the Zamyn Uud region, which is the main gateway for Mongolia's trade with PRC and the rest of the world. The project will support the development of a logistics terminal equipped with modern technology and managed by the private sector for efficient and reliable transport services with the goal of improving Mongolia's competitiveness in trade and logistics.
TRADE FACILITATION							
Second Customs Reform and Trade Facilitation Project	AFG	2010	2014	World Bank	50	50	This project aims to improve the release of legitimate goods in Afghanistan in a fair and efficient manner. The grant covers the costs related to countrywide computerization of customs clearance operations, installation of executive information systems of real monitoring of customs operations, development of possible cross border Customs-to-Customs cooperation, and technical assistance to support the development of an institutional and regulatory customs framework.
ENERGY							
Regional Power Transmission Project (AFG Component) (Supplementary)	AFG	2010	2011	ADB	12	12	Together with the Government of Afghanistan, this project intends to enhance cooperation in the energy sector between Afghanistan and Tajikistan through increased power export - and income-generating capacity of Tajikistan and restored power supply and reduced costs in Afghanistan. This loan supports the construction of transmission lines, supply of substation metering equipment, and provision of generation transformers from the Karadum river border crossing to Santuda substation.
Regional Power Transmission Project	TAJ	2010	2015	ADB G- TAJ	122 19	141	Together with the Government of Afghanistan, this project intends to enhance cooperation in the energy sector between Afghanistan and Tajikistan through increased power export - and income-generating capacity of Tajikistan, and restored power supply and reduced costs in Afghanistan. This loan supports the construction of two new 220 kV transmission lines totaling 140 km, and the rehabilitation of the substation between the Karadum river border crossing and Santuda substation.

Talimarjan Power Project	UZB	2010	2015	ADB	350	880	With counterpart funds from the Government of Uzbekistan, this project aims to enhance energy security through improved energy efficiency and use of clean power generation, and to facilitate regional energy trade through increased power transmission. These goals will be achieved through financing of two combined cycle gas turbine units in Talimarjan and improvements in the corporate management and performance of the Uzbekenergo, the sole power utility.
				G – UZB	230		
				Others	300		
Energy Emergency Assistance (Additional Financing)	TAJ	2010	2012	WB	15	15	This Additional Financing intends to increase the volume and reliability of the national energy supply especially in the winter season to support the implementation of the 'Energy Emergency Management Action Plan' (EEMAP). EEMAP was restructured to increase domestic power generation to ensure basic access to electricity for about 250,000 people in Northern Tajikistan and increase heat and power supply across the country.
Power Sector Improvement Project	KGZ	2010	2014	ADB	45	56	With counterpart funding from the Government of the Kyrgyz Republic, this project aims to reduce commercial losses and provide transparency and improve efficiency in the power sector, and increase regional energy trade. By successfully achieving its outcomes, the project intends to improve the reliability of national and regional power supply in the Kyrgyz Republic and Central Asia.
				G - KGZ	11		

ADB = Asian Development Bank, AFG = Afghanistan, AZE = Azerbaijan, CAREC = Central Asia Regional Economic Cooperation, EEMAP = Energy Emergency Management Action Plan, G- = Government of, KAZ = Kazakhstan, km = kilometer, KGZ = Kyrgyz Republic, MFF = multifinancing facility, MON= Mongolia, PRC = People's Republic of China, TAJ = Tajikistan, UZB = Uzbekistan.

Table A5.2: CAREC Investment Projects (Loans and Grants), Completed in 2010

Project	Country	Year of Approval	Year of Closing	Funding Agencies	Funding (\$ million)	Total Funding (\$ million)	Brief Description of Project
TRANSPORT							
East-West Highway Improvement Project	AZE	2005	2010	ADB	52	93	The project aimed to promote domestic and cross-border movements of people and goods on the east-west road corridor by improving the road infrastructure of the east-west corridor of Azerbaijan towards improved transport efficiency. The loan supported the reconstruction of a total of 127 km of Yevlakh-Ganja and the Qazakh-Georgian border sections, further road improvements of about 65 km, institutional strengthening for road sector reform, and cross-border facilitation with Georgia at Red Bridge.
				IsDB	10		
				Saudi Fund / Development	11		
				G – AZE	20		
Inner Mongolia Highway and Trade Corridor Project	PRC	2005	2010	World Bank	100	263	Financed by the World Bank and Government of the People's Republic of China, this project aimed to promote and sustain the development of China's cross-border trade with Russia and Mongolia through improvements in transport infrastructure and logistics. The project supported expansion of about 177 km of the Hailar–Manzhouli Highway and a further 435 km upgraded or rehabilitated, to link highway networks and border crossings. It also provided institutional capacity building and development of trade facilitation terminals.
				G - PRC	163		
Qaisar-Bala Murghab Road Project	AFG	2005	2010	ADB	55	55	This project intended to promote economic and social development through the rehabilitation of the primary road network damaged by decades of conflict and neglect in Afghanistan. About 90 km of roads on the Qaisar-Bala Murghab section were rehabilitated together with installation of tolling facilities. Capacity building on HIV/AIDs prevention, anti-human trafficking awareness, construction monitoring and project management were also supported by the project.
Rehabilitation of Bamian-Yakawlang Road	AFG	2006	2010	ADB	20	20	This project aimed to promote socioeconomic development and poverty reduction by rehabilitating national highways. As part of the North-South Corridor project in Afghanistan, this grant supported improvement of public awareness about HIV/AIDs and anti-human trafficking in cross-border areas.
Southern Transport Corridor Road Rehabilitation Project	KYZ	2004	2010	ADB	33	43	This project aimed to improve transport efficiency by reducing transport costs and improving access to markets and social services for people in the implementation area. The project supported the rehabilitation of about 120 km of the two-lane highway from Osh to Gulcha, and to Sopu Korgon; monitoring and evaluation of the construction; and procurement of road maintenance equipment.
				OPEC Fund for International Development	4		
					7		

Emergency Transport Rehabilitation Project	AFG	2003	2010	World Bank	153	174	Together with the Government of Afghanistan, the World Bank supported the reconstruction of a critical highway from Kabul to Kunduz and the Tajikistan border, including the Salang Tunnel. Further support was also extended to rehabilitate the Kabul International Airport providing equipment for navigation and airfield operations for safer travel.
				G – AFG	16		
				Others	5		

TRADE FACILITATION

Additional Financing for Customs Modernization and Trade Facilitation Project	AFG	2009	2010	World Bank	7	7	This World Bank-assisted project loan aimed to support the Government of Afghanistan to establish a more efficient customs and transit regime. Components financed under this loan included further rollout of the Automated System for Customs Data and completion of the ongoing construction of the remaining truck parking area at Jalalabad Inland Clearance Depot.
Emergency Customs and Modernization and Trade Facilitation Project	AFG	2003	2010	World Bank	31	31	This World Bank-assisted project aimed to support the establishment of a more efficient customs and transit regime in Afghanistan. This was achieved through the rehabilitation of over 56 facilities of the Afghanistan Customs Department and training of over 1,000 staff on 59 courses, organized by the established customs training unit. By completion, the project also strengthened institutional capacity through the introduction of policy changes and harmonization of various administrative and customs procedures.

ENERGY

Regional Power Transmission Interconnection Project (Tajikistan Component)	TAJ	2006	2010	ADB	22	54	This project aimed to enhance energy cooperation between Afghanistan and Tajikistan. The project supported the construction of a 220kV double circuit river crossing at Karadum village and a further 118 km of new double circuit 220kV transmission line from Karadum river border crossing to Sangtuda substation. Further support covered substation equipment, rehabilitation of generation equipment and provision of metering systems. This project benefited from the assistance of the Government of Tajikistan, ADB, Islamic Development Bank, and the OPEC Fund for International Development.
				IsDB	10		
				OPEC Fund for International Development	14		
				G – TAJ			

ADB = Asian Development Bank, AFG = Afghanistan, G- = Government of, IsDB = Islamic Development Bank, KGZ = Kyrgyz Republic, km = kilometer, OPEC = Organization of Petroleum Exporting Countries, PRC = People's Republic of China, TAJ = Tajikistan.

A5.3: CAREC Technical Assistance Projects, Approved in 2010

Technical Assistance Project	Country	Year of Approval	Year of Closing	Funding Agencies	Funding (\$)	Total Funding (\$)	Brief Description of Technical Assistance Project
TRANSPORT							
Railway Development Study (Supplementary)	AFG	2010	2010	ADB	700	700	The study will focus on the northern part of Afghanistan and will assess the long-term traffic demand and the sector's capacity, review available options, and develop recommendations for the Government. The technical assistance will carry out technical, social, environmental, financial, and economic assessments for two major routes: (i) from Hairatan at the border with Uzbekistan to Herat in the west via Mazar-e-Sharif, and (ii) from Shirkhan Bendar at the border with Tajikistan via Kunduz to Naibabad joining Mazar-e-Sharif to Herat.
ENERGY							
CAREC: Power Sector Regional Master Plan	REG	2010	2012	ADB Others	2,000 500	2,500	This technical assistance intends to identify power sector deficiencies on a regional level and provide solutions through the promotion of inter- and intraregional trade in electricity. These may result in increased energy security and efficiency, and reduction of greenhouse gases by optimizing integrated transmission and generation expansion. A major output of the technical assistance is a study of Afghanistan's prospective membership and connection to the Central Asia Power System.
MULTISECTOR							
Development of Regional Cooperation Programs for Mongolia and the People's Republic of China (Phase 2)	REG	2010	??	ADB	900	900	This regional policy and advisory technical assistance aims to enhance regional cooperation between PRC and Mongolia, contributing to the realization of the CAREC mission of development through cooperation. Intended outcomes include i) deepened PRC-Mongolia customs cooperation; ii) enhanced coordination in border-area development between the PRC and Mongolia; iii) enhanced PRC-Mongolia transport cooperation; and iv) launch of a mechanism for cooperation between inspection and quarantine agencies of the PRC and Mongolia.

Strengthening CAREC 2007-2009 (Supplementary)	REG	2010	??	ADB	1,500	1,500	This regional technical assistance aims to strengthen regional economic cooperation and integration in the CAREC countries. Its intended purpose is to enhance the Overall Institutional Framework of the CAREC Program resulting in continuous dialogue to improve transport connectivity, facilitate rational management and use of energy and natural resources, and enable increased trade among CAREC participating countries and with external markets. The intended outputs include ongoing support for the CAREC Institute to undertake training, research, and dialogue in support of regional initiatives, better functioning of CAREC national focal points, and alignment of regional cooperation priorities with national plans and programs.
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ADB = Asian Development Bank, AFG = Afghanistan, CAREC = Central Asia Regional Economic Cooperation, PRC = People's Republic of China, REG = regional

Table A5.4: CAREC Technical Assistance Projects, Closed in 2010

Technical Assistance Project	Country	Year of Approval	Year of Closing	Funding Agencies	Funding (\$)	Total Funding (\$)	Brief Description of Technical Assistance Project
TRANSPORT							
Cross Border Agreement among the Kyrgyz Republic, People's Republic of China, and Tajikistan	PRC	2007	2010	ADB,	500	550	This TA successfully facilitated the substantial agreement between the Kyrgyz Republic and Tajikistan on the draft cross-border agreement (CBTA), finalized in December 2010. The CBTA will facilitate cross-border movement of people, goods, and vehicles by removing nonphysical barriers to regional trade and transport.
	KGZ			G - KGZ	50		
	TAJ						
Capacity Building for Road Sector Institutions	AFG	2005	2010	ADB,	1000	1040	This TA aimed to have higher quality control of road works in Afghanistan adhering to technical specifications and better financial management resulting in the Ministry of Public Works' strengthened capacity.
				G - AFG	40		
TRADE FACILITATION							
Regional Trade Facilitation and Customs Cooperation Program (Phase II)	REG	2004	2010	ADB	900	1120	This TA successfully continued the work supported by the Phase II of the Regional Trade Facilitation and Customs Cooperation Program (RTFCCP), the broad goal of which was to facilitate trade among Central Asia Regional Economic Cooperation (CAREC) countries (and between CAREC and the rest of the world) by developing simplified and harmonized customs legal frameworks and trade procedures. It achieved significant progress in facilitating participating countries' customs reforms and modernization efforts, complemented by regional and bilateral initiatives and country-specific proposals for training, needs assessments, and diagnostic studies in preparation for customs legal reforms and infrastructure development.
				Shared	220		
ENERGY							
Central Asia-South Asia Regional Electricity Market Project	AFG	2007	2010	ADB	3500	3337	This TA intended to achieve a project design and feasibility study agreed on by governments and ADB towards enhancing cooperation in the energy sector and optimized utilization of power resources in the region. These studies included a feasibility report confirming economic and technical viability while another included technical design, confirmation of cost estimates, and social and environmental safeguard assessments.
	KGZ			Shared	337		
	TAJ						

ADB = Asian Development Bank, AFG = Afghanistan, CAREC = Central Asia Regional Economic Cooperation, G- = Government of, KGZ = Kyrgyz Republic, PRC = People's Republic of China, REG = regional, TAJ = Tajikistan

Table A5.5: CAREC Multitranchise Financing Facility Investments, Ongoing in 2010

MFF Investment Name and Type	Country	Year of Approval	Funding Agencies	Funding (\$ million)	Total Funding (\$ million)	Brief Description of Project
TRANSPORT AND TRADE FACILITATION						
MFF: CAREC Corridor 2 Road Investment Program (Loan)	UZB	2010	ADB	600.0	738.0	This multitranchise financing facility intends to have better connectivity, more efficient transport system and institutional effectiveness in Uzbekistan. The Investment Program aims to finance projects with one or more of the following activities: i) road development (reconstruction of about 222 km of the A380 highway); ii) strengthening of transport logistics; and iii) strengthening of road sector sustainability in the areas of Bukhara, Khorezm, and Karakalpakstan Republic. Civil works on about 50km of roads (between Km 440 and 490 of A380 highway) and support to road management of the surrounding communities are scheduled to be completed by 2013.
			G - UZB	138.0		
MFF: CAREC Corridor 2 (Mangystau Oblast) (Loan)	KAZ	2010	ADB	800.0	850.0	The investment program will (i) reconstruct 790 km roads of CAREC Corridor 2 in Mangystau, which includes 430 km on the Aktau-Manasha section, 84 km on the Beineu-Akzhigit (Uzbekistan border) section, and the 237 km on the Zhetybai-Fetisovo section; (ii) strengthened capacity for planning, project management, and asset management; and (iii) improved cross-border infrastructure and facilities. These outputs will be achieved through two components: road development and capacity development. Due to be completed by 2016, the first tranche involves physical investments in the 200k sections of the Aktau-Manasha road; and (ii) project management and institutional support to the Department of Roads (MOTC).
			G - KAZ	50.0		
MFF: CAREC Corridor I (Zhambyl Oblast Section) (Loan)	KAZ	2008	ADB	700.0	1,480.0	The investment program caters for the improvement and expansion of the Western Europe–Western PRC International Transit Corridor. This runs from Khorgos at the border with the PRC, through Almaty and Shymkent, to the western border with the Russian Federation. This corridor is underpinned by road investments made in the PRC, Kyrgyz Republic, and Tajikistan. In this sense, the corridor is an integral part and flagship transaction under the Central Asia Regional Economic Cooperation (CAREC) program. Further, the corridor paves the way and justifies the development of the North–South Corridor which runs into Uzbekistan, Turkmenistan, Afghanistan, and Pakistan. Each of these corridors will be backed by work at the national level on rural access roads. The investment program earmarked for the three institutions and the Government is divided into three projects financed under three separate tranches. The first tranche under ADB financing will have two major components: (i) road development, and (ii) road operations and maintenance.
			IsDB	414.0		
			JICA	150.0		
			G-KAZ	216.0		

MFF: Road Network Development Investment Program (Grant)	AFG	2008	ADB	400.0	1,250.0	This multitranche financing facility (MFF) finances a slice of a broad investment program over the medium term, focuses on national roads. The physical part of the overall investment program involves constructing about 2,900 kilometers (km) of national roads and maintaining about 1,500 km of existing ones. This is to be done by 2013. The nonphysical part of the investment program includes the reorganization of MPW, the creation of a new agency to deal with national roads, the establishment of a maintenance facility, introduction of improved traffic safety procedures, and the execution of training programs to improve planning and project management.
			World Bank	150.0		
			USAID	400.0		
			G-AFG	300.0		
MFF: Road Network Development Program (Loan)	AZE	2007	ADB	500.0	3,361.0	The program aims to develop an adequate, efficient, safe, and sustainable road network, linking Azerbaijan domestically and internationally. Its outputs include an improved national road network and effective and efficient management of the road network. The outputs will be achieved from two components: (i) road infrastructure development, and (ii) road network management capacity development.
			Others	2,861.0		
ENERGY						
MFF: Energy Sector Development Program (Grant)	AFG	2008	ADB	582.0	2,334.0	The physical and nonphysical outputs will lead to a more reliable power system. Physical outputs include (i) rehabilitation, augmentation, and expansion of the North East Power System (NEPS); (ii) development of distribution systems for load centers supplied from NEPS; (iii) increased domestic generation capacity through new off-grid greenfield small and mini hydropower plants; and (iv) rehabilitation of gas fields. Off-grid rural electrification is based on renewable hydropower. Non-physical outputs include (i) training for better system operation and maintenance; (ii) better planning, project management, and systems, including the introduction of a management information system; (iii) metering, billing, and collection of tariffs; and (iv) thematic coverage, including gender mainstreaming and private sector development. The investment program will set up mechanisms of teams for monitoring and evaluation, reporting, and measuring results.
			EBRD, G-AZE, IsDB, World Bank	1,752.0		

ADB = Asian Development Bank, AFG = Afghanistan, AZE = Azerbaijan, CAREC = Central Asia Regional Economic Cooperation, EBRD = European Bank for Reconstruction and Development, G- = Government of, IsDB = Islamic Development Bank, JICA = Japan International Cooperation Agency, KAZ = Kazakhstan, km = kilometer, MFF = multitranche financing facility, NEPS = North East Power System, PRC = People's Republic of China, USAID = United States Agency for International Development.

APPENDIX 6: CAREC INSTITUTE RESEARCH PROGRAM

Table 6.1: CAREC Institute Flagship Research Grant Program 2009-2011

Research Title	Country	Institution / Research Team
CAREC Institute Flagship Research Grant Program		
Structural Changes in the Uzbek Economy: Achievements, Problems and Prospects**	Uzbekistan	Center for Economic Research
Structural Change in the Republic of Kazakhstan**	Kazakhstan	Economic Research Institute
Evaluation of the Effectiveness of Economic Policy Aimed at Structural Reforms in the Kyrgyz Republic	Kyrgyz Republic	Investment Round Table
Possible Structural Transformation of Mongolian Exports and Imports in the Context of Cooperation with the People's Republic of China and Kazakhstan	Mongolia	Mongolian Development Institute
Managing Resource Revenues in Oil-rich CAREC countries: Case Study of Azerbaijan**	Azerbaijan	Center for Economic and Social Development
Energy Security of Mongolia in the Context of Central Asia	Mongolia	Institute for Strategic Studies
Management of Resource Revenues in the CAREC Region**	Tajikistan	Institute of Economic Research
Impact of Energy Sector on Macroeconomic Performance: Case of Kazakhstan	Kazakhstan	Public Policy Research Center
Foreign Direct Investment in Afghanistan: Current Status and Policies	Afghanistan	American University of Afghanistan
The Prospects and the Impact of CAREC on the Growth of China	Peoples' Republic of China	Institute of Russian, East European and Central Asian Studies
Regional Integration in Central Asia: Benefits for the Kyrgyz Republic from Removing Trade, Transport and Transit Barriers	Kyrgyz Republic	Investment Round Table
Is There a Case for Inflation Targeting in the Kyrgyz Republic?	Kyrgyz Republic	American University of Central Asia
Finance Development, Inequality and Poverty Reduction**	Uzbekistan	Center for Economic Research
Macroeconomic Policy Issues in the CAREC Countries**	Kazakhstan	Economic Research Institute
Influence of Regional Cooperation on the Efficiency of Macroeconomic Policy**	Tajikistan	Institute of Economic Research

CAREC = Central Asia Regional Economic Cooperation.

Note: Papers marked with ** indicate that a final submission has already been made to the CAREC Institute.

Source: CAREC Institute.

Table 6.2: CAREC Institute Small Research Grant Programs 2009-2011

Research Title	Country	Institution / Research Team
CAREC Institute Small Research Grants Program		
Competitiveness of the Export Sector of Kazakhstan and Kyrgyz Republic	Kazakhstan	Team Leader: B. Khusainov
Tariff and Non-Tariff Barriers as Obstacles to Trade Between the People's Republic of China and Kyrgyz Republic	Kyrgyz Republic	Team Leader: R. Hasanov
Trade Barriers between Mongolia and Republic of Kazakhstan	Mongolia	Team Leader: Lamjav Zolbaatar
Pattern of Economic and Trade Cooperation Between Silk Road Fort Kashgar in Xinjiang, PRC, and Border Countries	People's Republic of China	Team Leader: Zhigang Gao
Strategy of Trade Development in Tajikistan and Kyrgyz Republic and Trade and Economic Cooperation Between Tajikistan and Kyrgyz Republic	Tajikistan	Team Leader: A.A. Nazarov
Proposal For Freight Transit Single Convention For CAREC Member Countries	Uzbekistan	Team Leader: A. Mukhidov

CAREC = Central Asia Regional Economic Cooperation.
Source: CAREC Institute.