

Central Asia Regional Technical Assistance Center (CASTAC)

Presentation by

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Motivation

- Central Asian countries are at an important stage in their economic development. Recent strong growth and high commodity prices offer considerable development opportunities.
- But challenges need to be faced if these opportunities are to be realized.
 - The foundations of macroeconomic stability need to be strengthened.
 - Fiscal sustainability needs to be ensured, while creating the space for stepped-up social and infrastructure spending.
 - Economic diversification away from commodities is needed.
 - Financial intermediation needs to be deepened and financial markets developed.

Capacity Building Can Help Meet These Challenges

- By making international best practices readily available.
- By providing the hands-on guidance of experts to implement policy reforms.
- By developing greater depth and breadth of experience amongst staff in key economic policy agencies.

Areas for Additional TA

- Donors already provide considerable TA and training to the region, but additional resources would help in several areas where the IMF has considerable expertise.
 - Improve public financial management and revenue administration to strengthen the management of government resources and ease tax compliance costs.
 - Strengthen financial sector regulation and supervision and develop financial markets to increase the ability of financial systems to support growth.
 - Ensure the appropriate macroeconomic management of the large inflows being received from natural resources.
 - Improve the quality of economic statistics to help policymakers make well-informed and timely decisions.

What Role for CASTAC?

- CASTAC would provide additional, but complementary, technical assistance and training to the region.
- With advisors based in the region, the center would provide the sustained support that is needed if technical assistance is to achieve its goals.
- CASTAC would disseminate “best practices” within the region to generate momentum for reforms.
- Experiences with other Fund Regional Technical Assistance Centers (RTACs) have been very favorable (the IMF currently has six such centers in the Pacific, the Caribbean, Africa (3), and the Middle East).

The CAREC Institute and CASTAC

- Knowledge and capacity building are key objectives of both CASTAC and the CAREC Institute.
- CASTAC will provide an excellent compliment to the CAREC Institute. CASTAC will focus on macroeconomic and financial areas. The work of the CAREC Institute is more in structural reform areas.
- Both will help shape and advance regional policy initiatives and strengthen cooperation and coordination between countries.
- Both demonstrate the commitment of international organizations and donors to the Central Asia region.

Country Coverage

- Based around CAREC membership.
- Countries: Azerbaijan, Kazakhstan, Kyrgyzstan, Mongolia, Tajikistan, Turkmenistan, Uzbekistan, and possibly Pakistan.
- The countries have responded very favorably to our initial contacts.
- Kazakhstan, Kyrgyzstan, and Uzbekistan have all expressed a strong interest in hosting the center.

Next Steps

- Finalize detailed business plan as basis for discussions with potential donors to assess funding support.
- Further discussions, including during the upcoming IMF/World Bank Annual Meetings, with countries on the CASTAC proposal.
- Develop criteria for selecting the host city.