

CAREC and Private Sector Development

CAREC SOM, Baku, 26 September 2008

Agenda

- Private Sector Development is vital to Central Asia
- What does PSD Need?
- Key Challenges
- PSD as a CAREC Theme
- What can a CAREC offer?
- Work Plan for 2009 – 2011
- Next Steps

Private Sector Development is Vital to Central Asia

- Creates jobs; integrates technologies; improves productivity and raises income
- Delivers economic investment for growth and provides tax revenue for services
- Is seen as the only viable long-term solution to bridge the gap between infrastructure needs and government financial resources

What does PSD Need?

- PSD flourishes when:
 - stable policy environments are evident
 - appropriate regulatory and taxation settings exist
 - property and contractual rights are secure
 - corporate governance is strong
 - risk is identifiable and manageable
- For major long-term investment, PSD needs confidence and predictability

Key Challenges

Major challenges may include:

- low level of awareness and capacity
- incomplete, inconsistent legal and regulatory frameworks; both national and regional
- lack of clearly defined and transparent processes (such as tendering)
- other factors (political stability, governance, forex availability and convertibility, low tariffs, limited domestic private investors, etc.)

PSD as a CAREC Theme

Regional approach can:

- provide benefits at both national and regional levels
- address common issues through harmonization
- help meet large needs for private sector investment

What can CAREC offer?

- Increase awareness of middle and senior government officials
- Knowledge sharing
- Capacity building
- Policy advice
- Confidence building: public and private sectors
- Hands on experience in public-private partnership
- Technical and legal support in design, tendering, implementation
- Possible funding resources

Work Plan (2009 – 2011)

2009

- Objectives
 - Increase awareness of government officials
 - Improve understanding of key barriers
- Activities
 - Detailed review of private sector development status
 - Training on modalities and best practices
 - Information and experience sharing

Work Plan (2009 – 2011)

2010

- Objectives
 - Increase structural and policy commitments
 - Address common key issues at national and regional level
- Activities
 - Study of regional issues and opportunity for harmonized approach
 - Establishment of PSD/PPP units, or equivalent
 - Development of standard bidding processes and contractual framework
 - Minimum legal and regulatory framework required in place

Work Plan for Prompting PSD (2009 – 2011)

2011

- Objectives
 - Pilot program/projects underway
 - Harmonized approaches adopted
- Activities
 - Formulation and implementation of PPP pilot projects
 - Policy and sector reforms
 - Capacity building of PSD/PPP units

Next Steps

- SOM inputs
- Key messages on PSD included in Joint Ministerial Statement at 7th Ministerial Conference