Regional Economic Cooperation: Lessons for Central Asia

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CAREC and Wolfensohn Center for Development at Brookings
ADB, Manila, July 2008
A review of experience

- Assessment of available information
- Typology of regional economic organizations
- Experience with regional cooperation world-wide (with more detail for Central Asia, Asia, Latin America and Europe)
- Lessons
- Implications for CAREC
The literature

- Few systematic evaluations of specific organizations
  - GMS in progress by ADB OED
  - SPECA by its governing council

- Few cross-cutting evaluations
  - WB IEG review of support for regional cooperation
  - Reviews of selected regional cases
  - No comprehensive overview

- We pieced together from the evidence what can be gleaned; more systematic evaluations of individual agencies and or cross-cutting experience desirable
Typology of regional organizations

- **Focus**
  - Regional integration
  - Other

- **Membership**

- **Function**
  - Security
  - Political
  - Trade
  - Infrastructure
  - Socio-economic
  - Comprehensive

- **Form of organization**
  - Formal, treaty based
  - v. informal program
  - Financial institution
  - Summit, ministerial or senior official level

- **Modalities**
  - Advisory
  - Regulatory
  - Financing
  - Arbitration/enforcement
<table>
<thead>
<tr>
<th>Organization</th>
<th>Integration</th>
<th>Security</th>
<th>Trade</th>
<th>Finance</th>
<th>Infrastructure</th>
<th>Socio-economic</th>
<th>Form of Organization</th>
<th>Level</th>
<th>Modality</th>
<th>Arbitr./Enforcement</th>
<th>Members, Participants</th>
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<td>✓</td>
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<td></td>
<td>(✓)</td>
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<td></td>
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<td>Adv./reg./(fin.)</td>
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</table>
Country membership of Central Asian regional organizations
Other regional organizations

<table>
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<th>Integration</th>
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</table>
Summary evaluation of regional organizations

- Central Asia
  - SCO
  - EurasEC
  - ECO
  - SPECA
  - CAREC

- Other
  - EU
  - Stability Pact
  - GMS
  - IIRSA
  - CAF
  - MERCOSUR
Lessons 1 and 2

Lesson 1: Regional cooperation is not easy and implementation of stated intentions is frequently weak.

Lesson 2: Effective regional cooperation and integration take time to develop, and require incremental, gradual and flexible implementation with visible payoffs.
Lessons 3, 4 and 5

Lesson 3: Successful cooperation requires leadership.

Lesson 4: Keep the membership of the regional organization manageable, based on shared geography and common regional interests.

Lesson 5: Avoid the “spaghetti bowl” effect, where possible.
Lesson 6: For trade and transport, develop priority corridors and link transport investment with transport and trade facilitation.

Lesson 7. Development of regional water and energy resources can be one of the most difficult areas in to make progress, while also creating great opportunities for win-win outcomes and the sharing of benefits among all parties.
Implications for CAREC

CAREC’s Strengths
- Focus
- Flexibility
- Country engagement
- IFI engagement and coordination
- Action Plan
- Sector strategies
- Monitoring of progress

CAREC’s Challenges
- No formal basis
- Weak organizational capacity
- Not at summit level
- Limited recognition
- Limited country ownership
- Weak links with other regional organizations
- Missing players
The way forward for CAREC

Work in progress
- Strong sector strategies and action plans
- Monitoring of results
- Strong secretariat
- CAREC Institute
- Stronger links with other regional organizations
- Development Partners’ Forum

Food for thought
- Focus now on regional water/energy/food crisis?
- Summit (or PM) level meeting?
- Formal link with SCO?
- Merge with SPECA?
- Add 1 or 2 key sectoral areas (water, disaster preparedness)
Thank you!