

UNITED NATIONS ECONOMIC COMMISSION FOR EUROPE

What **UNECE** does for you



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...**UNECE** works
for the economies
of Central Asia

The United Nations Special Programme for the Economies of Central Asia was launched in 1998 to strengthen subregional cooperation in Central Asia and its integration into the world economy.

Marton Krasznai, UNECE Focal Point for SPECA, explains how it works.



What is SPECA?

SPECA is the acronym for the United Nations Special Programme for the Economies of Central Asia. It was launched in 1998 by the adoption of the Tashkent Declaration, in which the Presidents of Central Asian countries (Kazakhstan, Kyrgyzstan, Tajikistan, Turkmenistan and Uzbekistan) agreed to strengthen regional economic cooperation in order to accelerate the integration of their countries into the world economy. They invited the United Nations – the Economic Commission for Europe and the Economic and Social Commission for Asia and the Pacific – to provide support to the Programme. Azerbaijan joined SPECA in 2002 and Afghanistan in 2005. In 2004, Secretary-General Kofi Annan launched an initiative to further strengthen the Programme.

Why is the UNECE turning to Central Asian countries?

Central Asia is an important partner of other UNECE member countries. Increased energy imports from Central Asia would contribute to the energy security of Europe, while other UNECE member countries offer investment, technology and markets for Central Asia. UNECE has a useful role to play in facilitating this mutually advantageous cooperation.

SPECA seems to be a complex programme integrating diverse activities. What is the common ground for all these activities?

SPECA focuses on those areas where the UNECE and UNESCAP have in-house expertise to offer and where the Programme can provide

the biggest added value. A good example is cooperation in the area of water and energy resources where the SPECA Project Working Group has made very impressive headway with limited resources – thanks to our first class experts.

How can SPECA function within UNECE?

SPECA has a well-functioning governing structure, which ensures smooth coordination of different activities. There are Project Working Groups for each specific activity. The current SPECA Project Working Groups are on Water and Energy, which covers environment too, on Transport and Border Crossing, on Trade, on Statistics, on ICT for Development and on Gender and Economy.

The SPECA Governing Council is the supreme management body, which provides overall policy guidance to the work carried out within the SPECA framework. It is composed of SPECA National Coordinators at the level of senior policymakers - Deputy Prime Ministers or Ministers of Economy from the SPECA member countries. The Coordinating Committee is a subsidiary body to the Governing Council. It is responsible for regular coordination of SPECA activities and is composed of Deputy National Coordinators at the level of Deputy Minister of Foreign Affairs.

Why is this structure efficient? It often happens that complex issues raised in the Project Working Groups require policy level coordination. Project Working Groups send their recommendations to the Deputy Prime Ministers or Ministers that comprise the Governing Council. It is the combination of

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expert work with policy level coordination which makes the Programme unique.

The situations in some SPECA countries can be perceived as a little bit more difficult than in most European countries. What's SPECA approach in such cases?

SPECA fully utilizes the comparative advantages of the United Nations. When it comes to complicated and sensitive issues, like the water and energy complex, it is the combination of a neutral UN platform with high quality expertise and the broad array of international legal instruments, norms and recommendations of UNECE, which facilitates a constructive dialogue and effectively helps SPECA member countries to forge mutually advantageous solutions.

Some of these countries are known as energy exporters. What are the risks for them?

Most of the energy exporting countries face the same difficulties. For example, they can catch the "Dutch disease". The term refers to a situation where an increase in revenues from natural resources raises the exchange rate, which makes the manufacturing sector less competitive. There are many other potential "diseases", which can be caused by too heavy reliance on energy exports. SPECA is working together with partner organizations and programmes to provide assistance to member countries which face such challenges.

What does SPECA recommend for these countries to diversify their economies?

In a globalizing world the only chance for these countries to successfully diversify their economies is their rapid integration into the world economy. But it is not easy. They have to compete with other, established international producers and they are hindered by geography (their landlocked situation), unfinished institutional reforms and small market size. Only with the help of cutting-edge foreign investment and participation in international

production and distribution networks can the region move faster towards the objective of economic diversification.

SPECA member countries therefore need to continue improving their investment and business climates. Strengthening regional cooperation is a crucial part of this effort. Improved transport and transit links, easier border crossing, credible steps towards the creation of a larger regional market are a sine qua non for a positive regional business and investment climate.

Can we already talk about a Central Asian common market?

Not yet. Several high-level initiatives have been launched and important technical work is being done. But there is a long way to go till a fully fledged regional market is created. SPECA offers advice and technical cooperation assistance to help these countries speed up the integration of their markets.

What do you consider as SPECA's main achievement until now?

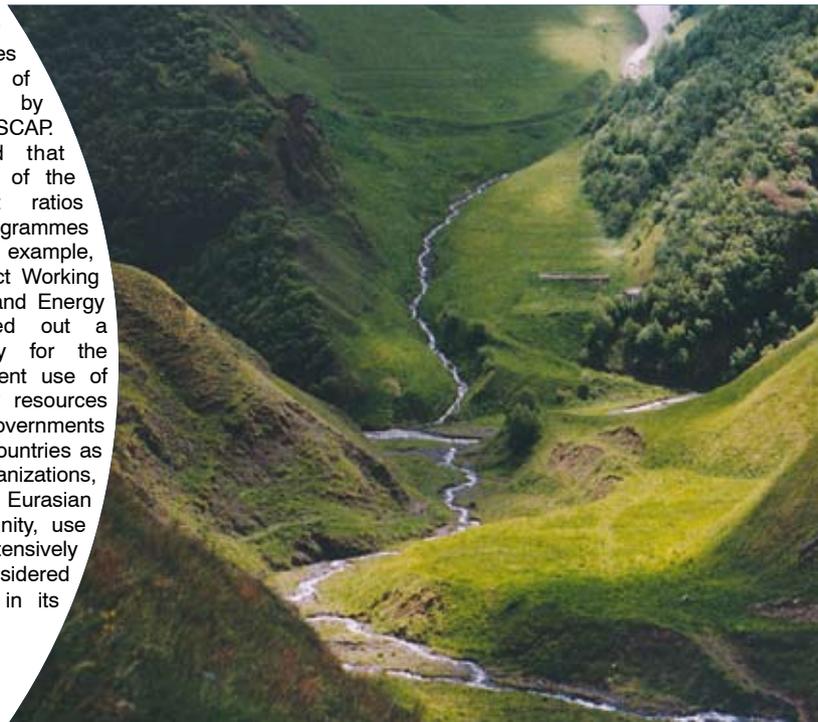
The most impressive thing about the Programme is its ability to strengthen regional cooperation in Central Asia in highly complicated areas with relatively modest resources due to the quality of expertise offered by UNECE and UNESCAP. I am convinced that SPECA has one of the best cost-benefit ratios among similar programmes in the region. For example, the SPECA Project Working Group on Water and Energy Resources worked out a Regional Strategy for the rational and efficient use of water and energy resources in Central Asia. Governments of Central Asian countries as well as partner organizations, such as the Eurasian Economic Community, use this document extensively since it is considered one of the best in its category.

What are the challenges for the future?

Representatives of the two Regional Commissions supporting SPECA (UNECE and UNESCAP), the CAREC Group (ADB, World Bank, EBRD, IMF, IDB and UNDP), EurAsEC and SCO agreed in October 2007 to strengthen their coordination and cooperation in Central Asia. This agreement opens up important new possibilities for the Programme. UNECE and UNESCAP will be able to participate in joint strategic planning with partner organizations, develop joint projects and strengthen the ability of SPECA to attract extrabudgetary funding for projects implemented within its framework. It will take a well-coordinated joint effort by the two Regional Commissions to take full advantage of these new opportunities.

Could you say a few words about the 2007 meetings of the SPECA Economic Forum and planned activities in 2008?

The first meeting of the Economic Forum ("Focus on Asia") was held in May 2007 in Almaty as part of the Asia-Pacific Business



Forum of UNESCAP. The second meeting of the Forum was held on 13 November 2007 in Berlin in the form of the Conference "Central Asia and Europe: a New Economic Partnership for the 21st Century". While the first meeting focused on strengthening trade and investment links between Asia and Central Asia, the Conference in Berlin discussed how to strengthen the role of the European private sector – through increased trade and investment – in the sustained development and diversification of the economies of Central Asia and in the international integration of the region as a whole. A regional team of researchers from Azerbaijan, Kazakhstan, Kyrgyzstan, Tajikistan and Uzbekistan prepared a background study for the Conference, making a series of recommendations on how to maximize the effectiveness of technical cooperation assistance by UNECE, UNDP, the European Union and their development partners in support of the above objectives. The Conference also explored new opportunities for cooperation among members of the international development community.

In 2008 two ministerial-level SPECA meetings are planned. The first is a conference on 1 April 2008 in Berlin on water management in Central Asia and the second an Economic Forum in autumn 2008 in the Russian Federation on business and investment links between Central Asia and the Russian Federation.

For more information:
<http://www.unece.org/speca/Welcome.html>

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