

In a similar vein, SPCA will also support the transmission infrastructure needed to move and trade the energy across borders from countries of excess supply to those with excess demand. These interventions will result in a competitive region.

Once commodities are competitively produced they have to be moved across the borders, or else excess supply could be created in the local markets resulting in a fall in equilibrium prices and through that, a fall in income, thereby adversely affecting the producers that SPCA wants to support.

To address this concern, the Program will support the development of an extensive transport network in the region to facilitate the easy movement of the goods produced over the region. Because of these, SPCA will be supporting the key elements of the cycle that will result in increased production, competitiveness and trade and through these, enhanced economic growth in the Region.

Key Focus Areas

SPCA is mainly focusing on the following sectors: (1) transport, (2) energy, (3) trade, and (4) agriculture development. Private sector and capacity development are cross-cutting themes across the Program. To address the key development constraints in the region, SPCA will be supporting increased intra-regional and international trade, increased agricultural and industrial production, enhanced regional energy security, and an expanded regional transport network. SPCA will complement the ongoing regional cooperation efforts of the development partners, with its particular focus on productive sectors of the economy, and the region's further integration into global value chains.

For more information, please contact
Islamic Development Bank
Country Programs Department
Jeddah, Kingdom of Saudi Arabia
Tel: +966 12 646 6608
+966 12 646 6609



SPCA

SPECIAL PROGRAM FOR CENTRAL ASIA



SPECIAL PROGRAM FOR CENTRAL ASIA (SPCA)

SPCA Logic

Background and objective

Under the overall framework of the "OIC Plan of Action for Cooperation with Central Asia (PACCA)", the IDB Group is developing a new flagship regional program, named the Special Program for Central Asia (SPCA). The Program aims at supporting cooperation efforts of its Member Countries in Central Asia (Azerbaijan, Kazakhstan, Kyrgyzstan, Tajikistan, Turkmenistan, and Uzbekistan) to **enhance competitiveness, increase trade and promote economic growth in pursuance of the Sustainable Development Goals**. It is inspired by both the OIC-PACCA and the IDB 10-Year Strategy. The overall concept of SPCA has been endorsed during a consultative workshop on the sidelines of the IDB's 38th Annual Meeting in Dushanbe, Tajikistan in May 2013.

Increased agriculture, industrial and SME production are the goods that are considered by SPCA. The reason for choosing these products is that a significant proportion of the population in the Region is in agriculture and SMEs and by increasing incomes in these two areas, the resulting economic growth can be made more inclusive. The excess production of these goods is supported and this will be traded across borders. In addition, excess energy generated will also be traded for regional energy security. Producing excess is not enough to trade. To enable the trading of the excess production across borders, the exports have to be produced more cheaply at the origin country than in the destination country. In other words, the unit cost of production in country A has to be lower than the unit cost of production in country B.

The Central Asia region has grown impressively in the last decade, however falling commodity prices and the Russia sanctions have adversely affected them threatening the sustainability of these achievements. To assist the member countries in the Region sustain these growth levels, SPCA logic (see figure below) departs from the premise that trade is a significant determinant of sustainable development and therefore, it will be the vehicle with which SPCA will help the member countries sustain their growth achievements. Trade involves the movement of goods and services across borders, but SPCA will focus on the movement of goods for now, because of the limited time of the program (5 years) and the need for focus and selectivity.

As in all parts of the world, one of the significant cost of producing any good is the cost of energy and the Central Asia Region is no exception. However, energy loss resulting from aging infrastructure reduces the limits the energy supplied thereby making its production very costly. This translates into higher energy cost for the agriculture and SME producers and higher unit cost of production, which reduces their competitiveness. By supporting efficiency improvements (by plugging the leakages) and exchanges in the energy sector, SPCA would be contributing to increasing energy supply, reduce its cost of production which will hopefully result in reduced tariffs and lower unit cost of production for the agriculture and SME producers.

Strategic Framework of SPCA

