



Business Development Forum: Concept Paper

**Senior Officials' Meeting
on Central Asia Regional Economic Cooperation
10-11 April 2006
Urumqi, XUAR, People's Republic of China**

**Business Development Forum (BDF)
Draft Concept Paper – March 24, 2006**

I. INTRODUCTION

1. A preparatory meeting for the establishment of a Regional Business Roundtable¹ (RBR) was held on 3-4 November 2005 prior to the 4th Central Asian Regional Economic Cooperation (CAREC) Senior Officials Meeting (SOM) and Ministerial Conference (MC). The meeting participants fully endorsed the basic principle of involving the business communities more closely in regional cooperation in Central Asia, and the RBR was endorsed as the mechanism to achieve this objective. The Bishkek Action Plan summarized discussions and agreements of the RBR meeting, and it was submitted to and discussed at the CAREC SOM and endorsed by the MC.

2. It was agreed at the preparatory meeting that the RBR would focus initially on channeling the consolidated perspectives and interests from the private sector across the member countries to the various regional cooperation programs, including CAREC and the Central and South Asia Trade and Transport Forum (CSATTF). In addition to the three core areas of CAREC activities comprising Trade Facilitation and Policy; Energy; and Transport, RBR participants proposed that the RBR agenda also include the financial sector and tourism and related service industries.

3. Subsequent to the November 2005 RBR, the People's Republic of China (PRC) suggested that CAREC hold a Business Development Forum (BDF) for Central Asia in 2006 or early 2007. The proposal draws upon experience of the Greater Mekong Subregion (GMS) Program of Economic Cooperation, which has held several such development forums. The forums seek to deepen awareness of the region and to draw attention to the wide range of investment opportunities. A common theme of the forums is public-private sector partnerships in the development and implementation of key infrastructure projects. It is suggested that, given the strong commonalities and potential synergies between the RBR and the proposed BDF, the activities be combined into a meeting of the BDF to be held prior to the CAREC MC in Urumqi, PRC in October 2006².

II. FOCUS OF THE CAREC BDF MEETING

4. The major conclusion of the RBR preparatory meeting was to enhance the representation of the private sector in regional cooperation meetings and reflect the consolidated perspectives and interests from among the region's domestic and foreign businesses into the various regional cooperation programs. The proposed focus of the Business Development Forum is to build on this objective and promote joint public-private sector partnerships in key projects.

5. Accordingly, the proposed CAREC BDF meeting in October will examine the region's priority investment opportunities and how to overcome the existing obstacles to investment in four sectors identified in the Bishkek Action Plan, namely:

- Energy;
- Transport;

¹ The Regional Business Roundtable was a joint initiative between Central Asia Regional Economic Cooperation (CAREC) and Central and South Asia Transport and Trade Forum (CSATTF). The findings and recommendations of the RBR were reflected in the detailed Conference Proceedings and the Bishkek Action Plan (and all materials were produced in a CD ROM).

² Note also that the UNDP-supported Silk Road Initiative is holding the Silk Road Investment Forum from June 7-8, 2006 in Xi-An, China. This activity aims at stimulating investments by foreign and local investors in countries along the Silk Road.

- Finance Sector, and
- Tourism and Related Services.

6. For each of the four sectors, and in close conjunction with all key players – the business communities both in and outside the region, multilateral institutions (MIs), investment banks, investment promotion agencies, and others – it is proposed to produce sector-specific investment materials highlighting the opportunities, the benefits, and the obstacles, as well as possible public-private partnerships. These materials will be carefully produced by the secretariat in cooperation with selected MIs to ensure that they are of maximum value to the business community. This will entail compilation of relevant materials and then packaging them into user-friendly documents explicitly designed to support private sector investments in the respective areas.

7. In addition to the four sectors, and in line with the directions outlined in the Bishkek Action Plan, it is proposed that the CAREC BDF considers as a topic for discussion the critical area of Trade Facilitation and Policy. It is likely that concerns in this area will affect most, if not all, of the potential projects in the four sectors. Accordingly, the CAREC BDF can make concrete recommendations to CAREC on required improvements in trade-related areas, among other investment impediments.

8. It is expected that this work will be done jointly with selected active investment banks and possibly, multinational and large domestic corporations operating in the CAREC region. At the CAREC BDF, these investors in the region will provide detailed presentations on the structure of the energy, transport, tourism and finance sectors and potential cross-border investment opportunities. In addition, the investors will help identify various legal and regulatory barriers to cross-border or regional investment in these sectors. The key findings put forward by the investors will be validated by key private sector players in these industries. The CAREC BDF will then formulate specific proposals to reduce impediments to regional private sector development to the SOM and MC for consideration and action. In this manner, the CAREC BDF can act as the private sector's single voice in order to facilitate the necessary changes in the CAREC region. The final end result will hopefully be the preliminary identification by the private sector participants of a number of specific potential investment projects with support from the public and private sectors and key investors.

III. OBJECTIVES AND KEY SUCCESS FACTORS FOR THE CAREC BDF

A. Objectives

- To bring together public and private sector investors in the four areas to identify and define major investments opportunities and communicate to the MC existing barriers that preclude such investments from happening;
- To leverage the vast amounts of information available in the public and donor sectors to support private sector investments;
- To identify the major constraints to investment in the respective areas and develop mechanisms to address these constraints;
- To support the development of the hard and soft infrastructure required to foster greater trade and investment activities both within CAREC and with neighboring countries;
- To foster the linkages that must exist between all private sector participants in the region in order to ensure the expansion of markets, the development of intra-regional supply chains, and the integrated financial systems that regional cooperation ultimately fosters and nurtures;

- To enhance business sector involvement in the CAREC initiatives by providing direct and regular channels for the private sector to communicate with the participating governments in the CAREC Program;
- To lay the groundwork for sustainable structures and institutional mechanisms to perpetuate the development of public-private partnerships and private sector involvement in regional cooperation projects.

B. Key Success Factors

- A considerable amount of groundwork must be completed in order to ensure a successful, productive, and fruitful CAREC BDF Meeting, in particular the identification of suitable participants;
- Mobilization of the ADB CAREC Unit and CAREC Regional Cooperation Officers at the various ADB Resident Missions to play the leading roles in organizing and coordination, and with country-specific materials preparation.
- The planning and implementation of the CAREC BDF must be done in collaboration with other multilateral institution partners;
- Governments and multilateral institutions should acknowledge the important role of the CAREC BDF and its outputs in regional forums and activities and participate actively in these forums and activities;
- In order for the CAREC BDF initiatives to succeed, a mechanism within CAREC must be developed to involve the private sector actively at various levels in the regional cooperation process³;
- Public sector activities should, where possible, be refocused to explicitly take into account constructive private sector perspectives;
- All documents, and especially the sector background papers, must be prepared well in advance to allow for translation into Russian and Chinese and timely distribution to participants; and
- The mobilization of required resources to cover all aspects of the meeting (as was the case with the RBR meeting in November 2005).

C. Contribution of CAREC BDF to the Private Sector

- Serving as a focal point or intermediary between the public and private sectors in the CAREC Program;
- Greater coordination and networking amongst the chambers of commerce and the general business sectors in the Central Asian countries;
- Creating greater awareness of the common challenges and obstacles of doing business in Central Asia and undertaking concerted action, particularly in cross-border facilitation issues, both within Central Asia and with neighbors;
- Achieving “economies of scale” in investment opportunities, training, and leverage of donor inputs and business-related activities, etc.;
- Privileged links with major international organizations supporting CAREC; and
- Creation of another point of access for CAREC BDF members to public agencies at the national, regional, and international levels.

IV. NEXT STEPS FOR PREPARATION OF THE CAREC BUSINESS DEVELOPMENT FORUM

9. Following the preparation of this concept paper and the deliberations of the CAREC SOM in April 2006, the following major steps are recommended:

³ Upon the successful completion of the CAREC BDF, it is suggested to return to part VI of the RBR Bishkek Action Plan to consider the relevance and next steps for the “Structures and Mechanisms” agreed at the RBR.

A. Consultations with CAREC and Other Key Stakeholders (April – May 2006)

10. Building on the guidance and on the overall direction for the preparation process of the CAREC BDF provided by the SOM, the following activities will be undertaken through an intensive series of consultations and selected meetings:

- Confirming with the Government of PRC which department or agency will be responsible for hosting and co-organizing the CAREC BDF.
- Defining the types of information and then the compilation of information on the sectors selected for treatment at the CAREC BDF;
- Identification of suitable participants for the CAREC BDF based on their experience in the respective sectors;
- Intensive networking among the key stakeholders, especially the MIs and the interested investment banks to ensure their interest and support;
- Assess in more detail the current status of regional cooperation and networking in the sectors selected for treatment at the CAREC BDF;
- Obtain the feedback of business (and CAREC business associations) on any suggestions for the CAREC BDF made at the SOM and incorporate these ideas into next steps;
- Developing a detailed annotated agenda and meeting structure to support the discussions and activities in the meeting, and to confirm the resource persons to support the meeting; and
- Prepare a “Status Report” in late-May 2006 on the work carried out to date on the preparation of the CAREC BDF.

B. Preparing for the CAREC BDF (June – September 2006)

11. Again building on ongoing consultations with governments, MIs, and the private sector, the following activities will be undertaken:

- Contacting and inviting participants for the CAREC BDF, well in advance of the CAREC BDF meeting and with comprehensive briefing notes;
- Confirm and finalize the detailed annotated agenda and meeting structure;
- Ongoing consulting with the governments, business community, MIs, and other partner institutions on the preparation of the CAREC BDF;
- Preparing a series of business-oriented sector “Background Papers” to guide discussions at the CAREC BDF, in close consultation with the MIs and selected investment banks operating in CAREC. This activity will be the critical input into the CAREC BDF and will stimulate a range of discussions and activities: (on opportunities; on constraints; on possible partnerships; on mechanisms of involving the business community more intensively in regional cooperation activities; and so on).

C. Finalize Organizing Arrangements and Implementing the CAREC BDF (October 2006)

12. Resources will be made available to ensure the most effective implementation of the CAREC BDF:

- Active participation of the secretariat in the CAREC BDF itself to ensure the maximum impacts and the smooth running of the meeting;

- Preparing a draft "Strategic Action Plan" during the CAREC BDF to indicate possible future developments of the CAREC BDF⁴; and
- Facilitating all aspects of organizing the CAREC BDF including logistics and on-the-ground preparation at the location.

D. Proposed Structure of the CAREC BDF

13. The structure of the meeting, which is planned for one day of formal meetings and an additional day of one-on-one meetings or discussions as required, will consist mainly of breakout groups focusing on the identification of practical opportunities and partnerships in each of the four sectors. In addition, the meeting will seek opportunities for enhancing private sector involvement in the activities of the CAREC working groups⁵.

Day 1: October 2006

08:30-09:00 **Registration**

09:00-10:00 **Opening Session**

09:00-09:10 **Opening Remarks** by Representative of People's Republic of China (to be confirmed)

09:10-09:20 **Welcoming Remarks** by CAREC BDF Co-Chairs (if deemed suitable)

09:20-10:00 **Update on CAREC and Related Programs, the CAREC BDF, and a Briefing on the Breakout Groups**

10:00-10:15 **Networking Coffee Break**

10:15-12:15 **Breakout Groups on the Four Substantive Sectors** (to discuss concrete and practical next steps for projects and investments in the respective areas. Chaired by a selected business participant, and with the resource person/investment banker kicking off the sessions with a focused presentation providing insights and guidelines on the substantive sector, the major obstacles and investment impediments, and the potential for business involvement in that area)

Breakout Group 1: Energy

Breakout Group 2: Transport

Breakout Group 3: Finance Sector

Breakout Group 4: Tourism and Related Services

12:15-13:30 **Lunch Break**

13:30-15:30 **Continuing Breakout Groups** (with each group being asked specifically to spend 30 minutes or so considering business impediments specifically related to trade facilitation and related issues. These concerns will be compiled and submitted to the respective CAREC Working Groups for their action)

15:30-15:45 **Networking Coffee Break**

⁴ Building on the CAREC BDF itself as well as the outcomes of the November RBR meeting.

⁵ The Bishkek Action Plan called for the "injection of private sector inputs into Central Asia regional cooperation programs, such as CAREC, the Central and South Asia Transport and Trade Forum, and the Silk Road Initiative."

15:45-16:45 **Presentations of Key Findings from the Breakout Groups back to Plenary**

16:45-17:30 **CAREC BDF Conclusions** (including considerations of the need for structures and mechanisms to ensure sustainability of the CAREC BDF, and the ongoing role of the secretariat)

Day 2: October 2006

On Day 2, meeting facilities will be made available for any of the participants who would like to continue specific discussions on investment projects, on mechanisms to address specific obstacles to projects and activities, on more concrete and practical measures to ensure sustainability of CAREC BDF activities, etc.

09:00-12:00 ***One-on-one Meetings/Ongoing Discussions***

12:00-14:00 ***Lunch***

14:00-17:00 ***One-on-one Meetings/Ongoing Discussions***

E. Follow Up (Post CAREC BDF Meeting)

14. A series of documents will be prepared and presented for consideration, action, and approval to the CAREC SOM and MC:

- Preparation of a final “Strategic Action Plan” in light of the discussions in the CAREC BDF (an action-oriented conclusion of the meeting), placing emphasis on the concrete project and investment opportunities in the four sectors, as well as ways and means of addressing the remaining obstacles to investments particularly with regard to trade facilitation and policy. The write-up must take careful consideration of the deliberations with the business participants, and ways in which the business community can be involved more closely in the CAREC working groups and related activities.
- Developing background papers on selected topics that would be critical to the future development and sustainability of the CAREC BDF⁶, such as: (a) mechanisms for maintaining networking opportunities into the future; (b) guidelines and options on the possible structures and mechanisms for the CAREC BDF; and (c) guidelines on the preparation of a comprehensive business plan for the CAREC BDF.

⁶ See section VI of the RBR Bishkek Action Plan for indications of possible issues to be considered.