



# **Preliminary Concept of the 10-year Commemorative Event**

**Senior Officials' Meeting on  
Central Asia Regional Economic Cooperation  
16 – 17 April 2010  
Manila, Philippines**



## **I. INTRODUCTION**

1. The CAREC Program will mark the 10<sup>th</sup> anniversary of the establishment of its institutional arrangements in 2011. Given the significant progress made under the CAREC Program since the first ministerial conference in 2002, it is only fitting that the CAREC countries celebrate their first decade of subregional cooperation through commemorative activities to be held in conjunction with the 10<sup>th</sup> CAREC Ministerial Conference.

## **II. OBJECTIVES OF THE 10-YEAR COMMEMORATIVE ACTIVITIES**

2. The objectives of the 10-year commemorative activities are to:

- take stock and showcase the achievements made under the CAREC Program from 2001-2010;
- raise the profile of the CAREC Program as a results-oriented regional cooperation and integration initiative;
- help chart the future strategic direction of the CAREC Program for the next 10 years; and
- generate further interest and increased support from development partners and the private sector to the CAREC Program.

## **III. POSSIBLE COMMEMORATIVE ACTIVITIES**

3. The following are possible commemorative activities to be undertaken in the lead up to and during the 10<sup>th</sup> CAREC Ministerial Conference (10<sup>th</sup> MC).

- Endorsement by the CAREC Ministers and Launching of the CAREC 10-year Commemorative Study (Appendix 1)
- Gathering of the CAREC Leaders or Convening of First CAREC Summit (see para. 4)
- Road Caravan involving CAREC senior officials and/or ministers along one of the CAREC corridors ending at the venue of the 10<sup>th</sup> MC
- Dialogue between CAREC Ministers (and/or Leaders) and Business Leaders
- Signing of CAREC Cross-Border Transport Agreement (to be witnessed by Leaders or Ministers)
- Signing of Loan Agreement by Countries Participating in the CAREC Regional Project for Border Crossing Point Improvement and Single Window Development (to be witnessed by Leaders or Ministers)

4. As a major initiative to mark the 10<sup>th</sup> year of the CAREC institutional arrangements, the CAREC countries may consider institutionalizing the CAREC Summit of Leaders. If established, the Summit would be the highest body in the CAREC institutional arrangements, which will provide broad strategic guidance and political support to the CAREC Program. The Summit could be held regularly or as needed. The following points rationalize a CAREC Summit of Leaders:

- A Leaders' Summit would reaffirm the high-level importance accorded by the CAREC countries to regional cooperation as a means for promoting growth and development. This would be timely and significant given the need to facilitate regional market development as a means to rebalance growth in the aftermath of the global financial and economic crisis.
- Increased political commitment demonstrated by a regular meeting of the Heads of Governments would benefit the Program as it moves from confidence building and sector strategy formulation to actual implementation of priority projects and initiatives.
- A regular collective review by the CAREC Leaders of the progress of the Program would help ensure timely and effective implementation of priority CAREC projects and initiatives. This would also facilitate compliance with key commitments made by respective countries on project implementation targets, as well as on national actions required on policy and regulatory reforms, such as those related to transport and trade facilitation.

Box 1 provides an example of a subregional economic cooperation program that has benefited from institutionalizing the Summit of Leaders.

**Box 1: Benefits of Institutionalizing the Summit of Leaders:  
The Case of the Greater Mekong Subregion**

For the Greater Mekong Subregion (GMS) Economic Cooperation Program, the introduction of the Summit process in 2002 – ten years after the Program's inception – has benefited the Program in terms of, among other things, accelerating implementation of priority projects and initiatives. From 1992 to 2001, implementation started for 14 GMS investment projects amounting to \$3.3 billion. From 2002 to 2009, the number and total costs of such projects more than doubled to 30 and \$7.4 billion, respectively. In addition, following the first GMS Summit in 2002, the Cross-Border Transport Agreement and its implementing annexes were signed and ratified by all six GMS countries, and the Agreement's pilot implementation commenced at three border crossing points. As a result, GMS countries were able to realize early some benefits from subregional projects. For example, the province of Savannakhet in central Lao PDR has benefited from the East-West Transport Corridor linking northeastern Thailand, Savannakhet, and central Viet Nam. Apart from reducing travel time from 15 hours to 6 hours (from Savannakhet to central Viet Nam), foreign direct investment into the province increased from \$17.5 million during 1995-2000 to \$200 million during 2001-2005. Border trade also expanded 11 times from 1992 to 2004.

#### IV. ISSUES FOR SOM DISCUSSION

5. The SOM is requested to give their views and, possibly, reach agreement on the following:

- the overall concept of 10-year anniversary of the CAREC institutional arrangements
- possible commemorative activities (para. 3) and other activities that SOM members may suggest
- the concept note on CAREC 10-year Commemorative Study: 10 Years of Cooperation and Moving Forward

## **CENTRAL ASIA REGIONAL ECONOMIC COOPERATION: 10 YEARS OF COOPERATION AND MOVING FORWARD**

### **I. BACKGROUND**

1. The Central Asia Regional Economic Cooperation (CAREC) is an activity-based subregional cooperation to promote development through a partnership of eight countries and six multilateral institutions. The CAREC program was first initiated in 1997 and has since built strong partnerships with the countries in the region to promote cooperation. The partnership focused on transport, energy, and trade—to reduce the region's economic isolation, to promote the rational use of energy, and to enhance market integration both within the region and with the outside world.

2. As the partnerships grew stronger, an annual CAREC ministerial conference was established in 2001 to enhance subregional economic cooperation in the aftermath of the events of 11 September 2001. The forum was established to facilitate high-level dialogue to foster mutual trust and understanding, set priorities and mobilize resources to meet the long-term development needs of Central Asia. It also enhanced coordination and partnership among all stakeholders in Central Asia to strengthen economic cooperation.

3. The year 2011 marks one decade of institutionalization of CAREC. Significant achievements have been made since then while at the same time, changes in the global as well as a regional market have occurred. These changes include emerging economic powers such as the People's Republic of China and India, global issues from climate change and the rapid transformation in the business models affecting trade facilitation requirements. Strategic directions for CAREC to facilitate further its integration for economic development and regional prosperity need to be developed. For this purpose, a review on its achievements and its responsiveness to global change, both in its program and institutional framework is considered to be highly timely.

### **II. OBJECTIVE**

4. The objective of the study is to develop a set of recommendations on strategic directions for CAREC. The study would be presented at the 9<sup>th</sup> CAREC Ministerial Conference to facilitate deliberations and decision making on the way forward for CAREC and identify possible initiative(s) to commemorate the 10<sup>th</sup> anniversary of CAREC institutional arrangements in 2011. The set of recommendations would be developed through assessments on:

- how the CAREC Program contributed to regional development and achievements of CAREC in the last decade;
- responsiveness of CAREC to changes in global and regional trend in its core areas, i.e. transport, trade facilitation, trade policy, and energy; and
- gaps in the current projects and initiatives as well as its institutional structure in addressing issues emerging from the current global and regional trends.

### **III. SCOPE**

5. In developing the study, existing references would be used to the extent possible, which include, but not limited to, sectoral progress reports, project evaluation/completion reports, economic benefit forecast studies, and other relevant CAREC documents. The study would involve the following tasks:

- (i) Take stock of CAREC activities and analyze the achievements since its establishment in 2001, covering all its priority sectors i.e. transport, trade facilitation, trade policy and energy, as well as its institutional set-up.
- (ii) Identify selected completed CAREC projects in each sector to showcase successful achievements.
- (iii) Solicit views and perceptions on CAREC from relevant officials, such as sectoral focal points, national focal points and sector committee members. For this purpose, national and/or regional workshops will be convened.
- (iv) Review global and regional trends affecting CAREC countries, such as emerging market, intra-regional trade trend, structural changes in individual CAREC countries, business practices in trade and trade facilitation, and other type of changes that are important to observe to capture potential demand for the CAREC corridors. The review should include, among others, analyses on:
  - the estimated impact of CAREC corridor improvements on intra-regional trade flows; and
  - effective operational structure to address the current challenges.
- (v) Based on the results of the above, an assessment would be made on the relevance of CAREC's Comprehensive Action Plan and institutional structure to ensure its responsiveness in addressing the current challenges and develop recommendations for enhancing future cooperation.
- (vi) The provisional annotated outline of the study (see section VI).

#### IV. INPUTS REQUIRED

6. An international senior regional cooperation specialist would be recruited to help the CAREC unit in preparing the study. The expert may recruit supporting staff to assist him/her in undertaking detailed studies identified as deemed necessary, in close consultation with the CAREC unit.

7. The expert shall oversee and be responsible for:

- The development of supporting studies for the document, which among others, may include (i) stocktaking and analysis of achievements in each priority sector; (ii) study on estimated impact of CAREC corridors improvements on intra-regional trade flows; and (iii) analysis on effective institutional structure for CAREC; and
- Final report not exceeding 20 pages based on the findings of the studies/reviews above for consideration by the 9<sup>th</sup> CAREC Ministerial Conference in October/November 2010. The full reports of the supporting studies/analysis would serve as supporting documents of the study.

#### V. MILESTONES AND TIMELINES

8. **Inception Report (30 March 2010).** Expert to finalize an inception report after studying the existing references on CAREC activities, sectoral progress reports and studies to be consolidated and synthesized and identify the following:

- propose any revision on the methodology and modalities in developing the study;
- propose methodology of the stocktaking and achievement analyses for each of the priority sector;
- select completed project in each of the sector to be showcased in the study;

- propose a method and its design to solicit views on CAREC from sectoral committees/national focal points; and
  - develop a concept note which will include, but not limited to, the above mentioned issues.
9. **Endorsement of SOM of the concept note.** Presentation of the concept note to CAREC Senior Officials' Meeting for its consideration and endorsement.
10. **Finalization of the supporting studies (30 May 2010).** The supporting studies such as the stocktaking of achievements in each of the priority sector, estimated economic impact of CAREC corridors and forecasted economic challenges in CAREC countries, would have been finalized to support the comprehensive analysis and recommendation on the strategic way forward for CAREC.
11. **Interim report (15 June 2010).** The first draft of the study, including the draft synthesis paper for the Ministers, which takes into account the outcomes of the supporting studies and the draft recommendations would have been finalized for consideration by the CAREC unit and CAREC countries.
12. **National workshops in CAREC Countries (21 June–2 July 2010).** National workshops to discuss the interim report would be convened. The workshop would be chaired by the National Focal Point of respective CAREC country with participation of representatives of CAREC sectoral committees.
13. **Draft Final Report (31 July 2010).** The draft final report incorporating comments from the national workshops would have been finalized.
14. **Regional Workshop on the Study (16–17 August 2010).** Regional Workshop to consider the main study and the set of recommendations to be tabled to the Ministers would be convened. The workshop would be participated by SOM Leader plus 1, and chaired by the SOM lead of CAREC host country for 2010.
15. **Final report (31 August 2010).** Final report and recommendations incorporating comments from regional workshop would have been finalized.
16. **Presentation of the Final Report and Recommendations to CAREC Ministers (October 2010).** Presentation of final report to the 9<sup>th</sup> CAREC Ministers and proposed 10<sup>th</sup> year commemorative activities would be identified for follow up by the officials.

## **VI. PROVISIONAL ANNOTATED OUTLINE**

### **A. Introduction: (3 paragraphs, half a page)**

*This section will contain a description on the background and purpose of the study. It will also state expected outcome/decisions by the CAREC ministers as well as identified deliverables for the 10<sup>th</sup> year anniversary of CAREC institutional arrangements.*

### **B. Progress in the Last Decade: (4 pages)**

*This section will elaborate the progress made in the last decade since 2001 and possibly compare the effectiveness before and after the CAREC Ministerial meeting was institutionalized.*

*The section would comprise the following:*

- *Brief description on evolution of CAREC from 1997, institutionalization of CAREC committees (ministerial and sectoral) and its outcomes to date.*
- *Overview of achievements in each priority sector (trade, transport, trade facilitation and energy) and selected completed projects and their impacts*
- *Lessons learned on issues faced in the implementation of CAREC activities, including impediments caused by the current CAREC institutional framework*

*(Note: detailed studies would be undertaken and referred to in the analysis of this section. These studies include: (a) stock taking of achievements in each priority sector; and (b) review of the institutional framework of CAREC)*

### **C. Future challenges of CAREC (4 pages)**

*This section would provide summary of the following issues:*

- *Current Social Economic Performance of CAREC Member Countries such as GDP, Trade (intra/extra –regional), and Investment.*
- *Overview of global and regional trends since 2001 affecting CAREC Member Countries;*
- *Prospects of CAREC countries' economies in the next 10 years and its key challenges*

*(Note: a detailed study on this section would be undertaken and referred to in the study)*

### **D. Responsiveness and Relevance of CAREC (8 pages)**

*Based on the lessons learned under section II, and the challenges identified in section III, Strength, Weaknesses, Opportunities and Threats (SWOT) analysis would be undertaken in this section. The analysis would be undertaken on, among others, focus of CAREC activities, capability to measure and deliver results, and effectiveness of the CAREC institutional framework.*

### **E. Conclusion and Recommendation on the way forward ( 4 pages)**

*This section shall provide recommendations to the CAREC Ministers on the way forward for CAREC based on the preceding sections. It will spell out follow up actions to be taken under each of the recommendations.*