



CENTRAL ASIA REGIONAL ECONOMIC COOPERATION
Summary of Proceedings
Senior Officials' Meeting
May 2009

A. Introduction

1. A Senior Officials' Meeting (SOM) of the Central Asia Regional Economic Cooperation (CAREC) Program was convened in Ulaanbaatar, Mongolia, on 28-29 May 2009.¹ The SOM reviewed progress on implementation of the CAREC sector strategies and work plans, the Program's private sector development initiative, and the CAREC Institute work plan. It also considered the development of a CAREC results framework, was briefed on progress of the Central Asia and Caucasus Disaster Risk Management Initiative, and preparations for the 8th Ministerial Conference on CAREC.

2. The SOM was chaired by Dorjkhand Togmid, Deputy Director, Department of Development Financing and Cooperation, Ministry of Finance, Mongolia, and co-chaired by Sean O'Sullivan, Deputy Director General, Central and West Asia Department, Asian Development Bank.

B. Discussions

3. The SOM was characterized by open and frank discussions. It focused on implementation of the CAREC strategies and action plans in the priority areas of transport and trade facilitation, trade policy, and energy. Updates on recent activities in each priority sector were submitted to the SOM. Delegations welcomed the substantive work under way in each priority sector.

4. Recognizing the impacts of the global economic crisis, the SOM underscored the critical importance of accelerating implementation of ongoing regional infrastructure projects to expand employment opportunities and lay the ground for longer-term integration. Multilateral institutions (MIs) were requested to raise allocations for regional projects. It is expected investment in the CAREC priority areas will increase in 2009.

1. Transport and Trade Facilitation

5. The SOM was briefed on progress on execution of the Implementation Action Plan for the Transport and Trade Facilitation Strategy (TTFS). Delegations offered updates to the transport sector progress report and the report on regional trade facilitation and customs

¹ Delegations were present from the eight CAREC participating countries: Afghanistan, Azerbaijan, People's Republic of China (PRC), Kazakhstan, Kyrgyz Republic, Mongolia, Tajikistan, and Uzbekistan. Representatives from CAREC partner multilateral institutions (MIs)—Asian Development Bank, European Bank for Reconstruction and Development, International Monetary Fund, United Nations Development Programme, and World Bank—contributed to the proceedings. A participant from Turkmenistan observed the meeting.

cooperation that were circulated prior to the SOM. Delegations may provide further written comments by 15 June 2009.

6. In transport, the SOM endorsed plans to:
 - Hold the 8th Transport Sector Coordinating Committee Meeting in June 2009 to, among other objectives, review a draft Three-Year Rolling Plan (2010-2012) that will enable monitoring of implementation of the Transport and Trade Facilitation Strategy.
 - Complete country reports on execution of the Implementation Action Plan for the TTFS.
 - Conduct training on road safety and regional project implementation.
 - Develop key outputs for the transport sector.

7. In trade facilitation, the SOM:
 - Recognized that all countries have taken steps to form national joint transport and trade facilitation committees, or similar bodies.
 - Endorsed plans to activate the CAREC Corridor Performance Measurement and Monitoring initiative and present initial findings and analysis to the 8th Ministerial Conference on CAREC; and the continuation of single window support activities and trade logistics development.
 - Urged countries to deepen ownership of the CAREC transport and trade facilitation agenda, improve intra-agency coordination within each country, and support implementation of projects and technical assistance grants included in the Implementation Action Plan for the TTFS.
 - Encouraged active involvement of the World Customs Organization and other international organizations on trade facilitation.

2. Trade Policy

8. The SOM was briefed on outcomes of the 10th Trade Policy Coordinating Committee Meeting held on 25 May 2009 in Ulaanbaatar. During the Meeting, TPCC delegates discussed (i) implementation of the Trade Policy Strategic Action Plan (TPSAP); (ii) a paper on trade through channels involving bazaars; and (iii) a paper on broad cross-border cooperation. They also gave guidance on priorities for the TPCC's work program.

9. The SOM agreed that the TPCC's forward agenda should include:
 - Training on World Trade Organization (WTO) accession through (i) practical workshops—on a demand basis and involving interested countries—that will enable sharing of specific experience between CAREC countries that are WTO members and those involved in the WTO accession process; and (ii) a training seminar for WTO candidate countries modeled on the World Bank's handbook on WTO.
 - Preparing a paper, lead by the International Monetary Fund, on the institutional environment and trade as envisaged in the TPSAP.
 - Monitoring the implementation of the TPSAP and, to this end, developing a simple and focused questionnaire.

3. Energy

10. The SOM was briefed on energy sector developments in the CAREC region since September 2008. Delegations offered updates to the energy sector progress report circulated prior to the SOM. Delegations may provide further written comments by 15 June 2009.

11. The SOM noted progress on regional energy projects, in particular the success of the ongoing joint efforts of CAREC participants to bring electricity to Kabul from Uzbekistan and Tajikistan.

12. The SOM requested MIs to work together with countries to prioritize actions under the CAREC Energy Sector Strategy. The SOM urged the Energy Sector Coordinating Committee to begin this work as soon as possible and to make all possible efforts to ensure a draft action plan is available for submission to the 8th Ministerial Conference.

4. Private Sector Development Initiative

13. The SOM heard a presentation on plans for training activities related to public-private partnerships and to hold a Business Development Forum (BDF) in 2009.

14. The SOM endorsed plans to:

- Hold awareness-raising workshops on public-private partnerships (PPP).
- Develop case studies on successful PPP projects and hold a regional workshop to discuss these case studies and related issues in 2009.
- Hold a CAREC Business Development Forum on 31 August to 1 September 2009 in Urumqi, Xinjiang Uygur Autonomous Region, People's Republic of China, under the theme "Rebuilding the Silk Road through Public-Private Partnerships." Countries were urged to bring high-level delegations to the BDF, encourage their private sectors to participate and take the opportunity to showcase their potential PPP projects.

15. A number of Delegations emphasized the importance of ensuring the BDF:

- Is focused on practical issues of relevance and interest to the business community.
- Takes into account the impacts of the global economic crisis on potential private sector financing.
- Builds on the experience of the CAREC Business Development Forum held in 2006.

5. CAREC Results Framework

16. The SOM considered a proposal to develop a CAREC results framework that would enable the Program to report on its progress and performance. The results framework should provide a simple, substantive, and consistent way to show CAREC leaders, partners, and other stakeholders the benefits and potential of practical, project-based regional economic cooperation.

17. The SOM requested the CAREC Secretariat to develop a draft results framework that:

- Identifies a small set of simple, practical, and measurable indicators to monitor inputs, outputs, and outcomes of the CAREC Program.
- Is consistent with the principles and practices of the CAREC Program.

- Is in line with the strategic directions established by the Comprehensive Action Plan and the CAREC sector strategies.

18. The Secretariat agreed to prepare and share a draft results framework with the CAREC countries by August 2009, with a view to presenting an agreed draft framework to the 8th Ministerial Conference.

6. CAREC Institute Update

19. The SOM was updated on progress with implementation of the CAREC Institute Work Plan, 2009-2011. Key points include:

- The Lee Kuan Yew School of Public Policy has been contracted as Partner Institute for development and delivery of the CAREC Institute Leadership Development Initiative.
- The first delivery of the Executive Leadership Development Program is planned for 3rd quarter 2009.
- Ongoing research activities include development of a CAREC Institute Foundation Study on Transport and Trade Facilitation, work under the CAREC Institute research program, and the Small Research Grants Program.
- A CAREC Institute web site, which seeks to become a knowledge hub on regional economic cooperation in the CAREC region, will be launched in the near future.

7. Central Asia and Caucasus Disaster Risk Management Initiative

20. The SOM was updated on progress under the Central Asia and Caucasus Disaster Risk Management Initiative. The Initiative seeks to reduce the vulnerability of the countries of Central Asia and Caucasus to the risks of disasters, and to form the foundation for regional and country-specific investment priorities and projects in the area of early warning, disaster risk reduction, and financing.

21. The Initiative has made substantial progress on each of its three components:

- Disaster Mitigation, Preparedness and Response.
- Disaster Financing and Risk Transfer.
- Hydro-meteorological Forecasting, Data Sharing and Early Warning.

22. The Initiative will soon publish final reports under each component and these will be shared with CAREC National Focal Points and multilateral partners. A regional workshop for countries and donor organizations in September or October 2009 will assess next steps.

8. Other Business

23. The SOM welcomed the discussions at the first CAREC Partnership Forum (CPF) held on 27 May 2009 in Ulaanbaatar. The CPF brought representatives of CAREC countries, CAREC multilateral partners, and other funding agencies active in the CAREC region together to consider opportunities for improving collaboration in the transport and trade facilitation sectors. The SOM requested the CAREC Secretariat to seek input on the CPF format and ideas on future approaches to strengthening funding agency coordination, and to redouble efforts to attract as many funding agencies and regional organizations as possible to attend future Forums.

24. The CPF discussions highlighted opportunities to harmonize approaches to regional issues, to reduce gaps in development, and to strengthen coordination among funding agencies and countries. Improved coordination will support efficient development of priority transport corridors and ensure investments bring maximum benefits to the region.

25. The SOM endorsed a CAREC Secretariat proposal to develop, for consideration by the next SOM, a draft information-sharing format that would seek to improve the development and content of future sector updates, and ensure timely sharing of accurate information on developments in the priority sectors.

9. Preparations for 8th Ministerial Conference

26. At the 7th Ministerial Conference, strategies and action plans to guide the Program's work in its priority sectors were adopted, and CAREC Ministers decided that implementation should be the driving theme of the Program's work in 2009. The importance of rapidly transforming strategic plans into concrete projects on the ground that bring tangible benefits to the people of the CAREC region was emphasized.

27. The SOM was apprised of preparations for the 8th Ministerial Conference. It agreed on a Conference theme: "Delivering Results." The 8th Ministerial Conference will be held in Ulaanbaatar in October 2009. A SOM will be convened on 14 October 2009, followed by a day for bilateral and multilateral interaction among countries and partner organizations. The Ministerial Meeting will be held on 16 October 2009.

28. Based on Ministers' requests and SOM deliberations, key deliverables for the 8th Ministerial Conference will include:

- A report on initial findings and analysis of the CAREC Corridor Performance Measurement and Monitoring initiative and related policy recommendations.
- A draft action plan for operationalization of the CAREC Energy Sector Strategy.
- A draft results framework for the CAREC Program.
- A Report of Senior Officials to the 8th Ministerial Conference summarizing Program activities in 2009.

29. Delegations and multilateral institutions were requested to ensure high-level participation in the Ministerial Conference.

10. Closing Remarks

30. Participants expressed high appreciation to the Government of Mongolia for chairing the SOM, for the warm hospitality extended to participants, and for excellent meeting arrangements.