



**CENTRAL ASIA REGIONAL COOPERATION PROGRAM
CONSULTATION MEETING WITH THE CAREC NATIONAL FOCAL POINTS
Ashgabat, Turkmenistan
9-10 October 2018**

SUMMARY OF DISCUSSIONS

I. Introduction

1. A Central Asia Regional Economic Cooperation (CAREC) Consultation Meeting with National Focal Points (NFPs) was held in Ashgabat, Turkmenistan on 9-10 October 2018. The objective of the NFP Consultation Meeting was to prepare for the 17th Ministerial Conference (MC) to be held on 15 November 2018, in Ashgabat, Turkmenistan. Delegations from CAREC's eleven member countries participated. Representatives from the European Bank for Reconstruction and Development, Islamic Development Bank, United Nations Development Programme, World Bank, and CAREC Institute (CI) also attended. Mr. Batyr Bazarov, Minister of Finance and Economy and CAREC NFP for Turkmenistan, Mr. Werner E. Liepach, Director General, Central and West Asia Department (CWRD), Asian Development Bank (ADB), and Ms. M. Teresa Kho, Deputy Director General, East Asia Department (EARD), ADB, co-chaired the meeting. The agenda and list of participants are in Appendix 1.

II. Meeting Highlights

2. **CAREC Integrated Trade Agenda (CITA) 2030.** The Secretariat presented updates on the progress of CITA 2030 preparation, and highlighted the following key features.

- **Rationale.** CAREC 2030 aims to strengthen its role as a catalyst for trade expansion and economic diversification. Stronger trade ties and regional cooperation have become more critical to sustain economic growth. The consultation process identified broad scope of issues and opportunities for CAREC to enhance trade by addressing the main challenges including poor market access, limited economic diversification and weak institutions for trade. The CITA 2030 aims to foster deepened regional cooperation and integration (RCI) and intensify cross-sectoral linkages of trade with other CAREC operational priorities.
- **Strategic Framework.** CITA 2030 aims to assist CAREC member countries in integrating further with global economy— through three pillars: (i) trade expansion from increased market access; (ii) greater diversification; and (iii) stronger institutions for trade.
- **Institutional Structure.** CITA 2030's institutional framework is guided by strong country and development partner ownership and effective engagement with the private sector and coordination with other stakeholders. Under the strategic directions of the Ministerial

Conference and oversight of the Senior Officials' Meeting, the Regional Trade Group (RTG) will lead coordination and consultation for overarching trade issues. The Customs Cooperation Committee (CCC) will continue to be responsible for customs-related issues. The RTG and CCC shall closely coordinate and cooperate supported by technical expert groups.

- **Implementation and Results-Framework.** CITA 2030 will be implemented in a phased and pragmatic approach taking into consideration country capacities and progress levels. A three-year RSAP will translate CITA 2030 into practical and implementable periodic phases and will serve as a platform to build pipeline of projects, mobilize funds and coordinate seamlessly with development partners. A results-based approach will be used to monitor and evaluate CITA 2030's progress and achievement in delivering results.

Azerbaijan expressed reservation on the inclusion of the supplementary issues paper on regional trade agreements (RTA) since they may be bound to join such RTA in the future. The Meeting clarified that participation by any CAREC member in a RTA will not be mandatory under any circumstance. If and when a formal proposal to consider a RTA among CAREC member countries is tabled, each CAREC member will decide on a voluntary basis, and in view of their own circumstances, whether to join such an agreement. The NFPs supported the CITA 2030 for endorsement by the 17th Ministerial Meeting after further refinement.

3. **Way Forward for Cooperation on the Economic and Financial Stability Cluster.** The Secretariat briefed on the draft Terms of Reference (TOR) for advancing cooperation on this new cluster. Given the importance of macroeconomic and financial stability for achieving sustained and inclusive growth and job creation, this new cluster aims to promote high level policy dialogue among CAREC member countries on macroeconomic and financial issues, to improve macroeconomic policy management, promote financial stability, and strengthen investment climate in the region. The Meeting deliberated and agreed in principle on the draft TOR, and highlighted the principles for selection of themes and topics which should be pragmatic, aligned with national strategies and development priorities, and beneficial to all CAREC countries. The Meeting agreed on the proposed scope of activities. A draft work program for the next 1-2 years was discussed and suggested themes and topics include public investment and debt sustainability, inclusive growth, and policy for promoting greater economic diversification. Pakistan proposed to host the first CAREC capital market regulators' forum in the first half of 2019.

4. **Updates on Sector Deliverables.** The Secretariat presented updates on the following deliverables.

- **CAREC Air Connectivity.** The Meeting was briefed on the findings of a scoping study on "Aviation and the Role of CAREC", which assessed the development potential of the aviation sector and the role of the CAREC program for aviation market development for the region. The Meeting noted the great potential of aviation cooperation in facilitating CAREC business and tourism development, including exports of high-value consumer goods, particularly for landlocked CAREC countries. The Meeting expected the CAREC program to play a greater role in facilitating a safe, reliable and efficient aviation sector in the region including providing targeted capacity building and training. The Meeting called for support in developing this important area including undertaking a gradual and phased policy approach toward building a more open aviation market in the region, upgrading and expanding airport infrastructure to meet increasing demand with enhanced safety. The

Meeting called for certain institutional arrangement to facilitate advancing cooperation in this area.

- **CAREC High Technology Roadmap.** The Meeting was apprised of the CAREC High Technology Roadmap for the energy sector, which is being prepared to guide CAREC member countries in leapfrogging into new technologies for enhancing energy efficiency and embracing clean energy development. The Meeting commended the CAREC Energy Sector Coordinating Committee (ESCC) for their effective work in this important area and supported the implementation of the CAREC High Technology Roadmap. The Meeting also emphasized the role of private sector in facilitating a more integrated regional energy market, and called for the CAREC Energy Investment Forum to continue serving as an effective platform for knowledge sharing and mobilization of private financings. The Meeting supported the conduct of a midterm review of the ESCC Strategy and Work Plan 2016-2020 which will serve as a precursor to the preparation of a renewed CAREC Energy Strategy leading to 2030.

5. **Preparation of the 17th MC.** The Government of Turkmenistan extended the invitation to the CAREC countries to the 17th MC to be held on 15 November in Ashgabat, Turkmenistan. The Government of Turkmenistan informed that the MC will be held in Yyldyz Hotel, Ashgabat. The Meeting was also notified on the status of the official invitations, visa requirements, logistics and other conference arrangements. The Meeting endorsed the conference theme of ***“CAREC 2030: Expanding Trade and Promoting Diversification”***. The Meeting supported the outline of the Joint Ministerial Statement (JMS) and requested the Secretariat to develop and share the full draft JMS to be tabled for endorsement at the 17th MC. The draft MC agenda provided to the participants and the outline JMS are in Appendix 2. The country delegations thanked the Government of Turkmenistan for the invitation and preparations being made, and committed to extend their full cooperation and support for a successful 17th MC.

6. **Special Session “Building Climate Change Resilience through Disaster Risk Insurance in the CAREC Region”.** The Meeting was briefed on a proposed framework for the establishment of a regional disaster risk insurance facility, which could be a cost-effective mechanism for improving disaster risk management in CAREC member countries. This is of particular regional relevance given that CAREC countries are highly exposed to natural hazards as well as the adverse economic impacts of climate change. The development of a regional pool will help limit the financial impact of natural hazards by quickly providing short-term liquidity support, and enhancing the capacity for disaster risk reduction and climate change adaptation. The Meeting emphasized that the regional insurance facility will complement national disaster risk financing schemes, and will allow member countries to benefit from broader risk diversification, lower reinsurance, and operating costs, and improved risk information. The Meeting deliberated on the proposal, including global and regional experiences in disaster risk financing, and requested ADB to further explore the development of the regional facility through a technical assistance (TA). They emphasized the key factors to be considered, including type of disasters to be covered under the facility, cost-benefit analysis, disaster risk financing needs and institutional arrangements in each country, and how to involve the private sector. The Meeting called for support from interested CAREC countries in facilitating the conduct of TA activities, including providing information and data support.

7. **CAREC Institute.** The Meeting was apprised by the CI of its work progress in expanding operational activities while building up institutional capacity. The Meeting noted CI's efforts in providing knowledge services to the CAREC countries through research, dissemination and

networking activities, as well as building CI's institutional capacity. CI's host country agreement will be signed by end 2018, which will enable CI's functioning as a fully independent entity.