

CAREC DEVELOPMENT PARTNERS' DIALOGUE

23 September 2019

Tashkent, Uzbekistan

Summary of Discussions

Background

ADB, as the CAREC Secretariat, invited a select number of CAREC Development Partners (DPs) for an informal, half-day discussion on 23 September 2019 in Tashkent, Uzbekistan, back-to-back with a Consultation Meeting of the CAREC National Focal Points. Representatives from 17 DPs attended the meeting, including international financial institutions, UN agencies, as well as bilateral development assistance agencies. (See Annex 1 for the list of participants.)

The purpose of the meeting was to discuss the experience with DPs' engagement in CAREC during 20 years of its existence and to explore how the role and cooperation of DPs can be further strengthened in support of an effective implementation of the CAREC 2030 strategy. It also considered whether and how best to organize a full-fledged Development Partners' Forum in 2020, as part of the events planned to celebrate the 20th anniversary of CAREC Program. (See Annex 2 for the agenda of the meeting.)

The Secretariat distributed an informal background note in advance of the meeting to facilitate discussion. It briefly reviewed the history, achievements, challenges and opportunities of DPs' engagement in the CAREC Program, summarized the new initiatives for DPs' engagement envisaged under *CAREC 2030*, and identified some potential questions regarding future DPs' engagement, to be explored, in support of the implementation of *CAREC 2030*. (See Annex 3 for the background note.)

Session I: Welcome and introduction

Mr. Werner Liepach (Director General, Central and West Asia Department, ADB) opened the meeting and welcomed participants. He noted that DPs are critical to the effective development and implementation of CAREC initiatives and projects. As CAREC Program approaches its 20th anniversary in 2020, it enters a new chapter and offers new opportunities for expanded and intensified DP engagement, ownership and cooperation. ADB is eager to explore with all interested DPs an optimal division of labor, shared lead roles at cluster level and shared financing of CAREC institutional activities.

Ms. Lilia Burunciuc (Regional Director for Central Asia, World Bank) welcomed the opportunity for a brainstorming among DPs and thanked ADB for organizing the meeting. It comes at an opportune moment as regards the developments within the region and considering that a global economic downturn may be around the corner. DPs together can assist the region in responding to these opportunities and risks, by focusing on key areas of support for regional investments and cooperation, including connectivity, technology and skills. But DPs need to adapt and get ahead of the game by joining forces in responding to the evolving needs of the countries with cutting edge assistance.

Mr. Johannes Linn (Moderator and ADB Consultant) presented the agenda for the meeting. It was adopted without change.

Session II: Retrospective of CAREC and DPs' Role

Mr. Linn presented highlights of the background note (see slides, Annex 4). He was followed by Mr. Sascha Djumena (Country Program Coordinator for Central Asia, World Bank) who summarized the preliminary findings of a CAREC client survey commissioned by the World Bank (see slides, Annex 5).

Participants welcomed the background note and client survey, as well as the opportunity to exchange views on progress and challenges in DPs cooperation to date. They engaged in a lively exchange on key issues, including:

- whether and how to move beyond the current situation where much of CAREC's activities is driven by DPs, rather than by the countries themselves – finding ways to increase country ownership and leadership in CAREC Program is a key challenge;
- organizing a heads-of-state level CAREC summit – this could be an effective way to achieve greater country ownership and leadership in CAREC, but potential obstacles were also noted;
- DPs' role in helping to link CAREC's regional plans and programs more effectively with national plans and priorities – this was identified as an important priority by earlier reviews of CAREC as well by the client survey;
- opportunities and challenges of a broader range of sectoral and thematic areas under the CAREC 2030 Strategy – for CAREC's work in the new areas to be effective and to avoid merely diluting CAREC's focus, DPs have to engage and support actively the work in both traditional and new areas;
- linking CAREC Program with other regional cooperation initiatives (including BRI, SPECA, ECO, SCO, EEU, etc.) – DPs need to explore how to create stronger linkages and harmonize the approaches, but this will require work across ministries at the country level, since different ministries (Foreign Affairs, Economy, Finance, etc.) are in charge of managing relations with different regional organizations and fora;
- helping countries maintain debt sustainability and an effective focus on sustainable asset management (O&M) as part of CAREC's engagement – DPs need to pay due attention to these areas, explore how to blend concessional and non-concessional resources, and help strengthen national policies, capacity and skills; and
- overcoming DPs' internal institutional constraints to effective engagement on the regional (in contrast to country) programs and initiatives – participants noted that their mandates, internal policies or budget limitations may pose challenges to their ability to support regional initiatives.

Session III: CAREC 2030 approach to strengthening DPs' engagement

Mr. Safdar Parvez (Director, Regional Cooperation and Operations Coordination Division, CWRD, ADB) provided a recap of the CAREC 2030 approach to strengthening DPs' engagement. He noted five key roles that DPs can and should play: (i) leadership, (ii) financing; (iii) operational; (iv) flag-bearing, and (v) convening. He presented three new financing initiatives undertaken by ADB, for which it would welcome DPs' participation (a regional infrastructure project preparation facility; a disaster risk transfer facility; and a multilateral trade credit and investment guarantee facility). (See slides, Annex 6)

Participants noted that the CAREC brand is strong and that it is a good time for DPs to engage more intensively in a regional dimension by implementation of collaborative initiatives across DPs.

They broadly endorsed the directions of DP engagement envisaged in CAREC 2030 and provided specific examples of where and how they could contribute to CAREC 2030 priority areas. They further highlighted the following specific aspects:

- great interest in ADB's three new financing initiatives – participants also noted that parallel activities are already being supported and can usefully be coordinated;
- intensifying support for national capacity and skills development to underpin regional cooperation among countries – DPs will need to consider how to engage on this challenge;
- readiness to help build bridges to other regional initiatives – including with BRI, SPECA (UNESCAP/UNECE), e.g. through the organization of joint expert/working group meetings and joint capacity-building events, and participation in each other's annual events and projects related activities;
- exploring options for division of labor across DPs;
- possible establishment of a regional DP coordination platform (complementing existing DP coordination platforms at country level) – this needs further consideration, and could perhaps be supported by the establishment of a CAREC DP coordination unit in the region (with the CAREC Secretariat remaining in Manila); and
- active outreach by the CAREC Secretariat to new DP participants – specifically, the European Commission participant welcomed a visit to Brussels (by ADB, perhaps accompanied by some of the traditional DPs) to brief multiple units in the Commission that would need to engage in a systematic cooperative effort with CAREC.

Session IV: Way forward: The CAREC 20th anniversary and beyond

Mr. WU Guoliang (Head, CAREC Unit, CWRD, ADB) presented preliminary ideas for convening a CAREC DPs' Forum in 2020, most likely back to back with the CAREC Ministerial Meeting in November 2020. (See slides, Annex 7.) He suggested four potential ideas for presentation and discussion at such a Forum:

- coordination among DPs;
- synergy with other regional cooperation platforms;
- DPs' cooperation and coordination for regional initiatives focused on Afghanistan; and
- establishment of two new regional initiatives: (i) an infrastructure project preparation facility; and (ii) a disaster risk transfer facility.

Participants welcomed the idea of a CAREC DPs' Forum to be organized in 2020. They noted that it would benefit from an exploration of what intermediate steps of preparation would help ensure a productive event. ADB responded that the Secretariat will indeed consider in the coming weeks how best to organize the preparation of the DPs' Forum to ensure maximum effectiveness. Mr. Liepach concluded the meeting by thanking the participants for a very lively and informative discussion. He highlighted a few personal observations and take-aways:

- Given the expansion of the CAREC Program, what has been working in the past may no longer be sustainable for the future. Hence, effective and strengthened donor coordination is indispensable;
- The broadened CAREC mandate necessitates stronger roles of DPs anchored in clear division of labor building upon respective comparative advantages;
- Continued and high-level participation of DPs in key CAREC events is critical to demonstrate high-level commitments and solid understanding of CAREC related issues;

- To further enhance the communications and coordination among DPs, special CAREC sessions can be arranged during annual meetings of ADB, WB, IMF, etc.;
- A CAREC donor coordination platform at the regional level is needed. To this end, pending further discussion, a dedicated CAREC DPs Coordination Unit could be created in the region with clear terms of reference;
- Publicity of CAREC Program requires all DPs' collective efforts. ADB reached out to the United States, PRC last year and is planning to conduct similar outreach activities in EU and Japan. Other DPs' efforts in this regard are also welcomed;
- All DPs are facing budget constraints including ADB. To advance the broadened CAREC agenda, more financial and staffing support are needed from other DPs;
- CAREC countries have limited capacity in participating in various regional cooperation mechanisms. CAREC needs to closely coordinate with other regional cooperation initiatives and framework, such as ECO, SCO, SPECA, and EEU.