



**CENTRAL ASIA REGIONAL ECONOMIC COOPERATION PROGRAM
VIRTUAL CONSULTATION MEETING OF THE CAREC NATIONAL FOCAL POINTS
Video Conference
16 June 2020**

SUMMARY OF PROCEEDINGS

I. Introduction

1. A virtual Central Asia Regional Economic Cooperation (CAREC) Consultation Meeting with National Focal Points (NFPs), the first of its kind, was held on 16 June 2020. The objective of the Meeting was to update all NFPs on developments in the CAREC Program amidst the ongoing pandemic and to agree on the way forward. All eleven member countries were represented, of whom ten (10) were NFPs. CAREC Institute (CI) also attended. Mr. Abdul Habib Zadran, Deputy Minister for Finance and National Focal Point, Afghanistan, chaired the meeting. 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, ADB co-chaired the meeting. The agenda and list of participants are in Appendix 1.

II. Meeting Highlights

2. **Economic Impacts of the COVID-19 Pandemic.** The CAREC Secretariat presented the economic impact of COVID-19 at global and regional levels. Supply shocks have spilled over to the demand side as people were locked down in their homes and workers were laid off and lost incomes. On average, CAREC countries can lose almost 5 percentage points of GDP through decline in domestic demand while global spillover effects (excluding tourism effects) in CAREC countries can shave off around 1.4 percentage points of GDP. The COVID-19 economic shock will be magnified by the projected decline in remittances in Central and West Asia.

3. **CAREC and ADB Response.** The CAREC Secretariat presented the governments', ADB's, and the CAREC program's response to mitigate the impact of the pandemic. All CAREC countries have implemented significant mitigation measures to save human lives and help the health system cope with the rapid spread of the pandemic, with fiscal measures ranging from 1% to 9% of GDP. To support these measures, ADB has launched a \$20 billion pandemic response window with streamlined business processes. Several CAREC countries have been provided substantial amounts of support through this window. In addition, the CAREC program is responding to the pandemic with technical assistance (TA) projects and a strengthened focus on the health sector. ADB is also preparing a \$4.4 million regional knowledge and support technical assistance to help CAREC countries jointly build more resilient health systems and better prepare for future public health threats such as COVID-19.

4. **CAREC Secretariat Progress.** The Secretariat reported that the Ministerial Conference Deliverables for 2020 are on track, including: (i) CAREC Results Framework; (ii) Tourism Strategy 2030; (iii) Gender Strategy 2030; (iv) Regional Infrastructure Projects Enabling Facility; (v) Scoping Study for Regional Health Cooperation; and (vi) Scoping Study on Cross Border Community Collaboration. Implementation of other initiatives, namely, the (i) Regional

Disaster Risk Transfer Facility, and (ii) Trade Credit Investment (re-)Guarantee Agency (TCIGA) Feasibility Study, will continue in 2020. Activities for the 20th CAREC Anniversary, such as the CAREC High Level Meeting at the sidelines of ADB's Annual Meeting of the Board of Governors, have been deferred. Likewise, major CAREC events, such as the Senior Officials Meeting and the Transport and Energy Sector Coordinating Committee Meetings, that had been planned for June 2020 have been postponed due to the pandemic. NFPs were pleased to note progress being made despite the difficult situation and encouraged the CAREC Secretariat to continue to move ahead towards completing the deliverables. The Secretariat presented proposed adjustments to the CAREC calendar of events for 2020 because of the COVID-19 situation, and presented three options: (A) business as usual, proceeding with deliverables and physical events in the second half of the year to the extent the situation permits; (B) moving to a virtual format for most events but still conducting them in 2020; or (C) postponement of key CAREC events to 2021. Details on these options and the views of NFPs are presented in paragraph 13 of this Summary.

5. **Proposed Interventions in Information and Communication Technology (ICT).** The Secretariat proposed to pursue new initiatives in ICT and digitization which have gained special currency and urgency as forced lockdowns under the pandemic have made telecommuting and use of digital technology a necessity. With business, health, education, trade, and other sectors increasingly reliant on ICT and digital technology, the Secretariat proposed to implement the following: (i) establishment of CAREC Experts Online, to help governments and the Secretariat chart new directions in the post-pandemic era; (ii) conduct of CAREC Hackathon, to encourage innovative solutions to address the shift in digital technology use in CAREC countries considering the COVID-19 pandemic; and (iii) development of CAREC ICT Pillar, to help member countries respond to the rapid pace of technological disruption to harness the power of technology and embrace innovation in major areas of CAREC activities. The Meeting expressed appreciation for these initiatives.

6. **Implementation Progress of CAREC 2030 Strategy.** CAREC sector representatives presented progress on specific CAREC 2030 sectors. Overall, good progress has been achieved, even though several activities have had to be postponed because of the ongoing pandemic, and adjustments continue to be made as the situation evolves. Virtual meetings will increasingly replace physical venue-based events until such time that travel restrictions, quarantine requirements, and social distancing measures are lifted.

7. **Trade.** The Meeting was apprised of progress since September 2019 towards the CAREC Integrated Trade Agenda 2030. The Regional Improvement of Border Services projects for Mongolia, Kyrgyz Republic, and Tajikistan are upgrading the border crossing points and developing single window information systems. Pakistan's trade and competitiveness program also supports national single window. Technical preparations are being done for the CAREC Advanced Transit System among Azerbaijan, Georgia, and Kazakhstan to promote transit trade. In September 2019, Turkmenistan's pilot project on food safety held a training of trainers. A knowledge forum on trade facilitation between CAREC and South Asia Subregional Economic Cooperation customs agencies was held in Q4 2019. The development of economic cooperation zone between the People's Republic of China (PRC) and Mongolia is underway with \$30 million ADB loan for Mongolia approved in June 2020. A series of trade dialogues and workshops were organized by development partners (ADB, UNDP, USAID, EPPO, WTO, and OIE). ADB's Trade Finance Program supported \$2.2 billion trade transactions from January 2019 to April 2020, complemented by the supply chain finance guarantees and online trainings. The trade sector deliverables for 19th MC include the 2019 report and e-trainings on corridor performance measurement and monitoring, reports on e-commerce and diversification through services sector, and trade information portal for CAREC.

8. **Transport.** The Meeting was informed that ADB is providing CAREC secretariat support for transport sector development through two regional TA projects with overall financing of \$3 million covering the five pillars of Transport Sector Strategy 2030. This will be topped up by a

dedicated road safety TA project that is expected to be approved within 2020. A scoping study on CAREC ports and logistics has been completed and will be circulated among all member countries once the Russian translation is finalized. Draft Railway Sector Assessment reports were prepared for Afghanistan, PRC, the Kyrgyz Republic, Tajikistan, and Uzbekistan. The reports for the remaining six countries will be prepared within 2020. A model course on road asset management (RAM) was delivered in Dushanbe in February 2020 for Tajik road transport officials. RAM assessments are being conducted for the other CAREC member countries through questionnaires and online interviews so that customized training and capacity development activities can be implemented as soon as travel restrictions are lifted. In the aviation sector, a study will examine global trends, market recovery strategies, and technological changes and their applications in the CAREC member countries considering the pandemic situation.

9. **Energy.** Energy Ministers from the CAREC region and the Turkish Energy Minister took part in the first CAREC Energy Ministers Dialogue Tashkent in September 2019. The Ministers signed a declaration in which they endorsed the CAREC Energy Strategy 2030 (Energy 2030) and committed to increasing the share of renewable energy, improving energy efficiency, launching energy sector reforms, and fostering gender equity in the energy sector. Energy 2030 was subsequently endorsed by CAREC Ministers during the CAREC Ministerial Meeting in Tashkent in November 2019. The Energy Ministers Dialogue was followed by the Energy Investment Forum which was attended by nearly 300 participants from within and outside the CAREC region, including investors, financiers, policy makers and other stakeholders. A TA project is expected to start in the third quarter of 2020 to support the implementation of the first set of actions under Energy Strategy 2030.

10. **Tourism.** The Meeting was apprised about the \$2 million TA grant approved in August 2019. The TA is supporting the formulation of a CAREC tourism strategy 2030 and a regional tourism investment framework with concrete projects to be implemented over 2021–2025. A high-level public-private dialogue on “*Promoting Sustainable Tourism Development in the CAREC Region through Public–Private Partnerships*” was organized in November 2019 in Uzbekistan. This was followed by an inception workshop and the first meeting of the CAREC tourism expert group in December 2019 in Kazakhstan. From January–June 2020, a strategic situational assessment was conducted to inform the formulation of the CAREC Tourism Strategy 2030 which, together with the tourism regional investment framework 2021–2025, will be submitted for Ministers’ endorsement at the 19th CAREC Ministerial Conference.

11. **Economic Corridor Development.** On the pilot Almaty-Bishkek Economic Corridor (ABEC), the Meeting was informed on the progress achieved over the last twelve months, including the finalization of the ABEC Tourism Master Plan; the agreement of Kazakh and Kyrgyz governments to modernize joint border crossing points; the work of both countries towards modern agricultural wholesale markets; the preparation of a joint action plan on reference health laboratories; and the confirmation of additional TA support for ABEC, bringing its total financing to \$2.5 million until December 2021. Going forward, ABEC will deliver groundwork on tourism-related investments, further work on border crossing points, and support the setup of a regional medical laboratory system. On the Shymkent-Tashkent-Khujand Economic Corridor (STKEC), based on work undertaken in 2019, priority sectors and areas for developing the STKEC have been suggested which include transport connectivity and logistics, particularly border crossing points improvement; trade facilitation including sanitary and phytosanitary systems; development of cross-border agricultural value chains; regional tourism development; and development of special economic zones and industrial parks. A first regional workshop was held in December 2019 which discussed suggested priority sectors and areas and a vision document for STKEC development. A second regional workshop (virtual) is planned for the second half of 2020 to deliberate the draft roadmap and next steps. Meanwhile, ADB is implementing a £2 million TA to support the Pakistan Government on economic corridor planning to unleash the benefits of regional cooperation and integration.

12. **CAREC Institute.** The Meeting was updated on the progress that the CAREC Institute (the Institute) has achieved to enhance the portfolio of its research and capacity building interventions in 2020 despite the unexpected and extremely adverse situation arising out of the COVID-19 pandemic. The Institute has kept its focus and continuously strived to deliver on its planned activities for 2020, including 14 research, 10 capacity building, and 13 knowledge products covering the five clusters of the CAREC Program. Moreover, it developed and shared policy briefs and offered webinars on themes relevant to COVID-19. The Institute released five well-received policy briefs on COVID-19 up to May 2020. It has also begun developing an E-Learning/on-line capacity building/distance learning platform which is expected to be fully functional by end of June. This will substantially enhance the Institute's capacity to maximize the reach of its capacity building interventions.

13. **Discussion on the way forward.** The Secretariat sought NFPs' guidance on how CAREC should move its agenda forward in 2020 given the pandemic situation and prevailing travel restrictions. Three courses of action were put forward: (A) business as usual, proceeding with deliverables and physical events in the second half of the year to the extent the situation permits; (B) moving to a virtual format for most events but still conducting them in 2020; or (C) postponement of key CAREC events to 2021. Summarizing the discussion, Director General Liepach observed that most of the NFPs felt that while the "Business as Usual" option would not be practical given the continuing uncertainty on how long the pandemic will continue and restrictions will remain in place. The NFPs were unanimous in their view that CAREC should maintain its momentum, and that the ICT and digital technology initiatives are highly appropriate to meet the current as well as future challenges. Therefore, most countries expressed support for option B to continue CAREC events in a virtual format to the extent possible, while keeping the possibility of option A open if the situation improves and physical events become possible. NFPs agreed that some CAREC events may still need to be postponed to 2021 and asked the Secretariat to make contingency plans accordingly. In this regard, they considered moving the CAREC 20th anniversary celebration events to 2021.

14. Director General Liepach recommended that the NFPs' Meeting reconvene in two months' time, by which time a final decision can be made on whether the Senior Officials' Meeting and Ministerial Conference should be conducted physically, virtually, or, in the last-case, postponed to 2021. The Secretariat will present at the next NFPs' Meeting a revised program of activities that will take all factors into account. Director General Liepach's recommendation was approved by the NFPs' Meeting.

15. NFPs expressed their appreciation for the Secretariat's efforts in organizing this first-ever virtual meeting, and in moving the CAREC program forward despite the current difficult circumstances. Chairperson Zadran closed the meeting by thanking the co-chairpersons, the presenters, and the moderators for efficiently running the meeting. He encouraged the Secretariat to keep up progress in the different activity areas and projects, and to ensure their timely implementation. More than ever, he said, stronger cooperation is needed in health, connectivity, and trade to address the negative impacts of the pandemic.

16. The Secretariat will announce the timing of the next Meeting following consultations with the Chairperson and individual NFPs.