



CENTRAL ASIA REGIONAL ECONOMIC COOPERATION (CAREC) PROGRAM

22ND CAREC MINISTERIAL CONFERENCE **30 November 2023** **Tbilisi, Georgia**

HIGHLIGHTS OF PROCEEDINGS

I. Introduction

1. The 22nd Central Asia Regional Economic Cooperation (CAREC) Ministerial Conference (MC) was held in Tbilisi, Georgia on 30 November 2023. It was the first onsite MC since 2019. Prime Minister of Georgia Mr. Irakli Garibashvili and President of Asian Development Bank (ADB) Mr. Masatsugu Asakawa delivered keynote addresses. Vice Prime Minister and Minister of Economic and Sustainable Development of Georgia Mr. Levan Davitashvili and ADB Vice President (East, Southeast Asia and the Pacific) Mr. Scott Morris co-chaired the Conference. Ministers and senior officials from CAREC member countries¹ and development partners actively participated in the discussion, and committed to deepening cooperation to achieve shared regional prosperity.

2. The MC endorsed the *CAREC Climate Change Vision*² and welcomed the concept for the CAREC Climate and Sustainability Project Preparatory Fund (CSPPF). The MC also commended the progress of the CAREC Program in implementing the *CAREC 2030 Strategy* and discussed a draft ADB study on diversifying trade flows and transport and transit routes in the CAREC region.

II. Inaugural Session

3. Georgia's Prime Minister Garibashvili underscored the pivotal role of CAREC in promoting regional economic development, which are closely aligned with Georgia's aspiration to serve as a regional hub between Europe and Asia. He expressed continuing support for CAREC as a platform to deliberate regional and global development issues and solutions, including at ADB's 57th Annual Meeting to be hosted by Georgia in May 2024 in Tbilisi. President Asakawa reaffirmed ADB's commitment to support the CAREC Program, through working with CAREC members and development partners on innovative solutions and financing to tackle the development challenges facing the region, including the climate change. He highlighted the importance and potential impact of the CAREC Climate Change Vision, including strengthening a collective voice of CAREC in international climate change-related forums such the Conference of the Parties (COP). He reiterated ADB's ambition to deliver \$100 billion in cumulative climate financing between 2019 and 2030, of which, around \$6.6 billion was directed to CAREC countries as of 2022.

¹ Azerbaijan, the People's Republic of China, Georgia, Kazakhstan, the Kyrgyz Republic, Mongolia, Pakistan, Tajikistan, Turkmenistan, and Uzbekistan.

² *Regional Action on Climate Change: A Vision for CAREC.*

III. CAREC Climate Change Vision and Implementation Progress of CAREC 2030

4. The MC discussed the progress of CAREC 2030 Strategy implementation, the global and regional economic developments, climate-related issues, and their impacts on CAREC member countries and the region.

5. **Climate change and its impact on CAREC economies.** The International Monetary Fund (IMF) presented climate change related developments in the CAREC region including rising temperature and higher exposure to climate driven hazards (above global median) and potential economic impact to the region, i.e., reduction of per capita GDP growth by 2060 among CAREC members: by around 5.6% for oil importers and 11% for oil exporters. Policy actions, both global mitigation and adaptation, could reduce these costs. These actions include: (i) broader pricing reform on fuel subsidies (particularly implicit subsidies); (ii) adaptation policies such as integrating climate change into broad based macro policy and investments in public infrastructure; (iii) diversification, especially among fossil fuel dependent economies; and (iv) building fiscal buffers to minimize transition risks. IMF's engagement and support on climate change agenda include providing data, macroeconomic surveillance, financial stability assessment programs, capacity development, and Resilience and Sustainability Trust.

6. **Progress in implementing CAREC 2030 Strategy.** The CAREC Secretariat reported the outcomes of the [independent evaluation](#) of ADB support for the CAREC Program (2011-2022), which highlighted CAREC's significant contribution to improving regional connectivity and its great potential for regional cooperation. As of 30 June 2023, cumulative investments under the five CAREC operational clusters exceeded US\$ 47 billion, with a large portion going to transport, energy, and trade sectors, but increasingly diversifying into new areas of agriculture, tourism and health sectors.³

7. Ministers and senior officials commended the substantive progress made in (i) sustaining high-level policy dialogues for economic and financial stability; (ii) adopting trade reforms including accelerated efforts among World Trade Organization acceding members, promoting digital trade, and the signing of the memorandum of understanding to pilot-test the CAREC Advance Transit System and Information Customs Exchange; (iii) promoting regional tourism including the launch of the CAREC's Visit Silk Road Tourism Portal; (iv) piloting economic corridor development such as the Almaty-Bishkek Economic Corridor and the Shymkent-Tashkent-Khujand Economic Corridor; (v) ensuring transport connectivity and road safety through existing and new border and logistics projects; (vi) promoting sustainable regional energy security including through the 6th CAREC Energy Investment Forum in November 2023 in Tbilisi; (vii) achieving food security and safety and efficiently managing water resources; and (viii) strengthening health security and resilience, and fostering skills development. Under the cross-cutting themes, there is also a good momentum in initiatives and key activities to harness innovation and digital ecosystem (e.g., CAREC Innovation Week in the Hangzhou, People's Republic of China (PRC) in November 2023); mainstream gender equity (e.g., CAREC Gender Awards in November 2023); and respond to climate change (e.g., scoping study which supported the development of the CAREC Climate Change Vision and the roadmap for regional risk transfer facility).

³ The five operational clusters under the CAREC Program are: (i) Economic and Financial Stability; (ii) Trade, Tourism, and Economic Corridors; (iii) Infrastructure and Economic Connectivity; (iv) Agriculture and Water; and (v) Human Development.

8. The MC welcomed the proposed next steps including (i) developing an action plan to implement the recommendations from ADB's independent evaluation on ADB support for CAREC, (ii) conducting the midterm review of CAREC Strategy 2030 in 2024, and (iii) strengthening communications to raise the profile of the CAREC Program.

9. **CAREC Climate Change Vision and the proposed CAREC Climate and Sustainability Project Preparatory Fund.** The 22nd CAREC MC endorsed the *Regional Action on Climate Change: A Vision for CAREC*, which is a strategic document that sets out a comprehensive framework for transitioning towards a greener and more sustainable future in the CAREC region. In their interventions, CAREC Ministers and senior officials also highlighted: (i) the alignment of the Climate Change Vision with their respective Nationally Determined Contributions commitments, priorities, and targets; (ii) the crucial role of collective action and regional cooperation to create synergies and develop new opportunities; and (iii) the increasing demand for financial and technical resources to support CAREC's transition to low carbon development and green economy.

10. The MC delegates supported the establishment of the CAREC Climate Change Steering Committee and Cross-Sectoral Experts Working Group on Climate Change, and the development of an Action Plan to implement the Climate Change Vision. In particular, high-level heads of country delegations including Mr. Levan Davitashvili, Deputy Prime Minister and Minister of Economic and Sustainable Development of Georgia, and Mr. Min Liao, Vice Minister of Finance of the PRC, highlighted the urgency to implement the CAREC Climate Change Vision through practical and solid cooperation to promote steady growth and green development in CAREC. Development partners also expressed support for the Vision document and looked forward to the proposed Climate Change Development Partners Forum.

11. Delegates also supported the concept of the proposed CAREC Climate and Sustainability Project Preparatory Fund (CSPPF), which will be a multi-donor trust fund facility to help identify pipeline investments and develop bankable regional projects in support of CAREC countries' climate commitments and sustainable development goals and targets. Subject to funding commitment from donors and approval process, the CSPPF is planned to be launched in May 2024. Participants looked forward to the Fund's early establishment and proposed a simple and transparent mechanism for accessing the CSPPF's resources.

IV. Diversifying Trade Flows and Transport and Transit Routes in the CAREC Region

12. ADB presented the preliminary results of the study on "Diversifying Trade Flows and Transit and Transport Routes in the CAREC Region." It noted the surge in trade due to dramatic increase in energy trade linked to energy price fluctuations and diversification of trade flows brought about the recent external shocks. The Trans-Caspian Transport Corridor or the Middle Corridor is emerging as an alternate transit route but would require lowering transit costs within the route to improve its competitiveness.

13. Georgia, Azerbaijan, and Kazakhstan noted the key transit role of their countries in facilitating connectivity between Asia and Europe and underscored the crucial role of the Middle Corridor as a viable alternative transit route for speedy, cost-effective, reliable, and safe trade over the ocean routes, which will bring increased benefits to CAREC countries. They also highlighted the need for infrastructure investment to develop this complex multimodal corridor. Other CAREC countries including the PRC, Pakistan, and Uzbekistan highlighted the role of

governments and other stakeholders to improve policy coordination and harmonization to lower the high transportation costs along the Middle Corridor, and the potential of other routes (e.g., the PRC-Kyrgyz Republic-Uzbekistan and the Uzbekistan-Afghanistan-Pakistan railroads) as alternative transit routes as well.

14. Interventions from development partners (e.g., the European Bank for Reconstruction and Development, the International Road Transport Union, the World Bank), research institutes (e.g., the CAREC Institute, the ADB Institute), and the private sector (e.g., Maersk, APM Terminals, Trans-Caspian International Transport Route) highlighted the need for certain actions to develop and improve the competitiveness of the Middle Corridor.

V. Conclusion

15. CAREC senior officials endorsed the [Joint Ministerial Statement](#) of the 22nd CAREC MC, including its attached Joint Statement on Developing a Disaster Risk Transfer Facility. They reaffirmed their strong commitment to the implementation of CAREC Strategy 2030 going forward. They expressed appreciation to the Government of Georgia for successfully chairing the CAREC Program in 2023 and hosting the 22nd MC, as well as the ADB as the CAREC Secretariat and other development partners for continued support to the CAREC Program.

APPENDICES

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Appendix 3. [Joint Ministerial Statement](#)

Appendix 4. Presentation: [Climate Change and Growth in the CAREC Region](#)

Appendix 5. Presentation: [CAREC Program Implementation Progress](#)

Appendix 6. Presentation: [CAREC Climate Change Vision and CSPPF](#)

Appendix 7. Presentation: [Diversifying Trade Flows and Transport and Transit Routes in the CAREC Region](#)