



**CENTRAL ASIA REGIONAL ECONOMIC COOPERATION PROGRAM
SENIOR OFFICIALS' MEETING
13-14 June 2023; Tbilisi, Georgia**

SUMMARY OF PROCEEDINGS

I. Introduction

1. The Central Asia Regional Economic Cooperation (CAREC) Senior Officials' Meeting (SOM) was held in Tbilisi, Georgia on June 13-14, 2022. Delegations from CAREC member countries participated, along with representatives of CAREC development partners and the CAREC Institute (CI), in the SOM. Mr. Genadi Arveladze, Deputy Minister of Georgia's Ministry of Economy and Sustainable Development and CAREC National Focal Point for Georgia and Ms. Xiaohong Yang, Deputy Director General Central and West Asia Department (CWRD) co-chaired the Meeting.
2. The objectives of the SOM were to: (i) reflect on the recent progress of the CAREC operational clusters; (ii) present and gather comments on the overall progress of the 2023 CAREC deliverables and new initiatives; (iii) present the progress and new initiatives of the CAREC Institute; and (iv) discuss the proposed structure and theme of the 22nd CAREC Ministerial Conference (MC).

II. SOM Highlights

3. **Progress of Implementation of CAREC 2030:** The SOM expressed satisfaction with the overall progress made in the five operational clusters identified in the CAREC 2030 strategy. The SOM was informed that the CAREC Program had made significant progress in several areas, including economic and financial stability, trade and tourism, energy and transport, agriculture and water, and human development. The SOM was informed on ADB's internal evaluation of its support to the CAREC Program from 2011-2021 and its key findings. The ADB evaluation showed that CAREC has significantly contributed to the improvement of regional connectivity in the region and made a somewhat more modest contribution to economic competitiveness. The SOM also noted the challenges, including program ownership by member countries and geopolitical developments affecting the region's economies.
4. The SOM reviewed progress in the operational areas and discussed key issues to be addressed.
 - a. **Economic and Financial Stability:** The SOM welcomed the creation of a CAREC Climate and Sustainability Project Preparatory Fund (CSPPF) as a key deliverable for the Ministerial Conference this year, developed to address both infrastructure financing gaps and climate change goals. It also noted that member countries are not required to contribute to the fund. The SOM also noted key initiatives under the

cluster, including the annual high-level policy dialogues on fiscal policy and financial stability and the Second Capital Markets Regulators' Forum tentatively scheduled for October this year. The SOM recognized the need to strengthen the region's financial system through regional cooperation, coordination, and addressing vulnerabilities to support sustainable economic growth.

- b. **Trade:** The SOM expressed satisfaction with the progress on the CAREC Integrated Trade Agenda (CITA) 2030, including achievements made in the past five years, such as the 100% implementation rate of the trade facilitation agreements for PRC, Georgia, and Kazakhstan, and progress in WTO (World Trade Organization) accession of CAREC countries, with Turkmenistan as an acceding WTO member from observer status, and CAREC countries' participation in international agreements. The SOM also appreciated the investment projects facilitating trade being implemented, such as the launch of the National Single Window (NSW) for Pakistan and Tajikistan under the Regional Border Improvement of Border Services Project (RIBS) and the implementation of key trade events, including the generation of knowledge products that strengthen institutions and partnerships. The SOM acknowledged challenges and opportunities in the CAREC region on trade and trade facilitation, such as the need for diversification, digital trade, and e-commerce improvement, and reducing time and cost in cross-border trade. The importance of senior officials' guidance and endorsement in advancing the CITA was emphasized. The SOM also noted the importance of monitoring trade changes and improving linkages with major trade hubs, given the reorientation of trade flows in Central Asia and the Caucasus amidst the geopolitical situation, with a significant increase in both exports and imports driven mainly by the growth in energy prices and exports (re-exports) to the Russian Federation.
- c. **Tourism:** The SOM was informed of the endorsement of the CAREC Tourism Strategy 2030 and the completion of activities related to institutional capacity building, health and safety protocols, and service quality enhancement. The next steps were also outlined: content development, project conceptualization, capacity-building activities, and implementing common health and safety protocols. SOM was informed of the development of the CAREC Tourism Portal, certification courses in tourism, and a visa facilitation study for the region. The SOM was also apprised in detail about the *VisitSilkRoad* Virtual Portal Concept, which aims to direct targeted traffic to national institutional pages and private sector tourism sites.
- d. **Economic Corridors:** The SOM was informed of the developments in the Almaty-Bishkek Economic Corridor (ABEC) and the Shymkent-Tashkent-Khujand Economic Corridor (STKEC). Key achievements include approving the first ABEC-supported ADB Investment Project and completing a report on cross-border trade facilitation. The SOM was also informed of the upcoming deliverables for the next 12 months, including the Almaty-Issyk-Kul Alternative Road PPP project concept and the ABEC Regional Improvement of Border Services Project. Key achievements for the STKEC include implementing the roadmap for STKEC development and finalizing pre-feasibility studies and knowledge-sharing activities. The SOM was apprised of the future deliverables for the next 12 months, including

completing two pre-feasibility studies and establishing the STKEC Technical Working Group.

- e. **Energy:** The SOM welcomed the new initiatives approved by the Energy Sector Coordinating Committee (ESCC), including organizing an energy investment forum in November, workshops on transmission infrastructure and energy efficiency, and a study tour to the Nordic region to explore best practices. These initiatives aim to leverage knowledge and collaboration to drive sustainable and reliable energy development in the CAREC region. The SOM also noted the challenge of intermittency in renewable energy, the importance of market-determined pricing, and the significance of regional interconnectivity and grid integration to maximize renewable energy utilization and balance different energy resources. Lessons from the energy landscape in Germany was used to illustrate these challenges and opportunities. The SOM also expressed support for the emphasis on data availability and transparency, along with investments in grid infrastructure and transitioning to cleaner energy sources.
- f. **Transport:** The SOM expressed satisfaction with the progress in implementing CAREC Transport Strategy 2030 and the work of the Transport Sector Coordinating Committee and was apprised of the outcomes from its 20th Meeting. Achievements under the five pillars include completed railway assessments both for each CAREC country and the CAREC region; improvement of border crossing points (BCPs) in Pakistan, the Kyrgyz Republic, Mongolia, and Tajikistan; and concept design for the first joint BCP between Azerbaijan and Georgia; a compendium of manuals, reports and training on road asset management systems (RAMS) that significantly improved RAMS competency in the region; a compendium of manuals and reports on road safety completed; completion of a low-cost carrier (LCC) aviation study, and subregional initiatives connected with the ABEC and STKEC. The SOM welcomed key initiatives for 2023-2024 that include the completion of knowledge products and knowledge dissemination activities, a scoping study on CAREC Transport decarbonization, scoping studies and designs for new BCPs and Joint BCPs, continued analytical and investment support to improve regional transport corridors such as the Middle Corridor (CAREC Corridor 2), Central Asia to East Asia, and the North-South Corridor, and focus on digitalization of transport operations.
- g. **Agriculture and Water:** The SOM welcomed the proposed regional technical assistance (TA) that would support implementing key activities outlined in the "Cooperation Framework for Agricultural Development and Food Security" endorsed during the Ministerial Conference last year. The regional TA will focus on effective implementation of regional cooperation initiatives, including preparing the CAREC Agricultural Development and Food Security Strategy, and improving the readiness of climate-resilient agriculture and food security investments. The SOM also noted the progress in the implementation of the CAREC Water Pillar, where preparatory steps to identify a shortlist of priority activities and outlining the creation of a CAREC Water Pillar working group was finalized. Future activities include consultations for technical assistance on institutional support and knowledge generation, including screening of potential Water Pillar projects and assessments for a future expanded geographic area of the Water Pillar.

- h. **Health:** The SOM was apprised of the developments in the implementation of the CAREC Health Strategy 2030, including the approval of the Regional Investment Framework (RIF) by the CAREC Working Group on Health, to be used as a tool to prioritize investment projects and technical assistance. The SOM welcomed the ADB-financed Kyrgyz Strengthening Regional Health Security Project as the first investment project under the RIF on Health. Key achievements also include the regular exchange of monthly epidemiological data between seven border districts of Azerbaijan and Georgia, with Tajikistan and Uzbekistan soon to follow, webinars for strengthening drug regulatory capacity, human resource capacity, and future initiatives including a survey of vulnerable population groups and digital health.
 - i. **Education and Skills Development:** The SOM noted the progress in strengthening regional cooperation in skills development within the CAREC program. The SOM was informed about the project aiming to standardize and harmonize higher education, vocational education and training (VET), and skills development in CAREC member countries, focusing on four key areas: standardization in higher education, standardization in VET, management of recruitment systems, and development of a labor market database. Several knowledge products are being prepared and distributed, and new initiatives are planned, including a policy research network and a consortium of CAREC universities. Additional reports and tools are being developed.
5. The SOM also reviewed progress in implementing the CAREC Program's crosscutting themes and addressed key issues.
- a. **Gender and Digitalization:** The SOM welcomed upcoming initiatives under the CAREC Gender Strategy 2030, such as the CAREC Awards for Advancing Gender Equality, the launching of the CAREC Women in Business Online Community Platform, the Second Meeting of the Regional Gender Expert Group, the Second Women Economic Empowerment Forum, and the launching of the Digital Growth and Literacy of Women (Digital-GLOW) Initiative. The SOM acknowledged progress in implementing the CAREC Digital Strategy 2030, with its five pillars focusing on digital leadership, policy and safeguards, broadband infrastructure, digital skills, and digital innovation. Initiatives such as the CAREC Startup Ecosystem Hub, CAREC University Startup Competition, and the CAREC Innovation Network were also noted by the SOM.
 - b. **Climate Change and Disaster Risk:** The SOM acknowledged the creation of a CAREC Climate Change Vision as a key deliverable for the Ministerial Conference this year, with the proposed vision as "CAREC members cooperate to achieve sustainable climate, resilient development and shared prosperity," and noted the timeline for the preparations and the consultation process on the crafting of the climate change vision, with the proposal to include climate change as a crosscutting theme of the CAREC Program. The SOM also welcomed the progress in creating the CAREC disaster risk transfer facility. Key milestones include creating knowledge products such as disaster risk profiles for each country and a disaster risk modeling interface (DRMI) for cost-benefit analysis of implementing disaster risk reduction and adaptation measures. Upcoming initiatives include a roadmap for establishing the CAREC disaster risk transfer facility, feasibility assessment on issuing a disaster relief bond, and a more refined DRMI.

6. **CAREC Institute 2022 Achievements and 2023 Workplan:** The SOM was apprised by the CAREC Institute on its key achievements for 2022 and its work plan for 2023. The SOM noted the implementation of the Mid-Term Review this year, which will ensure that CI operations align with its strategic priorities, highlight challenges affecting the performance of its strategy, and propose adjustments if necessary. The SOM welcomes organizing the 7th Think Tank Forum in 16-17 August 2023 in Urumqi, People's Republic of China, and encourages active participation from member countries.
7. **Theme and Structure of the 22nd Ministerial Conference (MC):** The SOM affirmed that the 22nd Ministerial Conference will be held in Tbilisi, Georgia, on 30 November 2023, with the theme along the lines of "Reinvigorating Regional Cooperation in Times of Change" to deliberate on current challenges facing the region and emerging opportunities that CAREC could look at moving forward. The Government of Georgia reaffirmed its commitment and readiness to host the 22nd MC and requested high-level participation from member countries and development partners. The SOM appreciated the preparatory work conducted by the Government of Georgia and instructed sector committees and the CAREC Secretariat to expedite work to deliver the expected deliverables for the 22nd MC.
8. The SOM expressed its appreciation to the Government of Georgia, particularly the Ministry of Economy and Sustainable Development, for chairing the Meeting. The SOM also thanked ADB for helping organize and conduct the Meeting. Recognizing the vital role of partnerships, the SOM extended its appreciation to CAREC's development partners present in the Meeting.