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**International conference on strengthening sub-regional
economic cooperation in Central Asia and the future
role of SPECA**

Astana, Kazakhstan, 25-27 May 2005

FINAL REPORT

Introduction

Strengthening sub-regional economic cooperation is an important condition for promoting prosperity, stability and security in Central Asia and the broader region. It will also help the countries of Central Asia to achieve the internationally agreed development goals contained in the Millennium Declaration and facilitate their progress towards sustainable development.

In early 2004, the United Nations Secretary-General launched an initiative aimed at reinvigorating the UN Special Programme for the Economies of Central Asia (SPECA). The Programme was established in 1998 with a view to strengthening sub-regional cooperation in Central Asia and its integration into the world economy. Currently it involves Azerbaijan, Kazakhstan, Kyrgyzstan, Tajikistan, Turkmenistan and Uzbekistan and is jointly supported by UNECE and UNESCAP. The secretariats of the two UN Regional Commissions, in consultation with interested countries and other partners, developed a set of proposals for improving the institutional set-up, working methods and funding of SPECA, as well for significantly broadening the scope of cooperation within its framework. In September 2004, the Government of Kazakhstan proposed to convene in Astana in May 2005 an international conference on SPECA with broad participation of countries, international organizations and financial institutions and other partners, at which issues related to the strengthening of SPECA would be placed in a broader context of sub-regional cooperation in Central Asia as well as more general efforts of the international community in the region in support of this objective.

The International Conference on Strengthening Sub-regional Economic Cooperation in Central Asia and the Future Role of the UN Special Programme for the Economies of Central Asia (SPECA) was held in Astana, Kazakhstan, on 25-27 May 2005. The Conference was organized by the Government of Kazakhstan in cooperation with, and with financial support from UNECE and UNESCAP. The Government of Austria and UNDP provided additional financial support to assist the participation of representatives from some SPECA member countries in the Conference.

The main objective of the Conference was to provide a forum for the representatives of member countries and other interested countries, as well as of UNECE, UNESCAP, UNDP and other international organizations, international financial institutions (IFIs) and bilateral donors to discuss action-oriented ways of further strengthening sub-regional cooperation in Central Asia, including the future role of SPECA. Another important objective of the Conference was to consider, on the basis of lessons learned and experience gained in the implementation of SPECA, possible ways and means of reforming and strengthening the Programme as a mechanism aimed at supporting sub-regional cooperation in Central Asia and in the broader region. The Conference was also aimed at enhancing coordination and cooperation among various international and regional organizations and donors in support of efforts of the Central Asian Governments to achieve greater prosperity and stability in the sub-region through sub-regional cooperation.

Participation

The Conference was attended by representatives from the following countries: Afghanistan, Azerbaijan, Canada, China, Germany, Iran, Japan, Kazakhstan, Kyrgyzstan, Mongolia, Russian Federation, Tajikistan, Turkey, United Kingdom, United States of America and Uzbekistan. The representatives of the European Commission took part in the Conference. The Chairman and other representatives of UNECE, representatives of UNESCAP, UN Department of Public Information (UNDPI), UNDP and UNICEF participated in the Conference together with representatives of the Economic Cooperation Organisation (ECO), Eurasian Economic Community (EurAsEC), Commonwealth of Independent States (CIS), International Fund for Saving the Aral Sea (IFAS), Organisation for Security and Co-operation in Europe (OSCE), Shanghai Cooperation Organisation (SCO), Asian Development Bank (ADB), European Bank for Reconstruction and Development (EBRD), International Monetary Fund (IMF), Islamic Development Bank (IsDB) and the World Bank. Representatives of the University for Peace and a number of international and national non-governmental organizations, private sector and academia also attended the Conference, in particular providing substantive contributions to the discussions held during the parallel Round Table on "Business and sub-regional cooperation in Central Asia" and the meetings of the thematic working groups.

Programme

The work of the Conference was organized in the following seven plenary sessions:

1. Opening session;
2. Substantive session 1: Overview of economic trends and prospects in Central Asia: how sub-regional cooperation would support economic development and integration into the world economy;

3. Substantive session 2: Sub-regional economic cooperation - a key factor for stability, security, and achievement of developmental goals of the international community;
4. Substantive session 3: Cooperation with neighbouring countries and sub-regional and regional economic organizations;
5. Substantive session 4: Cooperation with multilateral and bilateral financial institutions;
6. Substantive session 5: SPECA: achievements, shortcomings and the way forward; and
7. Closing session.

In parallel to the Conference the Round Table on "Business and sub-regional cooperation in Central Asia" was held comprising the following three segments: Business forum, Round table on knowledge-based economy and Round table on gender and economy. In addition, meetings of the thematic working groups were held to discuss the Work plan in support of SPECA for 2005 - 2007. After the closure of the Conference, a Special Session of the SPECA Regional Advisory Committee was held.

Below are short summaries of the presentations made at the Conference, as well as the conclusions and recommendations adopted during the closing session. The reports of the Round Table on "Business and sub-regional cooperation in Central Asia" comprising three segments, as well as the thematic working groups are contained in Annexes I, II, III and IV to the present report. The text of the present report, as well as other relevant information can be found on the Conference website at the following address:
< <http://www.unece.org/operact/astana.doc> >.

Opening session

The Conference was officially opened by Mr. Sauat Mynbayev, Deputy Prime Minister of the Republic of Kazakhstan who welcomed the participants and wished them fruitful discussions. In his introductory statement, he dwelt upon economic problems facing the countries of Central Asia and outlined the following priority areas for strengthening economic cooperation in the region, namely: joint use of water and energy resources, expansion of intra-regional trade, facilitation of transport of goods and passengers and border crossing, and development of economic integration of the Central Asian countries. He also suggested some ways to solve certain problems existing in these areas.

Ms. Brigita Schmögnerová, UNECE Executive Secretary, in her opening statement stressed that despite progress in several areas, economic cooperation among the SPECA member countries still lagged behind the requirements of their economies. It is crucial to achieve further progress in deepening this cooperation in order to maintain economic growth and stability in the whole sub-region. The reform proposals prepared jointly by UNECE and UNESCAP in cooperation with the SPECA member countries for revitalizing SPECA will, in her view, increase the interest of all member countries to actively participate in strengthening sub-regional economic cooperation.

Mr. Kim Hak-Su, UNESCAP Executive Secretary, in his opening statement pointed out that sub-regional cooperation was essential if the countries of Central Asia wanted to attain sustainable development and integration with global economic processes. He noted some significant progress achieved in SPECA implementation since its establishment in 1998 and referred to the UN Secretary-General's initiative to further strengthen and broaden

cooperation within the SPECA framework. Following this initiative the reform proposals that addressed the three main issues, namely: coordination, funding and membership, as well as the UNECE/UNESCAP Work Plan for 2005-2007 in support of SPECA have been elaborated and presented to the Conference. It is hoped that the reformed SPECA will contribute to strengthening sub-regional economic cooperation.

Mr. Mikayil Gabbarov, Deputy Minister for Economic Development of the Republic of Azerbaijan pointed out that there has been a serious need to raise the SPECA potential and spoke in favour of reforming the programme that should be aimed at implementing real projects and stimulating regional integration to become more active and fruitful. He reconfirmed the interest of his country to lead future SPECA activities in the area of ICT for development. He expressed his country's readiness to participate in the implementation of two projects, namely: on capacity building for ICT for development and on capacity building for accession to WTO, as well as to put forward additional proposals in the area of tourism, sub-regional economic cooperation, creation of an automated information system in fuel and energy complex and industry, and transport infrastructure development in the SPECA region. He particularly mentioned that the project on capacity building for ICT envisaged setting up a regional training and research centre on public regulation of economy and e-governance to meet the requirements of the whole region and called upon bilateral donors and international financial institutions to participate in the SPECA implementation.

Mr. Bolotbek Djumabekov, Acting Deputy Minister for Economic Development, Industry and Trade of the Kyrgyz Republic, expressed deep interest in the UN Secretary-General's initiative to expand and strengthen SPECA. This programme proved its usefulness and has become an important mechanism supported by the United Nations. Globalization necessitates strengthening regional integration for more aggressive and competitive entering the world market. It is important to include in the programme the new areas of cooperation such as trade development, attraction of investments, tourism development and ICT. He hoped that the SPECA reform would lead to the implementation of investment projects of regional importance and that international financial institutions would help in realization of new projects that would contribute to the process of peaceful reconstruction of Afghanistan and global fight against international terrorism.

Mr. Asadullo Gulomov, Deputy Prime Minister of the Republic of Tajikistan, underlined that forthcoming discussion on expanding cooperation among the SPECA member countries was a convincing proof that integration processes in the modern world were of sustainable and irreversible nature. SPECA has played positive role in deepening good neighbour relations, mutual trust and friendship among member countries, as well as in promoting regional economic cooperation. It is obvious that the reformed SPECA will open new possibilities for further promotion of the sub-regional cooperation. He pointed out that the ongoing process of stabilization of Afghanistan transformed this country from the source of instability into a big and perspective cooperation partner. This process could be strengthened through more close cooperation between Afghanistan and the SPECA member countries. Concrete steps should be taken to ensure that mutual cooperation be substantially expanded and in response to common interests.

Mr. Turdikul Butayarov, Ambassador of the Republic of Uzbekistan to the Republic of Kazakhstan, underlined that his country attached growing importance to bilateral and multilateral cooperation in Central Asia. At the same time, the leadership of his country noted several times the importance of staged evolutionary development of integration process on the basis of strengthening national economies of the Central Asian States. The support on the

part of the United Nations, including UNECE and UNESCAP, and personally the UN Secretary-General aimed at strengthening SPECA as well as an interest of bilateral donors and international financial institutions in developing cooperation in the sub-region are good preconditions for success of the programme. He pointed out the importance of securing that the future work within the selected directions of the reformed SPECA met the requests of all the member countries and adequately reflected their interests. His country welcomed the participation of the delegation of Afghanistan in the Conference and was in favour of integrating Afghanistan into SPECA, hoping that it will actively participate in the programme as a full member.

Mr. Sauat Mynbayev, Deputy Prime Minister of the Republic of Kazakhstan, was unanimously elected as the Chairperson of the Conference. In his absence Mr. Askar Batalov, Deputy Minister of Industry and Trade of the Republic of Kazakhstan, chaired the substantive sessions, and Mr. Kassymzhomart Tokaev, Minister for Foreign Affairs of the Republic of Kazakhstan, chaired the closing session on his behalf.

Substantive session 1: Overview of economic trends and prospects in Central Asia: how sub-regional cooperation would support economic development and integration into the world economy

During the joint UNECE/UNESCAP presentation on “Overview of economic trends and prospects in Central Asia”, Mr. Eugene Gherman (UNESCAP) and Mr. Rumen Dobrinsky (UNECE) outlined the socio-economic profile and macroeconomic performance of the Central Asian economies in 2001-2004. It was pointed out that the countries of Central Asia had a good foundation for sub-regional cooperation. In 2001-2004, economic growth in those countries remained very strong, underpinned by buoyant energy prices and strong domestic demand, and reinforced by strong sub-regional linkages that boosted exports from energy importers. Countries in the sub-region have made impressive progress on disinflation, introduction of prudent fiscal policy and tight budgetary control, stabilization of exchange rates, trade liberalization, and improvement of investment climate. The outlook for economic prospects in 2005-2006 was generally favourable with strong economic growth in hydrocarbon-exporting countries and modest in others. However, most economies in the sub-region remained vulnerable to changes in the external environment. Greater harmonization of trade rules with multilateral standards, liberalization of transit regimes with neighbouring countries, and the removal of non-tariff barriers could pave the way for growth going forward by realizing the gains from closer economic integration with larger economies and diversification of the export base.

It was pointed out that while current economic performance in these economies was impressive, it also entailed some risks for these economies. In particular, the narrow base of the recovery and the heavy reliance on commodity exports make these economies vulnerable to external shocks. In order to reduce these risks, the SPECA member countries should seek to diversify their economies. The policy challenge of economic diversification as a long-term policy goal in Central Asia and various policy options in the pursuit of diversification strategies were outlined. It was underlined that policies seeking economic diversification could also stimulate closer economic cooperation and integration among these countries.

Substantive session 2: Sub-regional economic cooperation - a key factor for stability, security, and achievement of developmental goals of the international community

Ms. Yuriko Shoji, UN Resident Coordinator in Kazakhstan, speaking on behalf of UNDP, pointed out that the goals and objectives of SPECA were particularly important for land-locked countries of Central Asia, especially in the context of growing and expanding globalization. UNDP has various activities and programmes that share goals with those of SPECA, in particular in the areas of structural reforms of national economies, supporting SMEs and developing transport and communication sector. She especially referred to the Silk Road Regional Project initiated by UNDP addressing the three main pillars, namely trade facilitation, investment promotion and tourism. This project is complimentary to SPECA and UNDP looked forward to close collaboration in the implementation of this project.

Mr. Assan Kozhakov, Deputy Chairman of the CIS Executive Committee, underlined that economic cooperation was a priority area of cooperation as an important precondition for promoting stability and security of all CIS countries. He briefly outlined the main directions of economic cooperation supported by the CIS Executive Committee and pointed out that the interstate projects relating to the Central Asian countries were of importance for developing integration within the CIS area. In particular he referred to the problem of rational use of hydropower potential of Kyrgyzstan and Tajikistan and relevant draft agreements aimed at creating a legal basis for solving existing problems of the water management complex in the Central Asian region. In his view the unification of efforts of the United Nations and regional organizations within the SPECA framework would help solve the problems of economic development of the countries of the Central Asian region and CIS more efficiently.

Mr. Jenbek Kulubaev, Deputy Secretary-General, Shanghai Cooperation Organisation (SCO), pointed out that alongside with activities relating to security concerns SCO was also active in the area of trade and economic cooperation and humanitarian affairs, in particular in trade and investments, transport, energy, telecommunications, agriculture, tourism, credit and banking, water management and the environment, and the development of cultural relations. He drew particular attention to the necessity of coordinating efforts of various international and sub-regional organizations active in the region and stated the readiness of his organisation to engage in close dialogue and cooperation. In this connection he underlined that SPECA could play an important coordinating role in creating the network of partner-organizations and forums that shared the common aims and objectives in the Central Asian region.

Mr. Zhou Xiaopei, Ambassador of the People's Republic of China, underlined the close interconnection of economic development, security and stability in the sub-region. China as a close neighbour had resolved all border issues with the Central Asian countries and a new bright page in the history of good-neighbourhood and friendship was opened between China and these countries. His country has always supported sub-regional cooperation aimed at promoting peace, stability and development of the sub-region and it is ready to contribute to further strengthening sub-regional cooperation.

Mr. Wolfgang Armbruster, Head of Division, Federal Ministry for Economic Cooperation and Development, Germany, noted that Germany attached great importance to the continued development of the countries of Central Asia and the Southern Caucasus, and had provided more than Euro 1.2 billion to these countries through development cooperation since they gained independence. He briefly outlined some areas where Germany assisted to find solutions to existing problems, namely agriculture and environmental protection, health, legal and judicial reform, economic reform, establishment of a market economy, promotion of SMEs, and the strengthening of the financial sector. Germany also supports integration of the Central Asian countries into the world economy and is willing to provide technical assistance for WTO accession process as outlined in the SPECA Work Plan for 2005-2007. He also

spoke in favour of better donor coordination and greater alignment with the countries' own national development goals and plans. Closer cooperation between Central Asia and the European Union is of common interest and Germany is studying ways and means to give this cooperation further momentum when it assumes the EU presidency in 2007.

Mr. Marc Baltes, Deputy Coordinator of Economic and Environmental Activities, OSCE, pointed out that the new OSCE Strategy Document agreed upon by all 55 States in 2003 considered deepening economic and social disparities, lack of rule of law, weak governance, corruption, unsustainable use of natural resources, widespread poverty and high unemployment as the major factors that threatened the security. That is why economic cooperation, good governance and sustainable development remain essential elements of the OSCE activities. He further outlined a number of the OSCE activities in Central Asia and underlined that the promotion of economic and environmental cooperation within the OSCE area was necessary to avoid new divisions, narrow disparities between and within member countries, and achieve sustainable results.

Mr. Jean-Etienne Chapron, Regional Adviser on Statistics, UNECE, spoke of the importance of the statistical capacity building for monitoring economic and social changes in the SPECA member countries, their integration into the world economy and the achievement of the Millennium Development Goals. He outlined the three main goals for statistics, namely: relevance, reliability and timeliness. He also referred to the fundamental principles of official statistics comprising professionalism, independence, public access to data, transparency on methods, use of international concepts and classifications and bilateral and multilateral cooperation. Finally he underlined that international cooperation would improve comparability of data across countries, exchange of experience among statisticians, more effective use of resources and a dialogue between users and producers of statistics.

Mr. Barry Cable, Director, Transport and Tourism Division, UNESCAP, outlined UNESCAP activities to promote sub-regional cooperation in the areas of transport, energy and water resources. In the field of transport infrastructure development he referred to the work on the Asian Highway and Trans-Asian Railway Northern Corridor. He also briefly presented the activities of the SPECA Project Working Group on Transport and Border Crossing jointly supported by UNESCAP and UNECE. In the field of water and energy resources he referred to the Cooperation strategy to promote the rational and efficient use of water and energy resources in Central Asia, which was elaborated with the joint support of UNECE and UNESCAP. As a follow-up to this strategy both UN Regional Commissions have provided support to Kazakhstan and Kyrgyzstan for the establishment of the bilateral commission on the transboundary Chu and Talas rivers and elaborated project proposals on dam safety and on transboundary power exchange in the SPECA region.

Ms. Alia Baidebekova, Project Manager, Technical Cooperation Section, Delegation of the European Commission in Kazakhstan, Kyrgyzstan and Tajikistan, pointed out that the European Commission considered strengthening sub-regional cooperation as a key factor for achieving stability, prosperity and economic growth in the Central Asian region and that since the establishment of SPECA it has been actively supporting the programme. She briefly outlined the EU technical assistance provided to the region in the field of transport, protection of the environment, energy and water resources, trade facilitation and WTO accession, customs and statistics.

Mr. Almabek Nurushev, Executive Director, International Fund for Saving the Aral Sea (IFAS), referred to the Memorandum of Understanding between UNECE, UNESCAP and

IFAS signed in 2004 that stipulated inter alia cooperation on realization of SPECA and the Programme of concrete actions to improve the environmental and socio-economic situation in the Aral Sea basin for 2003-2010. He welcomed the proposed reform of SPECA and underlined the need for cooperation with SPECA on the elaboration of the feasibility study on the establishment of a water and energy consortium in Central Asia. He stressed the need for strengthening sub-regional cooperation on energy and water issues and for setting up a SPECA Regional Office that would cooperate with the IFAS Executive Board through its affiliations established in the Central Asian countries. On its side the IFAS Executive Board stands ready to support the implementation of SPECA.

Mr. William Garner, Senior Counsellor, University for Peace, briefly outlined the activities of his organisation aimed at promoting dialogue for peace. In particular he referred to the seminar on "Regional Water Resources and Peace Building" held by UPEACE in cooperation with IFAS and other organizations in Kazakhstan in April 2005 that put forward concrete proposals concerning the creation of a special UN Commission responsible for the coordination of the activities of international organizations and donor countries for solving the problems of the Aral Sea basin.

Mr. Alexandr Zouev, UNICEF Representative in Kazakhstan, drew attention to the problems of degradation of the environment, drug abuse and spread of HIV/AIDS that led to the high child mortality rates in countries of Central Asia. All these problems are of transboundary nature and should be dealt with through strengthening sub-regional cooperation. He outlined some UNICEF activities in the region that were undertaken in close cooperation with UNESCO and WHO.

Substantive session 3: Cooperation with neighbouring countries and sub-regional and regional economic organizations

Mr. Askhat Orazbai, Secretary-General, Economic Cooperation Organisation (ECO), highlighted the ECO activities in the field of transport, trade, energy and environment. In the field of transport he specifically referred to the multimodal transport and trade facilitation project aimed at creating smooth transport and communication network in the ECO region, as well as to activities relating to removing physical and non-physical barriers of transport and transit transport. In the field of trade the focus of ECO activities is on trade expansion, promotion of investments, participation of the private sector, customs cooperation, provision of banking and insurance services. In the field of energy ECO works on interconnection of the ECO member countries power systems, development of energy trade in the region, utilization of renewable sources of energy and energy efficiency and conservation. In the field of environment ECO implements its Plan of action on environment for 2003-2007. In all the above activities ECO closely cooperates with UNESCAP, UNCTAD, UNEP, WMO, ITC, the World Bank, ADB and IsDB and it is interested in establishing working contacts with SPECA.

Mr. Seric Primbetov, Deputy Secretary-General, Eurasian Economic Community (EurAsEC), spoke on the history of transforming of the Customs Union into EurAsEC, its goals and structure, and the Priority directions of developing EurAsEC for 2003-2006 and beyond. He underlined that EurAsEC and SPECA shared common goals in many fields and effective coordination and unification of efforts could be particularly beneficial in the field of development transport and its infrastructure, development of trade, water resources and energy and the preservation of the environment. In the area of transport, EurAsEC and SPECA could work together on the unification of the European and Asian transport networks

in accordance with modern international standards, joint inspection and assessment of technical conditions of transport links and border points, creation of favourable conditions for international road transport. In the field of trade EurAsEC is interested in institutionalization of relations with UNECE and UNESCAP within the SPECA framework and in participation in the activities of the SPECA Project Working Group on Trade, as well as participation in the work of the other SPECA bodies as observers. In the area of effective utilization of water and energy resources of Central Asia, EurAsEC and SPECA bodies could develop more close and systematic cooperation on the creation of legal and economic basis and mechanisms of integration, promotion of transboundary and sub-regional cooperation, development of inter-sectoral cooperation and attraction of investments in the utilization of hydropower potential of the Syr Darya and the Amu Darya river basins. In the field of the preservation of the environment cooperation could be aimed at preventing ecological disasters, introduction of innovative clean and resource saving technologies, and development of international cooperation in order to tackle ecological threats of natural and technogenic character. EurAsEC is ready to cooperate with all international organizations and groupings on issues of common interest, including within the SPECA framework.

Substantive session 4: Cooperation with multilateral and bilateral financial institutions

Mr. Simon Michael Kenny, Regional Programme Coordinator, the World Bank Office in Kazakhstan, outlined the World Bank activities in the region in particular in the areas of water and energy resources, trade facilitation and HIV/AIDS, and spoke in favour of coordinating efforts of various organizations active in the region. He welcomed the SPECA reform and invitation to Afghanistan to join SPECA but expressed his concerns regarding possible duplication of the SPECA activities with those of CAREC and noted that the inclusion of 28 project proposals in the proposed SPECA Work Plan for 2005-2007 might be too ambitious.

Mr. Jiro Iida, Adviser of the Japan International Cooperation Agency (JICA) in Kazakhstan, noted that Japan has so far contributed about US\$ 2,5 billion to five Central Asian countries for the development of infrastructure, meeting the basic human needs and human resources development. JICA is ready to promote inter-regional cooperation in the fields of fighting terrorism and narcotics, environment, land mines, poverty alleviation, health, water and energy, trade and investment, transport and SMEs. He appealed for more coordination among the donor organizations.

Mr. Nazir Shahidi, Deputy Minister for Economy of Afghanistan, confirmed the keen interest of his country to join SPECA. He provided extensive information on the past and present situation in the country. He noted that majority of assistance to Afghanistan went through NGOs that have not paid enough attention to the stated government priorities and appealed to the international community to provide major parts of their funds to the state budget.

Mr. Nik Abidin, Director, Representative Office of the Islamic Development Bank in Almaty, provided a general overview of the Bank's operations in Central Asia. He noted that since 1992 the Bank had invested about US\$ 700 million in over 100 projects in Central Asia and Azerbaijan. Promotion of cooperation among member countries, in particular intra-trade and regional cooperation is one of the strategic objectives of the Bank. He highlighted some completed and ongoing regional projects in the field of transport, energy, investment promotion and infrastructure development. He also welcomed the invitation of Afghanistan

to join SPECA and spoke in favour of strengthening sub-regional economic cooperation in the region.

Mr. Craig Steffensen, Head, Central Asia Regional Economic Cooperation Unit, Asian Development Bank, provided information on the Central Asia Regional Economic Cooperation Programme (CAREC) supported by ADB. CAREC has financed infrastructure projects in the four priority areas of transport, energy, trade policy and trade facilitation. It also supports the development of appropriate policy and institutional frameworks to facilitate growth and development. He highlighted CAREC activities in all these priority areas and outlined some future plans. He shared the World Bank's concerns related to possible duplication between CAREC and SPECA and called for closer coordination of activities under these two programmes to avoid any unnecessary difficulties.

Mr. Andre Küüsvek, Country Director, European Bank for Reconstruction and Development, outlined EBRD's activities in Central Asia. Functioning as a catalyst of change, EBRD promotes co-financing and foreign direct investment, helps mobilisation of domestic capital and provides technical assistance. Through its investments, EBRD promotes structural and sectoral reforms, competition, privatisation and entrepreneurship, stronger financial institutions and legal systems, infrastructure development needed to support the private sector. He also spoke in support of strengthening sub-regional economic cooperation and the need for closer cooperation between all actors involved in this process.

Mr. Almaz Sharman, Director, Country Office for Kazakhstan, USAID, spoke in detail on the assistance extended by the United States to Kazakhstan through USAID. He noted that since 1992 the US Government had provided about US\$ 425 million to Kazakhstan mostly to support economic growth and diversification. In particular, it supports the development of the knowledge-based economy by strengthening human capacity and business environment. He also mentioned the trade facilitation and investment project and the regional trade promotion guide supported by USAID that were aimed at promoting regional cooperation.

Substantive session 5: SPECA: achievements, shortcomings and the way forward

Ms. Brigita Schmögnerová, UNECE Executive Secretary, introduced the SPECA reform proposals elaborated jointly by UNECE and UNESCAP. They are mainly based on the results of consultations held by the Executive Secretaries of the both UN Regional Commissions in all six SPECA member countries following the UN Secretary-General's initiative to strengthen and revitalize SPECA. The lessons learned during the functioning of SPECA revealed that a comprehensive reform package was needed to achieve the original objectives of the Programme: acceleration of the economic development of member countries through increased sub-regional cooperation. SPECA II should have a more flexible institutional set-up, improved information flow, broader project portfolio, better coordination with and much more active direct involvement of partner organizations and last but not least reliable long-term funding. She further addressed in detail all the aspects of the proposed reform proposals. She also referred to the discussions held by the both UN Regional Commissions with the representatives of ADB on ways of strengthening cooperation between SPECA and CAREC.

Mr. Kim Hak-Su, UNESCAP Executive Secretary, provided some additional justification for the outlined reform proposals. He underlined that strengthening sub-regional

cooperation in the SPECA region was a recognized necessity since the countries of the region had integrated infrastructure, shared natural resources and small individual domestic markets. He also spoke of the need to achieve greater complementarities and synergies between SPECA and other regional programmes, such as CAREC and IFAS, as well as with other regional economic cooperation organizations such as ECO, SCO and CACO.

Mr. Mikayil Gabbarov, Deputy Minister of Economic Development of the Republic of Azerbaijan, supported the reform proposals including the invitation of Afghanistan to join SPECA. He called for more visibility and efficiency in the implementation of the SPECA activities.

Ms. M. Djarbusynova, Ambassador of the Republic of Kazakhstan, supported the SPECA reform proposals and underlined that this programme should become really a regional one. She noted that the lack of participation on the side of two SPECA member countries in the transport activities made it impossible to conclude some important activities that were of regional nature. She called all the SPECA member countries to actively participate in the activities of the reformed SPECA. She welcomed the assistance provided to the SPECA implementation from UNECE and UNESCAP and put forward a proposal to reinstall the UNECE Regional Adviser on SPECA, to nominate a similar Regional Adviser in UNESCAP or to station the SPECA Regional Adviser of both UN Regional Commissions in Kazakhstan.

Mr. Bolotbek Djumabekov, Acting Deputy Minister for Economic Development, Industry and Trade of the Kyrgyz Republic, also supported the SPECA reform proposals. He supported the proposal of Kazakhstan to enhance coordination of the SPECA activities and proposed that a post of the UN Special Coordinator be established in Central Asia and that the Regional Centre on coordination of SPECA activities be also set up. He expressed interest of Kyrgyzstan in co-chairing the SPECA activities in the field of trade and called for searching new areas for cooperation, for example tourism, but warned that it should not harm the activities in already agreed areas of cooperation.

Mr. Isroil Mahmudov, Deputy Minister of Economy and Trade of the Republic of Tajikistan, outlined some difficulties occurred in the SPECA implementation and supported the SPECA reform proposals. He called upon international organizations, multilateral and bilateral donors to provide financial and technical support to the programme and at the same time pointed out to the need to use more fully domestic resources. He underlined the critical importance for the economic growth of expanding and strengthening interregional economic cooperation. He expressed interest of Tajikistan to co-chair activities in the field of tourism, water, energy and environment, and statistics.

Mr. Turdikul Butayarov, Ambassador of the Republic of Uzbekistan to the Republic of Kazakhstan, noted that insufficient progress in the SPECA implementation was due to limited financing and that the programme did not always meet the interest of all the SPECA member countries. New forms of organization and management of SPECA are needed. The SPECA reform proposals contain some elements that should be further developed to meet the interests of all its member countries. It is important to secure sufficient financial resources for the implementation of the SPECA activities. In this regard he suggested that the "soft" part of the projects should be supported by the United Nations while international financial institutions should be invited to finance the "hard" part of the projects. He expressed interest of Uzbekistan to lead activities in the field of trade and to co-chair activities in the field of transport and water, energy and environment.

Mr. Nazir Shahidi, Deputy Minister for Economy of Afghanistan, once again thanked all the SPECA member countries for their strong support of Afghanistan to become a member of the programme. He also expressed interest of Afghanistan to participate in cooperation in a number of mutually beneficial areas such as creation of brother relationships, fight against terrorism, revitalization of the historical Silk Road, expansion of trade and transport links, exchange of technologies, etc.

Mr. Askhat Orazbai, Secretary-General, Economic Cooperation Organisation (ECO), confirmed the interest of his organisation to cooperate with SPECA, in particular in the field of trade and energy resources and welcomed coordination of these activities with UNECE and UNESCAP.

Mr. Almabek Nurushev, Executive Director, International Fund for Saving the Aral Sea (IFAS), suggested to use more fully the extensive IFAS network in Central Asia for the benefit of SPECA.

Mr. S. Primbetov, Deputy Secretary-General, Eurasian Economic Community (EurAsEC), underlined the importance of creating a network for sharing information under the aegis of SPECA. He supported the idea that the “soft” part of the SPECA projects should be financed by the United Nations while the “hard” part of the projects could be financed by financial institutions, in particular through CAREC.

Closing session

Ambassador Francois Roux, Chairman of UNECE, in his statement delivered three messages regarding the future cooperation of the European countries under the UN umbrella. The first message is that sub-regional cooperation is vital not only for the region itself but also for wider Europe. The second message is that every effort must be made today to avoid new dividing lines in broader Europe. The third message is that SPECA is not isolated in its efforts to change. UNECE is itself in the process of looking for ways and means to increase its effectiveness and focus its future activities. In this regard he appealed to all countries of the sub-region to be involved in the talks underway in Geneva concerning the future role of UNECE. He promised to convey the ideas and the proposals that were discussed in Astana to all member States active in negotiations concerning the evaluation of UNECE.

Mr. Raimbek Batalov, Chairman of the SPECA Council of Business Cooperation, speaking as the Chairman of the Business Forum held in parallel with the Conference presented the report on the work of the Business Forum. The text of his report is contained in Annex I.

Mr. Rahat Toktonaliev, Regional Advisor on Trade, USAID Trade Facilitation and Investment Project, speaking as the Chairman of the Round table on knowledge-based economy held in parallel with the Conference presented the report on the work of the Round table on knowledge-based economy. The text of his report is contained in Annex II.

Ms. Svetlana Djalmagambetova, Deputy of the Senate of the Parliament of the Republic of Kazakhstan, Deputy Chairperson of the National Commission for Family and Women’s Affairs, Kazakhstan, speaking as the Chairperson of the Round table on gender and economy held in parallel with the Conference presented the report on the work of the Round table on gender and economy. She particularly referred to the proposal to consider a possibility of setting up a SPECA Working Group on Gender and Economy in addition to

those project working groups already included in the 2005-2007 Work Plan in the areas of transport and border crossing, water and energy resources, trade, statistics and ICT for development. The text of her report is contained in Annex III.

Mr. René Bastiaans, Chief, Technical Cooperation Section, UNESCAP, speaking as the Chairman of the Thematic working groups held in parallel with the Conference presented the report on the work of the meetings of the Thematic working groups. The text of his report is contained in Annex IV.

At the end of the closing session the participants discussed and approved the following conclusions and recommendations of the Conference:

CONCLUSIONS AND RECOMMENDATIONS

1. High-level representatives of the SPECA member countries, neighbouring countries, European Union, United Nations organizations, international financial institutions, regional and sub-regional cooperation organizations, bilateral donor agencies, the private sector and the civil society met in Astana, Kazakhstan on 25-27 May 2005 to discuss ways and means of strengthening economic cooperation in Central Asia and in the broader region.
2. The participants of the Conference underscored that the strengthening of sub-regional economic cooperation is a key precondition for sustainable development of countries of the SPECA region, their expeditious transition to full-fledged market economies and more rapid integration into the world economy.
3. Stronger sub-regional economic cooperation contributes to the creation of a zone of stability and prosperity in Central Asia and in the broader region and facilitates joint efforts of the international community to address new challenges.
4. Progress towards free movement of goods, services, physical and human capital in the sub-region strengthens the ability of the SPECA member countries to cope with the challenges of global economic integration, to improve their business and investment climate, to attract foreign direct investments, to develop knowledge-based economies and to bridge the digital divide.
5. Strengthened sub-regional economic cooperation can also help the SPECA member countries achieve the Millennium Development Goals, namely the reduction of poverty, and effectively implement the practical recommendations of recent United Nations conferences and summits.
6. The participants of the Conference welcomed the commitment of the SPECA member countries to strengthen economic cooperation both among themselves, as well as with other countries and regional and international organizations. It was underscored that efforts of the SPECA member countries towards strengthening economic cooperation must be supported by the international community.
7. Taking into account the strategic importance of the Central Asian countries and Azerbaijan and their geopolitically important location on the cross-roads of Europe and Asia, as well as a number of challenges they presently face, the SPECA member countries requested the United Nations, in particular UNECE and UNESCAP, to increasingly focus their technical assistance to the sub-region.

8. The participants of the Conference underlined the high potential of the UN Special Programme for the Economies of Central Asia as an important mechanism aimed at supporting economic and environmental cooperation among its members, their integration into the world economy and achieving the Millennium Development Goals.

9. The participants of the Conference welcomed the initiative of the UN Secretary-General to strengthen the Programme, as well as reform proposals jointly elaborated by UNECE and UNESCAP aimed at achieving this goal.

10. The SPECA member countries called upon the United Nations and other partners to strengthen institutional and financial support to SPECA in order to overcome the operational difficulties faced by the Programme in recent years.

11. The participants of the Conference recognised the need for stronger cooperation and coordination among various international programmes and activities aimed at promoting economic development in the SPECA region with a view to achieving greater synergies and complementarity of multilateral and bilateral efforts.

12. The participants of the Conference welcomed the elaboration of the 2005-2007 Work Plan of activities in support of SPECA (*see the Conference website at the following address: < <http://www.unece.org/operact/astana.doc> >*) and invited UNECE and UNESCAP along with other partner organizations and agencies to make further efforts towards its effective implementation. The participants of the Conference supported the proposal to consider a possibility of setting up a SPECA Working Group on Gender and Economy within the framework of the 2005-2007 Work Plan.

13. The SPECA member countries underscored that projects and activities proposed for implementation within the SPECA framework reflect their demands in technical cooperation support for building stronger national capacities in the areas of transport, use of water and energy resources, protection of the environment, trade, statistics and the use of ICT, and enjoy their full support. The use of in-house expertise of the two UN Regional Commissions and their partners, both national and international, makes the implementation of these projects and activities highly efficient.

14. The participants of the Conference invited interested organizations and donors to support the implementation of the Work Plan through additional partnerships and resources, which would help broaden the scope of activities, reach out to a greater number of national beneficiaries, and ensure more sustainable long-term funding.

15. The SPECA member countries called upon international financial institutions and UNDP to take full advantage of the collaborative process between the Central Asia Regional Economic Cooperation Programme (CAREC) and SPECA, initiated at the Conference in Astana. SPECA, owned and led by its member countries, supported by readily available technical expertise of the two UN Regional Commissions and other partners, and which provides a neutral and mutually beneficial platform offered by the United Nations, can usefully compliment the work of CAREC. The participants of the Conference highlighted the need for strengthening coordination between the SPECA and CAREC activities through better partnerships and more regular exchange of information among the organizations involved in the implementation of SPECA and CAREC.

16. The participants of the Conference invited neighbouring countries to actively participate in the implementation of the SPECA projects and activities, particularly those with a broader regional outreach, like transport and customs corridors, regional energy networks and regional trade arrangements.

17. The SPECA member countries reconfirmed their willingness to strengthen cooperation between those regional and sub-regional organizations, such as CACO, CIS, ECO, EurAsEC, IFAS and SCO on the one hand and SPECA on the other, with a view of using the potential of SPECA in support of the implementation of the high-level initiatives recently launched within the framework of these organizations.

18. The participants of the Conference strongly agreed with the proposal to invite Afghanistan to join SPECA and Afghanistan becomes a full member of SPECA subject to the official acceptance of this invitation by the Government of the Islamic Republic of Afghanistan.

19. The participants of the Conference also welcomed the outcomes of the special multi-stakeholder event organised during the Conference, which comprised of a Business Forum, a Forum on Knowledge-Based Economy and Sub-regional Cooperation and a Round Table on Gender and Economy, and that offered an opportunity for a constructive dialogue with representatives of the private sector and the civil society. The participants of the Conference welcomed reactivation of the work of the SPECA Business Council.

20. The participants of the Conference expressed their sincere gratitude for the timely initiative by the Government of the Republic of Kazakhstan to organise the Conference and hospitality extended to them in Astana, as well as for the highly efficient support of UNECE and UNESCAP to the preparation and conduct of the event.

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Closing statements

Mr. Kassymzhomart Tokaev, Minister for Foreign Affairs of the Republic of Kazakhstan, expressed special gratitude to the delegations of SPECA member countries for their active contribution to the discussions of the agenda items. He also thanked UNECE and UNESCAP for their commitment to achieving SPECA goals, their energy and efforts on reforming and revitalizing the Program. The discussions, conclusions and recommendations of the Conference have reinstated the vitally important necessity for strengthening the sub-regional cooperation on the basis of acquired experience and allowed identifying further ways for the implementation of SPECA. One of the positive results of the Conference is the unanimous support to the idea of Afghanistan's accession to SPECA. He noted that business circles, academic community and non-governmental organizations of the countries in the sub-region were making even more active contribution to the strengthening and expanding of sub-regional cooperation. In this context, the results of events held in parallel to the Conference are quite illustrative. The significance of the Conference is in that it has reaffirmed the importance of supporting the sub-regional integration processes and implementation of SPECA on the part of neighboring countries, international donors and interested international organizations, as the SPECA member countries are still facing challenges to their development and need further external assistance. He hoped that the renewed conceptual framework of the Programme and its new organizational structure would become a prerequisite for its consistent implementation. The fulfillment of this task, in turn, will

enhance the SPECA member countries' potential in accomplishing their national development programmes, as well as in achieving internationally agreed targets and goals, including the Millennium Development Goals. He expressed the general opinion that the results of fruitful discussions that took place during the Conference would become a valuable contribution to laying the foundations for decisions of the Special meeting of the SPECA Regional Advisory Committee.

Mr. Kim Hak-Su, UNESCAP Executive Secretary, speaking on behalf of both UN Regional Commissions, noted that the Conference had made substantial recommendations, which in his view would be considered positively by the forthcoming Special meeting of the SPECA Regional Advisory Committee. This Conference has underscored the importance of strengthening regional economic cooperation as a key precondition for sustainable development of the countries of the SPECA region. It is evident that this cooperation is essential for the expeditious transition of the countries of the region into full-fledged market economies as well as their integration into the world economy. UNESCAP and UNECE remain committed to support all SPECA member countries in strengthening cooperation among themselves, as well as with other countries and regional and international organizations. In this connection, the positive response of this Conference to the proposal to invite Afghanistan to join SPECA was welcomed. The response of bilateral and multilateral donors to the SPECA Work Plan for 2005-2007 is also encouraging and both the UN Regional Commissions stand ready to work with them to further elaborate these proposed activities. He thanked once again the Government and people of Kazakhstan for the hospitality accorded to the participants and for the excellent arrangements made for the Conference.

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Annex I

Parallel Round Table on "Business and sub-regional cooperation in Central Asia"

Segment I

BUSINESS FORUM

25 May 2005

Representatives of the business circles of the Central Asian countries, as well as representatives and experts from the United Nations and international financial organizations took part in its work. The discussion during the Business Forum was insightful and constructive.

In the presentation by the Forum of Entrepreneurs of Kazakhstan to the participants of the Business Forum information was provided on the activities of the Congress of Business Associations of Central Asia and Russia (hereinafter, Congress), which encompasses entrepreneurs of Kazakhstan, Uzbekistan, Tajikistan, Kyrgyzstan and Turkmenistan, as well as the frontier regions of Russia. After reviewing and discussing the Development Plan of the Congress at the Business Forum, the participants suggested to renew the activity of the SPECA Business Council on the basis of presented and approved proposals. Participants of the Business Forum invited entrepreneurs from Azerbaijan to join the initiative of entrepreneurs of the region.

In the course of discussion, representatives of business and international financial institutions made proposals in regard to the future work of the SPECA Business Council. Through the activities of the SPECA Business Council it is envisaged:

- to build effective dialogue between business communities and Governments of the SPECA member countries aimed at improving the entrepreneurial climate in the region and ensuring freedom of movement of capital, labour, goods and services;
- in particular, to focus attention on addressing such problems as:
 - simplification and unification of border-crossing procedures;
 - harmonization of legislations of the SPECA member countries;
 - stimulation of transit movement of goods across the state boundaries and unification of technical norms and rules;
 - creation of a web-portal with information on the legislation regulating foreign trade and perspectives for expanding investment and trade cooperation among the SPECA member countries; and
 - conduct of consultations and meetings of entrepreneurs and associations of entrepreneurs to facilitate information exchange, dissemination of best practices, and coordination of efforts.
- to facilitate more active involvement of the private sector at the regional level in the processes of preparing the institutional and legislative frameworks for the accession of the SPECA member countries to WTO;
- to strengthen and expand the links between the domestic private sector of the SPECA participants and external business community;

- to use the expert capacity of the two UN Regional Commissions to support the private sector initiatives via the provision of advisory, organizational and information support; involvement of the SPECA Business Council in the work of the SPECA management bodies and working groups; joint development of projects; fund-raising; and dissemination of knowledge and best practices;
- to organize effective feedback for monitoring the fulfillment of multi-lateral agreements and international conventions to which the countries of the region are parties, meeting the existing standards, and timely provision of technical assistance for adequate implementation of the provisions under these international instruments;
- to develop information support to business via publication of bulletins and setting up web-sites in the Internet; and
- to carry out work aimed at the development of industrial cooperation and intra-regional specialization, and creation of joint ventures.

Donors and international organizations, represented by the World Bank and USAID, provided valuable assistance to business community in consolidating efforts to enhance sub-regional cooperation. In the meantime, it must be noted that efforts of international organizations working in the countries of the region, as well as efforts of business community, are not sufficiently coordinated. In this respect, participants invited the UN, international financial institutions and donor countries to expand cooperation with the private sector and to develop effective mechanisms to unite efforts for successful attainment of the goals set. The presence of international financial institutions and donors in the countries of the region, implementation of projects by them with the support of small and medium-sized enterprises, and intensification of trade and investment provide for a good environment to set up partner, mutually complementary relations between these organizations and SPECA.

Annex II

Parallel Round Table on "Business and sub-regional cooperation in Central Asia"

Segment II

ROUND TABLE ON KNOWLEDGE-BASED ECONOMY

25 May 2005

The Round table discussed the issue of sub-regional economic cooperation from the viewpoint of developing knowledge-based economies.

The Round table agreed that the term “knowledge-based economy” is open to different interpretations – because of the difficulties in defining and distinguishing knowledge, information, data, etc. But it is still a useful and meaningful term, capturing the widespread sense today that knowledge and innovation have become key factors in wealth creation in the world’s advanced economies, driven by the revolution in information and communication technologies (ICT).

The strategy of the Round table was to consider how the knowledge-based economy had contributed to growth and prosperity in some parts of the world (particularly Western nations), and then to consider how those lessons could be relevant to Central Asia. Finally, the Round table suggested fruitful ways for SPECA to be involved in developing knowledge-based economy in Central Asia, with a view to strengthening sub-regional economic cooperation.

Although the knowledge-based economy means much more than merely widespread reliance on e-commerce and ICT, it is a fact that strong ICT platforms are the first necessity, since wealth-generation is tied nowadays to the ability to process and distribute information. Modern ICT is contributing to “the death of distance” – meaning that physical distance is no longer the major factor in the cost of doing business. This is especially good news for Central Asia, generally located far from international trade routes and landlocked.

The Round table reviewed some of the initiatives, going on today, to promote a knowledge-based economy in Central Asia. They included projects to expand Internet facilities for small businesses and rural communities; projects to promote e-commerce and more transparent e-government; projects to make information about customs policies and procedures available to traders; and advanced trainings for education professionals, including teachers and university managers.

The Round table discussed some of the current obstacles to deepening the knowledge-based economy in Central Asia. It was noted that innovation is often hindered by a lack of economic incentives, and by the weakness and low efficiency of existing economic and government structures. Fears were expressed that human resources and human capital in the sub-region were being eroded in some places by declining educational standards. As one participant pointed out: we must teach people how to learn, and then ensure that the Central Asian societies are underpinned by governmental and economic systems that allow citizens to make the best use of what they know. This was the Round table’s understanding of the meaning of capacity building.

In this context, the Round table considered the future potential of SPECA:

- (1) For a start, SPECA could review its existing projects and ensure that they reflect the key building blocks of the knowledge-based economy.
- (2) SPECA could focus on ITC development, supporting regional training centers and projects on e-trade and e-governance.
- (3) SPECA could work to create more explicit links between sub-regional research or education projects and economic initiatives, as embodied, for instance, in the United Nations Economic Commission for Europe.
- (4) Outsourcing is a recent economic phenomenon that has come about, for example in India, where there is a conjunction of developed ICT platforms and human resources. SPECA might consider the potential for outsourcing in Central Asia.
- (5) SPECA should ensure that work on the knowledge-based economy is open to involvement by a variety of stakeholders, including civil society (down to grass roots NGOs) for a more vibrant and rounded understanding of the needs and capacities of the relevant countries. This also requires transparent and accountable partnership between government and civil society.
- (6) SPECA should develop benchmark indicators in order to assess the level of development of knowledge-based economy in the sub-region, and track its progress, incorporating relevant work already done by other institutions.
- (7) SPECA should support its member countries in their efforts to join the WTO and in adopting international best practices in trade regulation. Particularly, support could be provided in establishing and strengthening capacities of WTO Enquiry Points and in developing risk management systems.

Annex III

Parallel Round Table on "Business and sub-regional cooperation in Central Asia"

Segment III

ROUND TABLE ON GENDER AND ECONOMY

26 May 2005

The Round table was organized by the National Commission on Family and Women's Affairs under the President of the Republic of Kazakhstan in cooperation with UNECE and UNESCAP. Its organization was supported by the UNDP/Kazakhstan, UNIFEM Regional Programme for Central Asia and OSCE/ODHIR and OSCE Gender Programmes.

Over 90 participants took part in the discussions on how sub-regional cooperation could facilitate progress in gender equality in the economies of the SPECA member countries.

The participants represented Azerbaijan, Kazakhstan, Kyrgyzstan and Tajikistan at the level of heads and senior officials of national gender machineries, senior officials from economic ministries, as well as presidents of women's business associations and representatives of civil society. Uzbekistan was represented by the President of the Women business association and NGOs. UN organizations (UNDP, UNIFEM and UNICEF), OSCE, financial institutions (ADB), as well as bilateral donor agencies (CIDA) took also part in the round table.

The Round table was chaired by Ms. Aitkul Samakova, Minister for Environment Protection and Head of the National Commission on Women and Family Affairs of the Republic of Kazakhstan. The participants were welcomed by Ms. Brigita Schmögnarová, UNECE Executive Secretary, Mr. Kim Hak-Su, UNESCAP Executive Secretary, and Ms. Yuriko Shoji, Resident Representative of the UN in Kazakhstan.

The debate was organized in three thematic sessions, which discussed: (i) priority actions in promoting gender equality in economies of the SPECA member countries; (ii) support to women's self-employment and entrepreneurship; and (iii) sub-regional cooperation within the SPECA region and international support programmes.

The participants stressed the importance of progress in gender and economy in Azerbaijan and all countries in Central Asia in the context of implementation of the Beijing Platform for Action, recommendations of the Committee on the Elimination of Discrimination against Women and the Millennium Declaration Goals (MDG). They also recalled conclusions of the 10-year review of the Beijing process for the UNECE and UNESCAP regions (Geneva, 14-15 December 2004 and Bangkok, September 2004) and the 49th session of the Commission on the Status of Women (New York, February-March 2005), which adopted the resolution on women's economic advancement (E/CN.6/2005/L.9).

The discussion focused on how to improve women's position in the economy and reverse negative trends in women's employment, feminization of poverty, deepening of a gender wage gap and cuts in social provisions. It was pointed out that some good practices, initiated by Governments and/or women's business associations and civil society exist in many SPECA member countries. They include improvement of legislation and institutional

framework for gender equality, education and training programmes to improve skills, micro-credit schemes, capacity building for developing gender disaggregated data.

The participants agreed, however, that progress in reversing these negative trends is urgently needed and that it requires effective mainstreaming gender into economic policies and poverty reduction strategies. This is a key challenge for all SPECA member countries as gender issues are still seen within a social perspective by policy makers and societies where traditional views on women's role prevail.

The participants of the Round table stressed that many issues related to economic aspects of gender equality are similar in the SPECA member countries therefore developing sub-regional cooperation and exchange of experiences will facilitate progress at national level contributing to economic growth, poverty reduction and reaching MDG goals by 2015.

In this context, at the initiative of Kazakhstan and Azerbaijan, the participants of the Round table decided to present a proposal to the plenary session to establish a new thematic group on gender and economy to be included into the SPECA Work Plan for 2005-2007. The thematic group will be formed by the respective governments and will include heads of national gender machineries, representatives of women's business associations, other NGOs, as well as representatives from the private business sector.

The main purpose of this group will be:

- 1) to raise awareness among all stakeholders on gender and economy issues and to exchange good practices in mainstreaming gender into economic policies;
- 2) to develop pilot projects in selected areas such as financing and other support measures for women's entrepreneurship and gender budgets; and
- 3) to promote cross-sectoral linkages and synergies with other areas of the SPECA activities related to statistics, trade and promoting business networks.

Recalling the importance of gender and economy issues in Central Asia and Azerbaijan, the participants of the Round table requested the two UN Regional Commissions to provide support to the new thematic group.

The participants of the Round table called also upon UN agencies, regional organizations, financial institutions and bilateral donors to provide support to and participate in the implementation of projects to be initiated by a new thematic group and to take full advantage of its work in order to achieve a maximum degree of synergy and complementarity among programmes related to gender and economy area. Use of readily available in-house expertise of the two UN Regional Commissions and their partners makes the implementation of these projects highly efficient.

Annex IV

MEETINGS OF THE THEMATIC WORKING GROUPS

25 – 26 May 2005

The thematic Working Groups, with the participation of the SPECA member countries and representatives of international and other organizations, considered the proposed SPECA Work Plan for 2005-2007 elaborated jointly by UNECE and UNESCAP, including 9 ongoing and 19 planned projects in transport, water, energy and the environment, trade, statistical capacity building and ICT for development. Some SPECA member countries tabled additional project proposals.

Many participants expressed interest in the technical cooperation projects and stressed the importance of a country-driven process. Several organizations recognized the need for much closer inter-agency coordination in the sub-region and sharing information on technical cooperation projects to create synergies and avoid duplications. The participants of the thematic Working Groups welcomed the proposal to establish the SPECA Project Working Groups on Statistics, Trade and ICT for development, for consideration of the Special session of the SPECA Regional Advisory Committee.

It was agreed that comments made by the participants on the Work Plan's projects along with the additional project proposals tabled by some SPECA member countries would be further considered by the relevant SPECA Project Working Groups.
