



## **REPORT**

### **OF THE SECOND SESSION OF THE SPECA GOVERNING COUNCIL**

**(Berlin, Germany, 14 November 2007)**

#### **1. Introduction**

1. The second session of the SPECA Governing Council was held in Berlin on 14 November 2007. In conjunction with session, the SPECA Economic Forum/Conference “Central Asia and Europe: a New Economic Partnership for the 21<sup>st</sup> Century” was organized in Berlin on 13 November 2007.

#### **2. Participants**

2. Representatives of Afghanistan, Azerbaijan, Kazakhstan, Kyrgyzstan, Tajikistan, the Executive Secretary of UNECE and the Deputy Executive Secretary of ESCAP participated in the session. Delegations of Germany and the Russian Federation participated as observers. The following international organizations also participated in the session as observers: UNDP, UNIDO, FAO, ADB/CAREC, the World Bank and OSCE. In addition, the session was attended by representatives of research community. Representatives of Uzbekistan and Turkmenistan, who attended the SPECA Economic Forum/Conference on the previous day, have informed that could not participate in the session of the Governing Council due to other commitments.

#### **3. Opening of the session**

3. The session was opened by Ms. Larisa Kislyakova, Deputy Minister of Economy and Trade of Tajikistan, the Chairperson of the second session of the Governing Council.

4. Ambassador Friedrich Däuble of the UN Directorate General of the Federal Foreign Office of Germany welcomed the participants on behalf of the host country.

5. Mr. Marek Belka, Executive Secretary of the UNECE in his opening statement underlined that the Programme had made considerable progress since the previous session of the Governing Council. The number of Project Working Groups had increased, projects in the 2008-2009 Work Plan had attracted more assured funding on an annual basis than projects in the previous work plan and coordination and cooperation with partner organizations and programmes was improving. He warned at the same time that a lot remained to be done: it was important to strengthen the ability of the Programme to attract funding from bilateral donors and international financial institutions, to develop cooperation with the European Commission and to more actively involve neighbouring countries and regional organizations in SPECA activities.

6. Mr. Shigeru Mochida, Deputy Executive Secretary of ESCAP – said that the agenda of the meeting provided a good opportunity to discuss how SPECA could be further strengthened in order to meet the needs of its members. In this regard he looked forward to hearing views of members with regard to the proposals to enhance the effectiveness made by Kazakhstan at the Informal meeting of SPECA held in Almaty in May 2007. Speaking about efforts to improve transport and border crossing,

he mentioned that ESCAP is planning to organize a truck caravan along the Asian Highway from Tokyo, transiting through SPECA countries to Istanbul between March and May in 2008. He also mentioned that at its next session in March-April 2008 the ESCAP will review the situation of land-locked countries in the context of the mid-term review of the Almaty Plan of Action.

7. The Head of Delegation of Afghanistan reminded that the stability of her country is of direct concern for its Central Asian neighbours, since it influences the stability of the whole region. Extremism, terrorism and a series of political and economic problems hinder stabilization efforts of the Government. The solution is the creation of more economic opportunities for the people. She reconfirmed the wish of Afghanistan to co-chair the Project Working Group on Water and Energy Resources.

8. The Head of Delegation of Kazakhstan underlined that the SPECA member countries witness positive trends in the work carried out within the SPECA framework. The decisions taken at the International Conference on Strengthening Sub-regional Economic Cooperation in Central Asia and the Future Role of SPECA (Astana, 25-27 May 2005) are being implemented. The governing bodies of SPECA conduct result-oriented discussions and the SPECA Economic Forum is attracting increasing attention. The results of several SPECA projects are becoming visible. The Programme has a great potential and a promising future. Economic cooperation in Central Asia is hindered by the non-implementation of a series of inter-governmental decisions. To generate more progress in this area, SPECA should actively cooperate with partner organizations, such as EurAsEC and SCO.

9. The Head of Delegation of Azerbaijan underlined that SPECA was a very useful forum for regional cooperation. The member countries are united by similar background and can discuss important issues without outside pressure or conditionality. Still the full potential of SPECA in terms of delivering tangible results is not being realized: a serious discussion is taking place how to strengthen the Programme. Azerbaijan is interested in developing the full potential of SPECA.

10. The Head of Delegation of Kyrgyzstan called SPECA the most important UN Programme for strengthening regional economic cooperation in Central Asia. The Baku session of the Governing Council (June 2006) gave clear directions to the Programme. The Government of Kyrgyzstan is satisfied with the implementation of these decisions. The SPECA Economic Forum held on the previous day established an organic link between the EU Strategy on Central Asia and work within the SPECA framework. As an example he mentioned the issue of energy security, which can only be ensured on a regional basis. He also spoke about the existing disagreements on water issues between upstream and downstream countries. In this context, he reminded participants of the proposal of his Government to establish a Central Asian Water Academy. Several representatives emphasized the importance of better information flow among the Regional Commissions and the Government of member countries. A more informative SPECA Website would be a step forward in this respect.

11. The Head of Delegation of Tajikistan underlined that SPECA plays the role of catalyst in regional integration processes. The new structure of the Programme works, programme implementation is being strengthened and PWGs are implementing their agreed work plans. It is important that cooperation with other partners is being strengthened. Still there is a gap between decisions and implementation. Tajikistan is open for a frank dialogue within the SPECA framework on issues of regional cooperation.

12. The Deputy Minister of Foreign Affairs of the Russian Federation expressed continued support of his Government for SPECA, since Central Asia is a priority area for Russian development assistance. His government would support and finance some of the projects set out in the Work Plan for 2008-

2009. SPECA cooperation with EurAsEC, which was the nucleus for regional integration, was highly appreciated. The Central Asia Strategy of the EU is a pragmatic document. The Government of the Russian Federation is considering organizing with the UNECE and ESCAP a Central Asian-Russian business/investors forum in Moscow in the early summer of 2008.

13. The representative from UNDP expressed its support to SPECA in its efforts to promote regional cooperation.

#### **4. Progress reports of the SPECA Project Working Groups and review of the Work Plan for 2008-2009**

14. The Progress Reports and Work Plans for 2008-2009 of the PWG on Trade and the PWG on Gender and Economy were presented by their Co-Chairs, of the PWG on Transport and Border Crossing and the PWG on Statistics by the representatives of the UNECE and of the PWG on Water and Energy Resources and ICT for Development by the representatives of ESCAP.

15. The proposal on broadening the mandate of the Project Working Group on ICT for Development and transforming it into the PWG on Knowledge-Based Development was presented by the representative of the UNECE. It was emphasized that the PWG on KBD could become a useful forum for exchanges of experience and best practices, as well as capacity-building in such areas as economic competitiveness and innovative development, attracting financial resources in support of innovative sectors of the economy, commercialization and protection of intellectual property rights and public-private partnerships in addition to ongoing work in the area of ICT for development. The proposal received serious interest by participants. At the same time, they felt that the proposed Terms of Reference need to be reviewed by national experts.

16. Several speakers underlined their satisfaction with the work carried out within the framework of the PWGs, in particular the PWG on Trade, Water and Energy Resources, Transport and Border Crossing, and Gender and Economy.

17. At the same time, representatives of member countries underscored the need for strengthening programme implementation, better funding of the activities of the PWGs and improved participation of all members in projects. The Representative of Azerbaijan suggested that the Co-Chairs assess the effectiveness of their PWGs and elaborate proposals on ways to improve them. The effectiveness of reporting on the work of the PWGs to the Governing Council also needs to be improved. He also stressed the importance of better focused activities within the framework of the Programme and called for prioritization of activities. He supported the idea that participating countries should also finance projects.

18. The importance of closer work of PWGs with the UN Specialized Agencies was also emphasized, as well as better coordination among PWGs themselves. It was proposed that SPECA cooperates more closely with TRASECA and UNIFEM.

#### **5. Outcomes of the SPECA Economic Forum**

19. Participants discussed the outcomes of the first meeting of the 2007 SPECA Economic Forum / Asia-Pacific Business Forum "At the Crossroads between Asia and Europe: Harnessing the Possibilities of Central Asia" (Almaty, 18-19 May 2007) and of the second meeting of the 2007 SPECA Economic Forum / Conference "Central Asia and Europe: a New Economic Partnership for the XXI Century" (Berlin, 13 November 2007). Speakers highly appreciated the level of participation and the quality of

discussions at both meetings. The 2007 Economic Forum had increased the visibility of SPECA and provided strategic guidance on how it can cooperate more effectively with partner organizations and institutions, including the ASEAN and the European Union.

## **6. Discussion of the Report on strengthening the Programme and cooperation between SPECA and partner organizations and institutions**

20. The report was introduced by Executive Secretary Marek Belka. He underlined the considerable progress made in the implementation of the SPECA reform since its adoption at the International Conference on Strengthening Sub-regional Economic Cooperation and the Future Role of SPECA (Astana, May 2005). Cooperation with partner organizations was gradually improving and further progress is expected in this area following the important agreements reached in early October in Istanbul during an inter-agency coordination meeting organized by UNDP with participation of CAREC, EurAsEC and SCO.

21. The Executive Secretary of the UNECE informed the Council that the UNECE and ESCAP are exploring the possibility of establishing regional representation of SPECA with a view to strengthening programme implementation, liaison and cooperation with member countries and partner organizations as well as fund-raising.

22. Executive Secretary Marek Belka and Deputy Executive Secretary Shigeru Mochida announced that in the future the two Regional Commissions will support SPECA as co-coordinators instead of rotating this function among the UNECE and ESCAP on an annual basis. This is an expression of strong commitment by the two Commissions to the Programme.

23. The Deputy Executive Secretary indicated that given that funding of SPECA is still dependent on stagnant UN development account resources, suggested that some members may wish to cost-share, and that this would be leverage for galvanizing funds. He also said ESCAP and UNECE would be guided by the views of SPECA members of how to achieve a higher level of participation for SPECA activities. In welcoming Afghanistan as a new member, he said that Afghanistan has to be assisted in participating in projects with the rest of Asia.

24. The Representative of the UNDP informed the Council on the results achieved at the inter-agency coordination meeting organized by the UNDP in Istanbul on 3-4 October 2007 on strengthening cooperation among SPECA, UNDP, CAREC, EurAsEC and SCO. The UNDP is ready to jointly explore further possibilities for cooperation between SPECA and CAREC on the basis of comparative advantages and complementarities. There are also good prospects in strengthening cooperation between SPECA and UNDP country offices.

25. The Representative of the World Bank reminded the participants of resource constraints of members of the international development community. She emphasized the importance of closer cooperation among institutions and the need to open up ongoing programmes, so partners can take advantage of them. She felt that in the trade and transport facilitation area there might be an overlap of activities. To overcome this problem and achieve better complementarities of efforts it was necessary to coordinate outcomes/outputs and not just participate in each other's meetings.

26. The Representative of UNIDO mentioned three areas, where his organization would be ready to cooperate with SPECA: investment promotion, trade capacity-building and community level involvement in the support of SMEs. This could include match-making at the enterprise level and enhancement of the investment climate.

27. The Representative of AITIC reminded participants that her organization was providing assistance to WTO accession, including Afghanistan. AITIC would be ready to continue this work also within the SPECA framework.

28. The Representative of ADB/CAREC presented ongoing work in this framework in the three priority areas: transport, trade policy and trade facilitation and energy. CAREC presently implements 126 projects, valued at USD 20 billion. Among them 45 are technical assistance projects. CAREC is ready to start harmonizing maps of Eurasian transport corridors drawn up by various organizations and institutions. He encouraged the relevant PWG of SPECA to look into the possibility of closer cooperation with CAREC in the field of energy and water.

## **7. Adoption of Decisions**

29. A preliminary draft of decisions that could be taken by the Governing Council was circulated among member countries in advance of the session.

30. The Islamic Republic of Afghanistan was elected as Co-Chair of the Project Working Group on Water and Energy Resources.

31. The Governing Council supported the proposal that the UNECE and ESCAP, the Co-Chairs of PWGs as well as national experts undertake a final review of proposals contained in the draft Work Plan for 2008-2009 and send their possible comments by 20 December so that the Work Plan can be finalized.

32. The Governing Council invited representatives of member countries to review draft Terms of Reference of the PWG on Knowledge-Based Development and submit suggestions on this matter until 10 December, so that the draft could be finalized as may be required.

33. The Governing Council expressed its appreciation to members of the Regional team of researchers for preparing a study on "Improving the business and investment environment through technical assistance to regional economic cooperation".

34. The Governing Council noted with appreciation the ongoing efforts to strengthen SPECA and the significant progress achieved in establishing regular and substantial coordination and cooperation between SPECA and partner organizations and programmes.

35. The Governing Council agreed that the UNECE and ESCAP will revise draft decisions in accordance with discussions and agreements reached at the session, and circulate the revised draft to the SPECA member countries for comments and approval, within 10 days after the closure of the session.

## **8. Other matters and closure of the session**

36. The Executive Secretary of the UNECE informed participants that the UNECE and ESCAP, considering that 2008 will mark the 10<sup>th</sup> Anniversary of the adoption of Tashkent Declaration, which established the Programme, have invited the Government of Uzbekistan to consider taking the Chairmanship of SPECA for 2008. In addition, they have proposed to the Government of Turkmenistan to consider taking the Chairmanship of the Programme in the near future. It was suggested that while further consultations on the next Chair of SPECA are going on, Tajikistan would continue chairing the Programme.

37. It was also suggested that the UNECE and ESCAP will undertake consultations with SPECA member countries on the celebration of the 10th Anniversary of the Tashkent Declaration, as well as the place and venue of the next meetings of the Governing Council and Economic Forum.

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## **DECISIONS OF THE SECOND SESSION OF THE SPECA GOVERNING COUNCIL**

**(Berlin, Germany, 14 November 2007)**

### **Decision 1 (SPECA/GC/Dec/2007/1)**

The Governing Council takes note of the progress reports presented by the Project Working Groups. It notes the growing number of activities implemented in the SPECA framework and the increased extra-budgetary funding over the past years. The Governing Council invites the Co-chairs of the Project Working Groups to prepare proposals on possible ways of raising effectiveness in the work of the Groups, as well as on more effective arrangements for their future reporting to the Governing Council.

### **Decision 2 (SPECA/GC/Dec/2007/2)**

1. The Governing Council expresses its general support to proposals for the 2008-2009 SPECA Work Plan as presented by the Co-Chairs of PWG on Trade and PWG on Gender and Economy as well as by representatives of UNECE and UNESCAP. At the same time the Council invites the Co-Chairs of Project Working Groups in consultation with relevant national experts of SPECA member countries, to undertake a final review of these proposals, identify priorities, and submit their comments and proposals to UNECE and UNESCAP by 20 December 2007. The Council invites the UNECE and UNESCAP to finalise the 2008-2009 SPECA Work Plan in light of these comments and proposals.

2. The Governing Council welcomes the increased level of funding for projects proposed for the 2008-2009 Work Plan in comparison with the previous Work Plan. At the same time the Governing Council stresses the need for continued efforts on the part of UNECE, ESCAP and member countries to mobilise additional funding in support of SPECA activities. The Council also stressed the need for giving greater focus within the Programme and for prioritization of activities.

### **Decision 3 (SPECA/GC/Dec/2007/3)**

The Governing Council endorses the recommendation of SPECA Coordinating Committee that Afghanistan becomes the Co-Chair of SPECA Project Working Group on Water and Energy Resources.

### **Decision 4 (SPECA/GC/Dec/2007/4)**

1. The Governing Council expresses its interest in the proposal to broaden the mandate of the Project Working Group on ICT for Development and to transform it into the Project Working Group on Knowledge Based Development (PWG-KBD).

2. The Governing Council agrees that the PWG could become a useful forum for exchanges of experience and best practice, as well as capacity-building in such areas as competitiveness and innovative development, attracting financial resources in support of innovative sectors of the economy, commercialisation and protection of intellectual property rights and public-private partnerships, in addition to already ongoing work in the area of ICT for Development.

3. The Governing Council notes that proposed broadening of the thematic scope of the PWG does not imply that all of the additional thematic areas that could be dealt with by the PWG will be addressed at the same time in the immediate future. In particular, the Governing Council stresses that activities that could be carried out in 2008-2009 in addition to those related to ICT for Development, should be focused on a limited number of demand driven priority topics, and matched with available resources.

4. The Governing Council in principle agrees with the draft Terms of Reference subject to possible suggestions on this matter to be submitted by SPECA member countries to the UNECE and ESCAP by 10 December 2007.

5. The Governing Council welcomes the interest of Azerbaijan to continue Co-Chairmanship of the PWG with a broadened mandate and invites other SPECA member countries to consider becoming the second Co-Chair of the Group.

6. The Governing Council invites UNECE and ESCAP, subject to views received from SPECA member countries, to organise the first meeting of the PWG on KBD in 2008, so that the Group can approve its broadened Terms of Reference and agree on priority activities to be included in its programme of work in areas other than ICT for Development. The Governing Council invites UNECE and UNESCAP to prepare detailed proposals on such activities for consideration by the PWG at its first session. The Governing Council agreed that it would be useful to ensure that the first meeting of the Group would also serve capacity-building purposes.

#### **Decision 5 (SPECA/GC/Dec/2007/5)**

The Governing Council expresses its appreciation to the Regional team of researchers for preparing a study "Improving the business and investment environment through technical assistance for regional economic cooperation". The Governing Council invites UNECE and UNESCAP to examine the recommendations contained in the study and present their proposals on possible course of action for consideration by relevant SPECA Project Working Groups or by the Governing Council, as may be required.

#### **Decision 6 (SPECA/GC/Dec/2007/6)**

1. The Governing Council takes note with appreciation of the report on on-going efforts to strengthen SPECA and proposals contained therein. It encourages the Governments of member countries to take full advantage of SPECA within its programmatic scope, as a mechanism for capacity building activities for the benefit of interested member countries and as a neutral UN framework for the discussion of complex issues of regional cooperation, with the support of in-house expertise of the two UN Regional Commissions and in cooperation with other partner organisations.

2. The Governing Council notes with interest that UNECE and ESCAP are considering establishing regional presence in SPECA region with a view to strengthening programme implementation, working more closely with partner organisations already present in the region and raising the effectiveness of fund-raising.

#### **Decision 7 (SPECA/GC/Dec/2007/7)**

The Governing Council welcomes the significant progress achieved in establishing regular and substantial coordination and cooperation between SPECA and other programmes and organizations

supporting regional economic cooperation in Central Asia, in particular with UNDP, the CAREC Group, EurAsEC and SCO. The Governing Council urges the UNECE and UNESCAP and other organizations and programmes to work closely together and coordinate their programmes of work, including the elaboration and implementation of joint projects in support of regional cooperation, whenever feasible.

#### **Decision 8 (SPECA/GC/Dec/2007/8)**

1. The Governing Council expresses its appreciation of the report by the Deputy Executive Secretary of UNESCAP on the First (2007) Meeting of the SPECA Economic Forum “Focus on Asia”, held on 18 and 19 May 2007 in Almaty.
2. The Governing Council notes with satisfaction of the outcomes of the Second (2007) Meeting of the SPECA Economic Forum in the form of the Conference “Central Asia and Europe: a New Economic Partnership for the 21<sup>st</sup> Century”, held on 13 November 2007 in Berlin.
3. The Governing Council invites UNECE and UNESCAP to take fully into account the results of these two meetings of the SPECA Economic Forum when elaborating proposals for the future strategic direction of the Programme. The Governing Council agrees that SPECA should increasingly focus on those areas of regional economic cooperation, which will allow its member countries to take better advantage of the special geographical position of their region in the centre of the Eurasian continent as well as of support in related capacity-building offered, within their areas of expertise, by UNECE and UNESCAP, working in cooperation with partner organizations

#### **Decision 9 (SPECA/GC/Dec/2007/9)**

The Governing Council welcomes the inclusion of the UN and in particular the UNECE as an implementing partner in the Central Asia Strategy of the European Union. It invites the UNECE – working closely with UNESCAP in the framework of SPECA – to support the implementation of the Strategy in areas covered by its mandate and where it enjoys clear comparative advantages as the Secretariat of the relevant international legal instruments, and custodian of internationally agreed norms, standards and recommendations, and where it can offer high-quality in-house expertise.

#### **Decision 10 (SPECA/GC/Dec/2007/10)**

1. The Governing Council notes that 2008 will mark the 10<sup>th</sup> anniversary of the Tashkent Declaration, which established the Programme. The Governing Council notes that UNECE and UNESCAP, in this context, have invited the Government of Uzbekistan to consider taking the Chairmanship of the Programme in 2008 and invited the Government of Uzbekistan to give positive consideration to this proposal. The Governing Council also noted with appreciation that UNECE and UNESCAP have also suggested to the Government of Turkmenistan to consider taking the chairmanship of SPECA in the future.
2. The Governing Council invites UNECE and UNESCAP to consult with the SPECA member countries on possible arrangements for appropriate commemoration of the 10<sup>th</sup> anniversary of the Tashkent Declaration and on the time and venue of the next meeting of the Governing Council and the Economic Forum.

3. The Governing Council welcomes the initiative of the Russian Federation to organize jointly with UNECE and UNESCAP a forum in 2008 with participation of business from the SPECA member countries, Russian Federation and other interested countries.

4. The Governing Council expresses its appreciation to the Government of Germany for its hospitality and for the arrangements made for the meetings of the Governing Council and the Economic Forum.

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