

# **Concept Paper on the Institutionalization of the CICA Finance Summit**

## **1. Background**

The proposal to institutionalize the CICA Finance Summit was made by President of Kazakhstan Kassym-Jomart Tokayev at the Sixth CICA Summit in Astana on 13 October 2022.

In view of the Chairmanship of Kazakhstan, there are great prospects for the institutionalization of financial cooperation under the auspices of CICA. The transformation of the CICA Finance Summit into a permanent platform will contribute to the economic recovery, sustainable and inclusive development, and the creation of favourable conditions for regional and sub-regional financial cooperation within CICA.

The CICA Finance Summit had been initiated by the People's Republic of China during its CICA Chairmanship in 2014-2018. Within this period, China expanded practical cooperation and effectively enriched cooperation on confidence building measures (CBMs).

China volunteered and continues to serve as the coordinator for implementation of CBMs in the priority area "Finance" and launched the CICA Finance Summit - brand new activity which became one of the highlights of the Chinese Chairmanship's work.

The China Association for the Promotion of Development Financing (CAPDF) hosted the first Finance Summit under the theme "*Opening Up, Innovation and Sharing - Jointly Building a New Era of Asian Financial Cooperation*" in Chengdu, Sichuan Province, China, from 7 to 8 December 2018.

The second Finance Summit was held by the CAPDF on the theme "*Promoting CICA Practical Financial Cooperation*" in Nanning, Guangxi Province, China, from 16 to 17 November 2019.

The third Finance Summit was organized by the CAPDF with the theme

*“Extensive Consultation, Joint Contribution and Shared Benefits - Promoting the Steady and Long-Term Development of CICA Practical Financial Cooperation”* in Jinan. Shandong Province, China, from 16 to 18 April 2021.

Hundreds of representatives from competent governmental departments, financial institutions, renowned experts and scholars of CICA Member States were invited to attend the above meetings. The participants believed that the Finance Summit has injected new impetus into CICA cooperation and has given a strong boost to CICA financial exchanges and cooperation.

CICA Member States spoke highly of China’s hosting of the Finance Summit. The Dushanbe Declaration of the Fifth CICA Summit in 2019 affirmed the outcomes of the 2018 Finance Summit.

In 2019, the CICA Finance Summit Nanning Initiative was issued to further build consensus among CICA Member States on practical financial cooperation in six aspects, including institution building, regional planning and cooperation, and the establishment of a credit system.

In 2021, the third CICA Finance Summit adopted the Jinan Initiative of 2021, which stressed the importance of multilateralism and building an open economy and called for enhanced international cooperation on COVID-19 response, green finance and financial inclusion.

The 2021 CICA Financial Cooperation Report was issued, which focuses on the impact and changes brought by COVID-19 to the region and puts forward suggestions for building a new structure of CICA financial cooperation guided by the concept of development financing.

In 2021, the Republic of Kazakhstan, the current CICA Chair, and its Astana International Financial Centre (AIFC) organized a successful online *CICA Seminar on Cooperation in the Field of Financial Technologies and Investments* on 10 November in Astana.

Last but not least, the CICA Senior Officials Committee at its meeting on 8

December 2021 has approved the Concept Paper for the Implementation of Cooperation in the Financial Sector of CICA proposed by China in its role as coordinator in this priority area of CBMs.

Deliberations at the above meetings and the content of the aforementioned Concept Paper have served as a basis for the proposed non-exhaustive and open-ended range of themes and issues for consideration by the renewed CICA Finance Summit.

## ***2. Proposed concept of the institutionalized CICA Finance Summit***

The purposes of the CICA Finance Summit would be to deepen financial cooperation among Member States, build consensus, mutual trust and coordination, enhance CBMs, expand the network of partnerships, and promote the sustainable development of all CICA Members.

The Finance Summit would be conducted on the basis of voluntary participation and consensus, and in accordance with the principles and objectives set out in such important documents as the Declaration on Principles Guiding Relations Between CICA Member States adopted in 1999, the Almaty Act adopted in 2002 and the CICA Catalogue of CBMs adopted in 2004 and updated in 2021.

The Finance Summit would operate in cooperation, coordination and consultation with the CICA Business Council and CICA Think Tank Forum in cross-cutting areas or on interrelated issues to ensure synergy, complementarity and efficiency of activities. In particular, these three advisory bodies would, as appropriate, mutually exchange information, share advice and take joint actions on issues related to small and medium enterprises, trade and investment, as well as in interaction with think tanks and research institutions. It is proposed that the CICA Finance Summit will continue to be held on a permanent basis, in principle once a year. The working languages of the Finance Summit would be English and Russian. The official documents of the Finance Summit would be in English. It is expected that the CICA Secretariat will provide organizational, technical and managerial support to the Finance Summit as and when necessary.

In addition to representatives of governmental authorities, financial institutions, research institutes, industry organizations and media of CICA Member States, invited experts, scholars and representatives of observer countries and international organizations may also attend the Financial Summit meetings.

With regard to the funding, the organizing expenses of the Finance Summit would be borne by the organizer, including accommodation and transportation expenses at the venue of meetings. In principle, participants would bear their own international travel expenses. CICA Member States may wish to make voluntary contributions to the Finance Summit.

The attached draft regulations of the CICA Finance Summit reflect main elements of the concept of its transformation from a successful meeting format to a permanent advisory body of CICA, including the mandate, principles of work, composition and operational modalities.

# **Draft Regulations of the CICA Finance Summit**

## **Article 1 General provisions**

1.1 These Regulations define the objectives, structure and operational modalities of the Finance Summit of the Conference on Interaction and Confidence Building Measures in Asia (CICA). These Regulations shall be approved and may be further amended by the CICA Senior Officials Committee.

1.2 The CICA Finance Summit is hereby established as an advisory body of CICA for promoting cooperation among its Member States in the financial sector aimed at financial stability, sustainable economic development and prosperity in the CICA region.

## **Article 2 Purposes and principles of work of the CICA Finance Summit**

2.1 The CICA Finance Summit shall promote implementation of CICA confidence building measures (CBMs) in the area of finance, including the CBM on widening of cooperation among financial sectors of CICA Member States, as well as any other related CBMs as may be adopted by the Member States.

2.2 The CICA Finance Summit shall build mutual trust, foster dialogue and consensus, develop partnerships, facilitate open and inclusive discussion, carry out exchange of experience, best practices and innovative ideas, strengthen coherence and coordination of policies and actions, as well as promote all other forms of practical cooperation among CICA Member States in the area of finance.

2.3 The CICA Finance Summit shall engage in its work all concerned government and non-government actors from the finance sector of the CICA Member States and other relevant areas - government authorities, financial institutions and representatives of banking systems, industry and trade organizations and private businesses, as well as research institutes, experts, academia, media and the civil society.

2.4 The CICA Finance Summit shall address in its work the following non-exhaustive and open-ended range of themes with a view to developing recommendations to CICA Member States for joint actions, project activities, common policies, shared standards, harmonized legislation, reforms in the

financial sector or for any other relevant practical measures:

- reforming the international economic and financial system and architecture, including its governance, scope and mandates, policies and practices,
- strengthening national financial systems and reducing their vulnerability to external factors,
- raising the ability of the financial sector to promote economic recovery and contribute to poverty reduction,
- strengthening the role of the financial sector in the development of real sectors of economy, in building open economies and in facilitating investment,
- promoting development financing in the CICA region, including sustainable funding for capacity-building and other development projects for least developed countries,
- disseminating modern financial technologies, improving financial infrastructure and bridging digital division, building efficient, inclusive and predictable credit systems and mechanisms,
- developing green financing and contributing to the achievement of Sustainable Development Goals,
- any other areas as may be determined by the Finance Summit for achieving sustainable economic development, financial stability and prosperity in the CICA area.

2.5 The CICA Finance Summit shall be guided in its work by the following principles:

- consistency with CICA goals, objectives and principles as established by the CICA Member States in the Declaration on the Principles Guiding Relations Between the CICA Member States, the Almaty Act, the CICA Catalogue of CBMs and other CICA documents,
- transparency and reporting to the Member States, accountability to the CICA governing bodies, close consultation and coordination with the CICA Chairmanship and the CICA Secretary General,

- openness, inclusiveness and voluntary participation for all actors from the CICA Member States indicated in p. 2.3 above and broad publicity for the media and general public.

2.6 The CICA Finance Summit shall keep the Member States, through the CICA Chairmanship and CICA Secretariat, fully informed of its planned, ongoing and concluded activities.

2.7. The CICA Chairmanship may, as appropriate, provide general guidance and raise specific issues for consideration by the CICA Finance Summit.

2.8. The CICA Secretariat shall, as required and subject to availability of resources, provide substantive and organizational support to the work of the CICA Financial Summit.

2.9 The CICA Finance Summit shall operate in cooperation, coordination and consultation with the CICA Business Council and CICA Think Tank Forum in cross-cutting areas or on interrelated issues to ensure synergy, complementarity and efficiency of activities.

2.10 The CICA Finance Summit shall contribute, within its area of competence, to project identification and fund-raising activities of Member States within the CICA Fund mechanism.

### **Article 3**

#### **Composition and structure of the CICA Finance Summit**

3.1 Each CICA Member State may, on a voluntary basis, assign one financial institution to be a Member of the CICA Finance Summit, which will participate in its work on a continuous basis and serve as representative of that Member State. Any Member State may delegate additional institutions or individuals for temporary participation in the work of the Finance Summit by consensus of the Member States.

3.2 The Chair of the CICA Finance Summit shall be appointed by the CICA Chairmanship from among the Members of the Finance Summit upon the application of the Member States, giving priority to those Members which represent Member States acting as coordinators or co-coordinators in the priority area of finance within the CICA Catalogue of CBMs. The term of chairmanship in the Finance Summit shall, as a rule, be four years. Prior to the

appointment of, or in absence of the Chair of the CICA Finance Summit, the CICA Chairmanship may provisionally perform the duties of the Chair of the CICA Finance Summit.

3.3 The Chair of the CICA Finance Summit shall carry out the following functions:

- Coordination, management and organization of the daily work of the Finance Summit, including ensuring continuous administrative and logistical support to its activities,
- Preparation, conduct and presiding over regular Finance Summit meetings, and reporting on their proceedings, outcomes and recommendations to the CICA Member States,
- Communication, coordination and consultation with the Member States, CICA governing bodies, CICA Chairmanship, CICA Secretariat and CICA advisory bodies, as well as interaction with CICA-external actors and publicizing the work of the Finance Summit,

#### **Article 4**

#### **Operational modalities of the CICA Finance Summit**

4.1 Regular meetings of the CICA Finance Summit shall be held as a rule once a year and shall be convened, hosted and organized by the Chair of the Finance Summit.

4.2 The dates, venue and format of the regular meetings of the CICA Finance Summit shall be decided by the Chair of the Finance Summit in consultation with the CICA Chairmanship.

4.3 The themes and agenda of the regular meetings shall be proposed by the Chair of the Finance Summit and circulated to all Member States for consideration at least 60 days in advance of the meeting.

4.4 Additional meetings of the CICA Finance Summit may be held, with the consent of the Chair of the CICA Finance Summit and the CICA Chairmanship, at any time between its regular meetings at the initiative of any CICA Member State which is willing to host a meeting, including but not limited to hosting it



at financial hubs in the CICA region.

4.5 The host of an additional meeting of the CICA Finance Summit, in consultation with the Chair of the Finance Summit, shall temporarily take over part of the Chair's responsibilities in relation to that particular meeting.

4.6 The working languages of the CICA Finance Summit shall be English and Russian. The official documents of the Finance Summit shall be in English.

4.7 The meetings of the CICA Finance Summit shall be open to the press and the public.

4.8 The costs of the organization of the CICA Finance Summit meetings shall be borne by the host of the meeting. Participants of the meetings shall bear their own travel expenses. CICA Member States may provide voluntary contributions for the Finance Summit activities.