



Central Asia Regional Economic Cooperation Program

Reference Document
For Session 6 of the Senior Officials' Meeting
June 2013

CAREC Institute Progress Report

**Senior Officials' Meeting
Central Asia Regional Economic Cooperation
27–28 June 2013
Almaty, Kazakhstan**

Progress Report on the CAREC Institute

Senior Officials Meeting 27-28 June 2013 Almaty, Kazakhstan

I. The Establishment of the CAREC Institute's Physical Base in the Region

1. The 11th Ministerial Conference held in Wuhan on 30 October 2012 agreed to establish the CAREC Institute's physical base in the region by 2014 to help provide, on a continuing and sustainable basis, the analytical underpinning for strategic-, sector-, and project-related work under the CAREC Program, and associated capacity development for all CAREC bodies. At the Ministerial Conference, Azerbaijan, the People's Republic of China and Kazakhstan offered to host the CAREC Institute Headquarters. Although most of the CAREC countries have agreed to accept the offer of the PRC to host the CAREC Institute in Urumqi, full consensus has yet to be reached as of date.

2. In the meantime, the NFPs, at their meeting in Bangkok on 28 September 2012, and subsequently, the Senior Officials, at their meeting in Wuhan on 29 October 2012, have begun discussions on the set of principles, the organizational framework and estimated cost and financing requirements of the CI. Discussions on these will resume after full consensus has been reached on the CI's physical location.

II. The CI Work Plan 2013-2017

3. The CAREC countries have reached broad agreement on the CI Work Plan for 2013-2017 after several rounds of consultations¹, and this was endorsed as part of the Wuhan Action Plan at the 11th MC. The CI Work Plan was structured around the three pillars of the Strategic Knowledge Framework (SKF), namely: (i) knowledge generation; (ii) knowledge services; and (iii) knowledge management, and drew from the work plans of the various Sector Coordinating Committee as well as country-specific inputs. For practical reasons, only those activities for implementation in 2013-2104 were listed in the Work Plan; those for 2015-2017 were listed separately as "indicative areas" It is understood that there would be flexibility in both the timing and conduct of a particular activity, and in expanding the 2013-2014 activities, based on available resources. As regards the "indicative areas" listed for 2015-2017, these would evolve as CAREC cooperation in the various sectors make progress, and as other issues are identified in the course of conducting knowledge generation and knowledge services activities.

A. Capacity Building (Knowledge Services)

4. Sector Coordinating Committees meetings are presently being held and are expected to flesh out the details and implementing modalities of the Work Plan activities in their respective sectors, in particular for capacity building (knowledge services) activities. For trade facilitation, various trainings have been conducted since early 2013, with several more activities scheduled

¹ The CAREC Senior Officials' Meeting (SOM) held in Hohhot, PRC on 6-7 June 2012 endorsed the CAREC Institute (CI) Strategic Knowledge Framework and requested the CAREC Secretariat to prepare a CI Work Plan (2013-2017). Subregional consultations on the draft CI Work Plan (together with the CI Assessment Report) were held on 23-24 August and 28-29 August 2012 in Beijing and Almaty, respectively, and a subsequent Consultation Meeting with the CAREC National Focal Points (NFPs) was held on 28 September 2012 in Bangkok.

for the second half of 2013. For trade policy, the International Monetary Fund (IMF), which chairs the Trade Policy Coordinating Committee (TPCC), and ADB are collaborating with the World Trade Organization (WTO) to develop and deliver capacity-development activities on trade policy in the second half of 2013. Details on these initiatives on trade facilitation and trade policy as well as plans for transport and energy, as they are worked out, will be reported in the second half of the year.

B. Research (Knowledge Generation)

5. The ADB has commenced the pilot study on Economic Corridor Development (ECD) focused on Corridor 1 --- a regional and international link, traversing Kazakhstan and Kyrgyz Republic. In line with CAREC 2020's goals of trade expansion and increased competitiveness and thus overall economic growth, the Pilot Study on the CAREC Economic Corridor focuses on easing flows of goods and people, promoting domestic value addition, and strengthening cities as engines for economic growth. Thus, for example, the study will assess transport and transit traffic as well as the economic activities that take place within the corridor routes, including access conditions and constraints to the efficient flow of goods, services and peoples along Corridor 1. The study would also apply a supply chain framework to major traded products to trace the business processes involved from sourcing, production, and distribution that could cut across corridor cities and towns at the borders and the hinterland. Finally, the study will assess how economic capacity of major cities of Almaty and Bishkek can be strengthened to accelerate growth, generate more jobs and income. It is intended that the pilot study will present preliminary results later in the year.

To strengthen the analytical capacity of the CAREC program as a whole for better and informed decision making, a CGE model linking CAREC countries is being built. The model will be presented to member countries within 2013 to seek comments and advice for further work in this direction.

III. ADB Technical Assistance

6. The ADB has approved two technical assistance (TA) projects in December 2012 to support the CI's capacity development and knowledge programs. TA 8301 - *Central Asia Regional Economic Cooperation: Supporting Capacity Development Needs of CAREC 2020* --- amounting to \$ 1.5 M focuses on addressing member countries' specific capacity development needs to implement CAREC 2020 in the priority areas of cooperation. TA 8259 - *Assisting the Central Asia Regional Economic Cooperation Institute Knowledge Program (Phase 1)* -- amounting to \$1.5M supports the research and knowledge management components of the CI under the Strategic Knowledge Framework (SKF) to generate trusted, high quality knowledge products that could better inform policy choices of the CAREC countries.