

Progress Report of the Physical Establishment of CAREC Institute

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Outlines

- I. Progress of the CI preparatory work
- II. Next steps
- III. Timetable for the preparation of the physical base of the CAREC Institute

I . Progress of the CI preparatory work

1. **The PRC's response to the queries on CAREC Institute raised Kuala Lumpur CAREC NFP Meeting**

- The PRC attaches high importance to the queries about the CI raised by the CAREC member countries in the CAREC NFP meeting in Kuala Lumpur, Malaysia in April. We grouped those queries into five areas and prepared answers after several rounds of internal consultation.
- The answers had been sent to the CAREC member countries by the ADB Secretariat through a letter to the CAREC NFPs by the China NFP.

I . Progress of the CI preparatory work

2. **Legal issues related to incorporation of the CAREC Institute**

- After the CAREC NFP Meeting in Kuala Lumpur, Malaysia in April, ADB CAREC Secretariat raised 13 questions on the transitional arrangement.
- The PRC prepared answers to those 13 questions and sent it to the ADB CAREC Secretariat at the end of May and then be circulated to the CAREC member countries.

I . Progress of the CI preparatory work

3. Explanation on the legal status of the CAREC Institute

- On the comments and suggestions about the CI legal status raised by the CAREC member countries, we made a further explanation on the legal status of the CAREC institute.
- The explanation has been sent to the CAREC member countries in the above-mentioned letter addressed to the CAREC NFPs.

I . Progress of the CI preparatory work

4. **The PRC letters to the CAREC member countries about the legal status of the CI**

- In the CAREC NFP meeting in Kuala Lumpur, Malaysia in April, Kazakhstan suggested the PRC send an official letter to the CAREC member countries about legal status of the CI.
- Ms Zou Jiayi, Director General of International Department of Ministry of Finance of People's Republic of China, has sent such a letter to the CAREC NFPs, proposing to set up the CAREC Institute as an IGO, so as to facilitate the CAREC member countries start their domestic reporting and approval processes.

I . Progress of the CI preparatory work

5. Transitional arrangement

- With endorsement from the CAREC NFP meeting in Kuala Lumpur, Malaysia in April, and by borrowing the practice of the ASEAN+3 Macroeconomic Research Office (AMRO), the PRC drafted the Articles of Association based on the PRC company law.
- The Articles of Association includes the Company's name, location, business range and governance structure, and it has been submitted to CAREC Secretariat for translation into English and Russian.

I . Progress of the CI preparatory work

6. Office Location

- The PRC has signed a lease contract for the CI offices in the CBD of Urumqi, Xinjiang Uygur Autonomous Region. At present, all preparatory works proceed forward well. According to the schedule, the office decoration will be completed in August this year.

II . Next steps

During this meeting, we would like to seek consensus on the following issues.

II . Next steps

1. Company name and legal representative

- As agreed in the CAREC NFP meeting in Kuala Lumpur, Malaysia in April, the Ministry of Finance of China will register the CI with the name “The Central Asia Regional Economic Cooperation International Institute Management Limited Company” and designate a person as the legal representative.
- The final name of the transitional company may change a little bit because it depends on the availability (like whether there is a duplication for the name we are going to register) when we formally register it.

II . Next steps

2. Article of association and registration

- The PRC drafted the Articles of Association of “The Central Asia Regional Economic Cooperation International Institute Management Limited Company”, this Articles of Association follows the PRC laws and regulations on corporation management and at the same time, incorporates the contents of Discussion Paper.
- The PRC has presented the draft Articles of Association to the CAREC Secretariat last week. For any comments or suggestions, please send to the CAREC Secretariat before 15 July 2014. The PRC plans to register the company at the end of July or sometime later.

II . Next steps

3. Endorsement on the preparation of draft agreement

- The PRC suggests the CAREC member countries to authorize the ADB CAREC Secretariat and the PRC to start the preparation of the draft IGA and Host Country Agreement.

II . Next steps

4. Recruitment

- We suggest the CAREC member countries to authorize the ADB CAREC Secretariat to draft the recruitment plan and TORs on positions to be recruited, so as to submitted to the next ad-hoc NFP meeting for concurrence once they are ready.
- Since the company is planned to be registered at the end of July or sometime later, this means that the CI needs staff to handle day-to-day work.

II . Next steps

4. Recruitment

- Once the recruitment plan is finalized, the PRC will recommend a candidate for Deputy Director1 to ensure the CI to start its operation as early as possible. In the meantime, as there will be a lot of coordination work with the host country on the infrastructure construction and so on, the PRC suggests adding a position of special assistant to DD1 in the transitional period of the CI to help with such issues. This position will be temporary for a period of 3 years, with a possible extension of no more than two years.

II . Next steps

5. First activity theme

- According to the CI preparatory timetable, the CI will launch its first activity after opening ceremony. The PRC suggests the first activity theme could relate to Silk Road Economic Belt such as Global Supply Chain or Economic Corridor Development.
- You are welcome to provide comments and suggestion on this to ADB CAREC Secretariat.

II . Next steps

6. Discussions on the next NFP meeting's time and location.

We would like to see a meeting date and location to be decided as soon as possible for the next NFP meeting.

III. Timetable for the preparation of the physical base of the CAREC Institute

- In the CAREC NFP meeting in Kuala Lumpur, Malaysia in April, China proposed a timetable for the preparation of the physical base of the CAREC institute. At present, the CI preparatory works are going well.
- At this meeting if the CAREC member countries could reach consensus on the issues mentioned before in my presentation, it will guarantee that we will achieve the following goals:

III. Timetable for the preparation of the physical base of the CAREC Institute

- **During the CAREC 13th Ministerial conference in November, the CAREC member countries would:**
 - agree on and approve the Joint Ministerial Declaration on the establishment of the Physical Base of the CI;
 - approve the IGA and launch the signing of the IGA among the countries that are ready;
 - establish the Governing Council of the CI and convene the first Governing Council meeting of the CI which will discuss and approve the legal documents including Articles of Association, governance structure and the appointment of director and deputy directors.

III. Timetable for the preparation of the physical base of the CAREC Institute

- In November or December of 2014, the opening ceremony of the physical base of CAREC Institute will be held and followed by the first CAREC Institute activity.

Thank You!

