



# **CAREC Institute Briefing Note**

**Senior Officials' Meeting on  
Central Asia Regional Economic Cooperation  
26-27 March 2007  
Manila, Philippines**

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## **CAREC Institute Briefing Note**

### **I. INTRODUCTION**

1. The Comprehensive Action Plan (CAP) endorsed during the Fifth Ministerial Conference included establishment of a CAREC Institute. This briefing note first restates the endorsement of Ministers and Senior Officials and then outlines a step-by-step process for establishing the CAREC Institute and options for its longer-term development.

### **II. THE URUMQI DECLARATION, FIFTH MINISTERIAL CONFERENCE, OCTOBER 2006**

2. The Urumqi Declaration stated that the CAP will be guided by a Strategic Framework supported by four pillars of activity. “The knowledge and capacity building pillar will combine the research strengths of our countries and MI partners, greatly increasing our ability to conduct policy dialogue and design and to implement mutually beneficial regional initiatives. Training will be initiated to form a cadre of officials skilled in regional cooperation processes. Outreach activities will broaden the inclusiveness of the CAREC Program. To coordinate these much needed research, training, and dialogue activities, we endorse the formation of a CAREC Institute.”

### **III. REPORT OF SENIOR OFFICIALS TO THE FIFTH MINISTERIAL CONFERENCE**

3. The Report of Senior Officials to the Fifth Ministerial Conference included the following statement: “We recommend the formation of the CAREC Institute --- (while emphasizing) our view that the Institute should make use of existing research capabilities and expertise within the region. Upon Ministerial approval of the concept, the CAREC Secretariat will prepare a step-by-step plan of action for establishing the Institute.”

### **IV. CAP AND THE CAREC INSTITUTE**

4. Appendix 3 of the Comprehensive Action Plan included the following outline of the CAREC Institute.

#### **A. Rationale**

5. Regional cooperation requires sustained, long-term commitment and willingness by all participants to identify and facilitate initiatives of benefit to themselves and to their partner countries. Top quality information and analysis is needed to assess the benefits and costs of regional initiatives, and to provide the basis for consensus and support by participating countries. High-level regular meetings and communication are necessary, together with well structured workshops/knowledge forums. Short, well-focused policy-research briefs should serve to guide these forums, and to help engage senior policy makers. Further, regional initiatives must be integrated with national development plans and public investment programs, requiring extensive domestic as well as regional coordination.

6. Regional cooperation also requires a cadre of middle and senior-level officials skilled in the analytical tools and negotiating processes necessary for formulating and implementing mutually beneficial regional initiatives.

## B. Basic Roles/Functions of the CAREC Institute

7. Accordingly, the CAREC Institute will have three basic roles:

- **Research/analysis relevant to regional cooperation;** this requires development of research/analysis networks in the region, together with linkages to external experts and institutions; the networks of experts will address issues, concepts or new development possibilities of interest to CAREC countries; the research/analysis networks will also support strategic direction and management by the SOM and Ministerial Conference;
- **Fostering dialogue, to build understanding and interest in regional cooperation;** in addition to outreach activities (e.g., seminars/workshops), the Institute will publish and widely disseminate policy research briefing papers, designed to capture the interest of key stakeholders (e.g., political leaders, senior government officials, senior business representatives);
- **Training/capacity building,** to create a pool of highly qualified, competent middle and senior-level officials to promote and manage regional cooperation initiatives in Central Asia.

8. Building research networks in priority areas of cooperation will facilitate use of expertise in the region and help promote understanding and consensus. Sharing of information and joint analysis will encourage greater harmony in policy advice, contributing thereby to bilateral and multilateral regional cooperation initiatives. Further, research networks will contribute to strengthening institutional capacities in the region and offer a more constructive means for tapping into international expertise. The CAREC Institute will work closely with the Central Asian Gateway Project based in Tashkent.<sup>1</sup>

9. The CAREC Institute will act as a center of excellence for the region, helping to introduce international best practices, undertake sector studies to determine possible areas of comparative advantage, and to identify new market opportunities. It will also help organize business forums to promote trade and investment, and to better reflect business views on the priorities for achieving a more favorable investment environment.

10. The CAREC Institute will support the participation of regional and international eminent persons in regional cooperation and integration. In addition to helping to guide the research, dialogue and training activities of the Institute, they will contribute to strengthening linkages to SCO, EurAsEC and other regional organizations and to broadening donor participation in the CAREC Program.

11. Training activities, modeled in part after the Phnom Penh Plan of the Greater Mekong Subregion (GMS) Program of Economic Cooperation, will include:

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<sup>1</sup> The Central Asian Gateway Project was launched in November 2003 by the Center for Economic Research in Uzbekistan, with the support of the Government of Uzbekistan, donors and the UNDP. The Project networks research and media institutions in Kazakhstan, Kyrgyz Republic, Tajikistan and Uzbekistan. It is proposed to expand the network to include Afghanistan, Azerbaijan, Mongolia, PRC and the Russian Federation, among other planned activities.

- short courses (2-3) weeks, in partnership with leading education and training institutions, to strengthen the policy analysis and management capabilities CAREC officials;
- workshops (1-3 days) on special topics of particular relevance (e.g. negotiation; public private partnership in regional infrastructure);
- study tours to learn from “best practice experience” related to regional cooperation, public policy and management (e.g. GMS Program/Europe);
- a Distinguished Speakers program on topics of particular relevance to CAREC.

12. Once established, the Institute will initiate and manage research, dialogue and training activities directly relevant to the CAREC Program.

## **V. NEXT STEPS**

### **A. Start-up Phase**

13. Under ADB TA 6288 and ADB TA 6375 (both of which have been supported by the PRC Fund for Regional Cooperation Fund and Poverty Reduction), there is approximately \$1 million available for research activities and capacity building under the CAREC Program. These resources provide the basis for initiating the research, dialogue and training activities that will be the foundations for the CAREC Institute.

14. Country consultations (PRC, Kyrgyz Republic, Tajikistan, and Kazakhstan) in January 2007, together with consultations with CAREC’s domestic and international advisors, led to the following conclusions:

- In terms of the three functions of the CAREC Institute, first priority should be accorded to dialogue and building understanding and interest in regional cooperation. This includes in-country and regional forums, seminars, workshops and policy briefs. Next in priority, although first for one country, is training. Research ranks third, although not for all countries. Some countries appear concerned about where research – unless carefully monitored – might lead.
- The CAREC Institute should start very modestly and seek to build on a record of practical results and as a center of excellence. Initially, the Institute should be essentially virtual in nature, with no plans at this juncture for a structure (bricks and mortar).

15. In this context, the start-up phase of the CAREC Institute could be characterized in the following manner:

- The CAREC Institute would be an extension of the CAREC Unit (Secretariat) in Almaty, linked to the Central Asian Gateway Project and other research networks and centers in the region.
- The Institute would have no formal incorporation papers but - like the SOM and sector committees - would be shown as part of the Overall Institutional Framework of the CAREC Program.

- The Institute would be assigned roles by the SOM and CAREC Unit, including:
  - Leadership of CAREC's US \$140,000 pilot research grants program, which is expected to be launched immediately following the SOM March 2007; the grants program (\$10,000-20,000 per approved proposal) will encourage research related to regional cooperation and integration; selection and monitoring criteria will be developed for operationalizing the program; CAREC Unit (Secretariat) staff and domestic and international advisors would assist in providing support;
  - Leadership of CAREC's training initiatives; the CAREC Unit (Secretariat) is currently preparing a comprehensive training program of 2007/08; the Institute would undertake to ensure that the training program meets the needs and expectations of CAREC countries; further, it would mobilize additional resources for training, to ensure a continuous, long-term commitment and program; CAREC Unit (Secretariat) staff and domestic and international advisors would assist in providing support;
  - Leadership in expanding upon CAREC's dialogue and outreach activities; in particular, the Institute would initiate policy research briefs, a seminar/workshop series and other activities designed to more widely disseminate the findings and recommendations of reports relevant to regional cooperation and integration (the UNDP/HDR, the Trade/Transport/Transit study); as above, CAREC Unit (Secretariat) staff and domestic and international advisors would assist in providing support.
- A Director for the Institute would be appointed; candidates for the position would need to be well-known, highly-regarded administrators or scholars in Central Asia; the CAREC Unit (Secretariat) would initiate a search for candidates and make recommendations to the SOM; in addition to the leadership roles outlined above, the successful candidate would be expected to chart the Institute's next phase.

## **B. Evolution of the CAREC Institute**

16. The next phase of the CAREC Institute could be one of several options, including:
- Simple consolidation of the practices and form followed during the start-up phase; the CAREC Institute would, in essence, be an arm of the CAREC Program; funding for the Institute's activities would be via the Program, and the activities themselves would be under the guidance of the SOM; however, lacking a stand-alone identity, the Institute would not be able to mobilize resources on its own account; further, ownership may be weak, as it would appear that the Institute is under the umbrella of ADB;
  - A formal inter-state institution, perhaps in the form of the Eurasian Development Bank (EDB) or the ADB Institute; the EDB model offers the simplicity of having been initiated by two countries (Russian Federation and Kazakhstan) with participation open to other countries; the SOM would need to consider whether this two plus principle would be acceptable; even if so, the complexity of establishing an inter-state institution would seem to be disproportionate to the expected scale (modest) of the CAREC Institute; the ADB Institute model would encounter the same ownership weakness as identified under the first option;

- Registration as a non-profit, non-governmental foundation;<sup>2</sup> under this option, the CAREC Institute would essentially be a private sector initiative, but with the major shareholders being governments of CAREC countries, international development partners, large corporations and universities; the Institute would be overseen by a Council of Trustees and Board of Directors, composed of eminent persons from Central Asia but also including eminent representatives of international organizations and major sponsors;<sup>3</sup> the Institute would be registered outside of the region (sidestepping incorporation difficulties and the question of location); the mission statement of the Institute would refer to the promotion of regional cooperation and integration in Central Asia; a start-up capital grant would be required, as would a full prospectus.

17. While there is no urgency at this juncture to decide among these options, the SOM needs to give guidance on how it envisages the evolution of the CAREC Institute.

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<sup>2</sup> The Thailand Development Research Institute could be a possible model.

<sup>3</sup> Donor agencies could be expected to assist at least some CAREC countries to become shareholders in the Institute, in recognition that this would have a double benefit: extend the institutional network and significantly augment the research funds.