



# **Strategic Management and Priorities Subcommittee (SMPS) Briefing Note**

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

The views expressed in this paper are the views of the author and do not necessarily reflect the views or policies of the Asian Development Bank (ADB), or its Board of Governors, or the governments they represent. ADB does not guarantee the accuracy of the data included in this presentation and accepts no responsibility for any consequences of their use. Terminology used may not necessarily be consistent with ADB official terms.

## **Strategic Management and Priorities Subcommittee (SMPS) Briefing Note**

### **A. Introduction**

1. The Comprehensive Action Plan (CAP) sets out the goals, objectives and expected outputs and outcomes of the CAREC Program for the medium to long term. To operationalize the CAP will require strategic management by Ministers and Senior Officials, in consultation with CAREC's partner multilateral institutions (MIs). Accordingly, the CAP recommended establishment of a Strategic Management and Priorities Subcommittee (SMPS).

2. This briefing note revisits the recommendation, providing background material for consideration of the March 2007 CAREC Senior Officials' Meeting (SOM).

### **B. Summary of Proceedings, SOM August 2006**

3. The Summary of Proceedings included the following:

“Mr. Nodir Safaev (Senior Advisor for Uzbekistan, CAREC Program) discussed approaches for operationalizing the CAP including the need to mainstream regional cooperation into the national development plans of participating countries and the programs of MIs, and the potential establishment of a Strategic Management and Priorities Subcommittee to lead strategic management of the program. Mr. Safaev outlined the proposed work of the committee to include (i) identification of priority regional needs and opportunities; (ii) management of cross-cutting issues such as economic corridors and access to global value chains; (iii) review of MI pipelines and participating country development plans; (iv) identification of gaps in the program; and (v) formulation of notional budget envelopes and resource prioritization. He indicated the committee would be supported by budget resources, the sector steering committees, and advisors; and that it would report to the SOM.

Establishment of the proposed committee was favorably received and delegations requested the CAREC secretariat to further develop the proposal in terms of the structure, make up, and role of the committee for consideration at a future SOM. The secretariat will develop the concept to clarify the proposal and include an evaluation element for discussion at the SOM in April 2007.”

### **C. Report of Senior Officials to the Fifth Ministerial Conference**

4. The Report included the following statement:

“Senior Officials have considered the establishment of a Strategic Management and Priorities Subcommittee to assist the SOM and Ministerial Conference in providing strategic direction for the Program. While further clarification of the reporting arrangements, terms of reference, and manner of funding for its activities is required, we recommend establishment of the Subcommittee on an “as needed” basis.”

#### **D. The Urumqi Declaration**

5. The Urumqi Declaration issued by Ministers at the conclusion of the Fifth Ministerial Conference on 20 October 2006 included the following statements relevant to the SMPS:

“Success of the CAREC Program will require strategic direction by our Governments to ensure resources and support from our MI partners and others are employed effectively. CAREC’s institutional mechanisms must be strengthened to enable Ministerial Conferences and Senior Officials’ Meetings to more actively provide strategic management of the Program.”

#### **E. Rationale and Outline of the Strategic Management and Priorities Subcommittee**

6. The CAP identifies key on-going activities requiring a continued focus on effective implementation. In addition, it charts new directions for the CAREC Program, including:

- the four action pillars (knowledge and capacity building; regional infrastructure networks; trade, investment and business development; and regional public goods)
- sector strategies to deepen and broaden the Program
- “second-tier” regional cooperation initiatives
- the CAREC Institute

7. These new directions are intended to help develop and support a more region-wide approach to regional cooperation, building on the largely country-based project approach of the CAREC Program to date. While each of the transport, trade, and energy committees of CAREC include region-wide initiatives (e.g., harmonization of transport regulations and trade policy), there is considerable scope to develop a much stronger regional approach.

8. Achieving this objective will require strengthening the institutional capacity for strategic management -- including setting new directions for CAREC cooperation, and the corresponding formulation of new types of regional initiatives. For example, integrated transport, trade, and transit corridors to enable CAREC countries to more effectively participate in regional and global markets would create new opportunities of mutual benefit to participating countries. Clearly, though, trade-offs and compromise will be necessary. In some cases, including for energy development and trade, it may be practical to approach regional cooperation involving subsets of CAREC countries.

9. Graduating to a more region-wide approach will involve more complex choices and decisions. Ministers will need to consider, on behalf of their respective governments, options for regional development and resource use. In turn, the SOM will need to play a key role in helping to prioritize and sequence regional projects and initiatives, and in ensuring their integration with country development plans and public investment programs.

#### **F. Alternative Institutional Responses**

10. Enabling the SOM and MC to provide greater strategic management and direction to the Program would seem to require adjustments to the Overall Institutional Framework (OIF) of the CAREC Program. Outlined below are three possibilities. It is important to stress that whichever institutional mechanism is selected, it should be guided by an *“implementation bias”*. That is, in all preparatory activities, e.g. identification of strategic issues and corresponding options, the

central focus should be: what concrete decisions, actions and resources are required from which stakeholders to move toward implementation of options, and generating tangible results

**1. Establishment of a Strategic Management and Priorities Subcommittee as outlined in the CAP document**

- The Subcommittee would support the SOM in identifying and addressing a range of cross-cutting issues, as well as new types of strategic initiatives or “bold strokes”, for accelerating regional cooperation.
- The SOM could also instruct the Subcommittee to conduct investigative work, including, for example, review of key regional needs and opportunities, and the complementarity between CAREC’s pipeline of projects and the regional integration plans of CAREC countries.
- The Subcommittee would be supported by CAREC’s sector committees, domestic and international advisors, regional cooperation specialists, and the CAREC Institute once established; reporting channels would remain as currently provided for in the OIF.
- The composition of the Subcommittee would be fluid, determined by CAREC’s National Focal Points (NFPs) according to the subject being addressed, the expertise required, and the interests involved; very senior planning officials and representatives of the President’s or Prime Minister’s Office could be expected to participate when strategic options are “on the table”.
- The Subcommittee would meet in the region on an “as needed” basis; the cost of meetings (2 representatives per country) would be met by the CAREC Program and budgeted at approximately \$25,000 per meeting.
- *Note:* Possible concerns about the costs of meetings (both financially and in terms of time of officials), and about the rather general nature of the Subcommittee as outlined in the CAP, may warrant consideration initially of a more narrowly focused Subcommittee.

**2. Strengthen the SOM to become more strategic**

- A second alternative would be to strengthen the capacity of the SOM to exercise a strategic management role in the CAREC Program, including providing strategic advice to the MC.
- SOM consideration of strategic management and priority issues could be supported by CAREC’s international and domestic advisors, regional cooperation specialists, and the CAREC Institute once established.
- The CAREC Program already absorbs the cost of the SOM, so the incremental cost of additional regional meetings (if needed) would be relatively marginal.
- For purposes of considering strategic management and priority issues, the SOM could be encouraged to include senior officials and representatives of the President’s or Prime Minister’s Office, consistent with the specific issues on the agenda.
- The reorientation of the SOM would require careful attention to the agenda, long lead times, and briefing papers well in advance of the meetings – allowing for in-country consultation and real decision-making.

### 3. Initiate a “CAREC Strategy Meeting”—as an interim step

- The basic purpose of this meeting would be to lay the groundwork for specific “strategic regional initiatives” discussed earlier (and in the CAP), within the framework of the CAREC Program.
- The Meeting would focus on a small number, e.g. one, two or three, high priority issues that are of great significance for senior decision makers in the participating CAREC countries, and which the CAREC Program can reasonably be expected to address in a substantial manner. As discussed earlier, these issues and corresponding initiatives would reach beyond the traditional sector focus of the SOM and MC e.g. regional economic corridors; linking CAREC enterprises to international markets.
- Significant preparation would be required to ensure that such a meeting will (a) lead to strategic regional initiatives that are both relevant and feasible, (b) lay the groundwork for implementing these initiatives, including effective linkage to the domestic priorities of the participating CAREC countries; and (c) ensure effective integration of new strategic initiatives within the CAREC Program.
  - Consultations at sufficiently high levels in the CAREC countries would identify/confirm the issues to be placed on the agenda. (This could be coordinated by ADB as Program Secretariat.)
  - Policy briefing notes would be prepared on each issue and would identify a small number of pragmatic options, focusing on what is required for implementation and tangible results.
  - The policy notes would be circulated to participating countries and high-level consultations would be held with each country on the options presented, including identifying key implementation requirements—both country-specific and cross-border. (Consultations could be held/coordinated by ADB as Program secretariat and an “informal facilitator” of the meeting.)
  - Papers would be revised to reflect consultations but continue to provide a small number of pragmatic options on each issue.
- A “CAREC Strategy Meeting” would be called with the participation of senior officials with the required mandate to examine and agree on appropriate options in each area; and to ensure effective integration within the CAREC Program (e.g. resource “envelope”)
- The options selected would be further developed, and presented for endorsement by the MC as new regional initiatives, providing strategic direction to the Program.
- Future “CAREC Strategy Meetings” would be held as needed to refine approaches to issues or examine next steps or new issues.
- Over time, “CAREC Strategy Meetings” may be incorporated into a revised SOM (along the lines of option 2); or evolve into a “standing subcommittee” supporting the SOM (along the lines of option 1).

11. The Report of Senior Officials to the Fifth MC noted that “Appointment of a very senior representative would help start the process (of strategic direction), as well as help coordinate more effectively with other regional cooperation initiatives.” As follow-up to this recommendation, Mr. Johannes Linn has been appointed as Special Advisor to the CAREC

Program. Mr. Linn is well known among the most senior levels of government in Central Asia, as well as having a strong knowledge of the challenges and opportunities in the region. He will provide guidance for all aspects of the CAREC Program, including how best to realize strategic direction. It is recommended that Mr. Linn be requested to give further guidance on a reformed SOM as a possible substitute to the Strategic Management and Priorities Subcommittee.

###