

**Meeting of the CAREC National Focal Points on the
Physical Establishment of the CAREC Institute**

9-10 April 2014

Opening Remarks

**Mr. Klaus Gerhaeusser
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Asian Development Bank**

Distinguished delegates from the CAREC countries,
Ladies and Gentlemen,

Good afternoon.

I am pleased to open this segment of the National Focal Points Meeting that will focus on the CAREC Institute.

Two years ago at the 11th Ministerial Conference held in October 2012 in Wuhan, the CAREC Ministers agreed to establish a physical base for the CAREC Institute in order that it could perform its role more effectively as a knowledge resource center of the CAREC Program. As one of the operational priorities of CAREC 2020, the CAREC Institute was envisaged to play a key role in addressing the specific needs of the priority sectors --- thus enabling the realization of the CAREC 2020's goals. These goals are (i) trade expansion through transport connectivity, transport and trade facilitation, trade openness, and energy trade; and (ii) improved competitiveness through economic corridor development, and the development of related services. To achieve these goals, CAREC 2020 specifically mandated the CAREC Institute to work more directly with the sector coordinating committees in the conduct of its activities.

The establishment of a physical base of the CAREC Institute in the region would enable it to 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.

Even prior to the Wuhan meeting, meetings of National Focal Points and Senior Officials have started to lay the groundwork for a more formal and enhanced operating structure for the CAREC Institute. The discussions in these meetings took off from the CAREC Institute Assessment conducted by the CAREC Secretariat in 2011 which was discussed extensively in subregional consultation workshops.

In June 2012, the Senior Officials Meeting in Hohhot reached broad agreement on the CAREC Institute's Strategic Knowledge Framework (or SKF) for the period 2012-2017 comprising of three pillars on which the Institute would anchor its activities. These three pillars are **knowledge services** involving capacity building; **knowledge generation** involving research; and **knowledge management** involving databases, publications, and knowledge platforms.

The Senior Officials Meeting in Bangkok on September 2012 confirmed the Strategic Knowledge Framework and also endorsed the CI Work Plan for 2013-2017. More importantly, the Meeting reached agreement on the guiding principles for the CAREC Institute's operations, namely the principles of ownership and regionality, and fairness and balance. It also reached broad agreement on the general features of the CI governance structure, including the governing body, consensus-based decision making, rotation of key management position(s), and possible establishment of an advisory body. The articulation of these features have benefitted from discussions at subregional consultation workshops held in Beijing and Almaty in August 2012.

These meetings were important in building a common understanding of how the CAREC Institute would operate as a formal institution. The series of consultations also underscored the evolutionary process inherent in the creation of Institutions --- an important factor in building ownership and acceptance. Significantly, the establishment of the CAREC Institute's physical base has gained momentum in the past two years.

Last year, at the 12th Ministerial Conference in October 2013, in Astana, a significant milestone was reached with the consensus to accept the offer of the People's Republic of China to host the physical base of the CAREC Institute in Urumqi. The CAREC Ministers gave the directive to operationalize the CAREC Institute by the end of 2014.

Immediately following the Ministers' decision, the CAREC Secretariat went on missions to Beijing in November 2013, and in January 2014 to discuss with the PRC officials, the draft of a discussion paper outlining the proposed management structure, organization and staffing of the Institute. The discussion paper resulting from these missions was circulated to the CAREC countries in late January this year. Many useful suggestions have been received following the circulation of the discussion paper. At the same time, a number of issues have also been raised that hopefully we can clarify and resolve at this meeting.

Our ability to reach consensus in today's NFP Meeting on some of the vital points is crucial to meeting the Ministers' directive. Today's decisions however will only pave the way for many more challenging tasks that lie ahead. I would therefore submit for your consideration three guiding points that could perhaps frame our deliberations:

First, we need to work expeditiously. This would mean setting and committing to a definitive way forward for the CAREC Institute to be launched in December 2014. This would mean not only having to convene consultation meetings as needed, but also and more importantly, securing the required mandates --- both legal and political --- from the respective governments to execute the tasks needed to start the Institute running.

Second, we need to be pragmatic and realistic. While we all share in the aspiration to make the CAREC Institute a world-class knowledge hub, there are inevitable constraints along the way. Financial preparedness is one, and perhaps the most challenging. Working with available resources may thus be the most judicious approach to take in the initial years. This constraint notwithstanding, the quality of human resources cannot be compromised if the CAREC Institute is to begin on the right path to being a world class knowledge center. A careful balance would be needed.

Third, we need to be guided constantly by the principles of fairness and balance, ownership and regionality. These principles, I believe, should be the scale against which all decisions on the CAREC Institute operations should be weighed.

As the CAREC Program gains full momentum, the need to operationalize the CAREC Institute becomes even more compelling. The challenges ahead are many and complex. The progress that we make today will be crucial in leading us to realize the CAREC Institute that we all aspire to have. I am confident that the spirit of cooperation and partnership that has been the hallmark of the CAREC Program will carry us through the challenging tasks ahead.

On this note, I wish this Meeting, successful and fruitful deliberations.

Thank you.