

Reference Document For Session 2 of the Senior Officials' Meeting 31 October 2010

# **CAREC Institute Progress Report:** Work Plan for 2010 – 2011

9th Ministerial Conference on Central Asia Regional Economic Cooperation 31 October–2 November 2010 Cebu, the Philippines

#### I. KEY DEVELOPMENTS

The Central Asia Regional Economic Cooperation (CAREC) Institute accomplished a number of milestones across its three areas of activity since the 8th Ministerial Conference in Ulaanbaatar, Mongolia, in October 2009. Key developments include:

- On Capacity Building, the Leadership Development Initiative (LDI) of the CAREC Institute continued, with the second delivery of the Executive Leadership Development Program (ELDP) in Singapore on 29 March-3 April 2010 and the first batch of the Public Sector Management Course (PSMC) in November 2009 in Kazakhstan and Kyrgyz Republic. ELDP seeks to provide senior CAREC executives with analytic tools and skillsset to proactively deal with challenges in leading change and operational implementation. PSMC aims to give mid-level government officials modern tools and best practices to strengthen their work in public resource management. Sector training and knowledge sharing activities also progressed. A regional workshop covering case studies of successful Public-Private Partnerships (PPPs) was held in Chengdu, the People's Republic of China (PRC) in November 2009. The delivery of in-country awareness workshops also continued in Tajikistan and Uzbekistan in June 2010. As a complement to its work on CAREC corridors and border-crossing points (BCPs), the Regional Joint Committee on Transport and Trade Facilitation completed their survey of capacity building courses/modules for the private sector in July 2010. For Tier 2, as part of continual efforts on avian influenza, the Ministry of Health of PRC conducted a study visit to Tajikistan. Workshops on climate change mitigation and adaptation were conducted in Ulaanbaatar; Astana, Kazakhstan, and Baku, Azerbaijan to strengthen the knowledge and capacity of CAREC professionals/stakeholders to develop investment-ready climate change projects.
- On Research, the "CAREC Institute Research Workshop" was held in October 2009 in Almaty (Kazakhstan) for the Flagship Research Program. The outputs for the Small Research Grants Program (SRGP) have been submitted. Sector studies on "Trade and Institutional Environment in Central Asia" and the "Diagnostic Study for Energy Demand and Supply Balance and Infrastructure Constraints" were completed in September 2010. Preparatory work for the CAREC Program Results Framework has progressed enabling performance monitoring with relevant indicators. Part I of the CAREC 10 Years of Cooperation and Moving Forward has also been completed. The CAREC Institute Performance Assessment Review (CIPAR), on the other hand, has developed recommendations for the next phase of the CAREC Institute.
- On Outreach, the CAREC Institute website, <u>www.carecinstitute.org</u> continues to serve as a hub for knowledge and information on regional economic cooperation. The Institute also supported events to raise awareness and stimulate discussion on regional issues. Together with the Carnegie Endowment for International Peace, the Joint Stock Company System Avtomatika, and the Renewable Energy Association of Tajikistan, the Institute organized the conference "Renewable Energy in Central Asia: Creating Economic Sustainability to Solve Socio-Economic Challenges" in Dushanbe, Tajikistan in November 2009.

#### II. OVERVIEW OF PROGRESS

1. Since the 8th Ministerial Conference in Ulaanbaatar, Mongolia in October 2009, a number of activities progressed in the three areas of the CAREC Institute – capacity building, research and outreach. These include:

#### A. Capacity Building

- 2. The **Leadership Development Initiative (LDI)** is being implemented in collaboration with the Lee Kuan Yew School of Public Policy, National University of Singapore. It comprises:
  - (i) Executive Leadership Development Program (ELDP). ELDP aims to provide CAREC senior executives with the analytic tools and skills set that they need to proactively deal with the challenges they encounter in leading change and achieving results. It targets executive leadership practice, public sector management and finance, strategic planning, and negotiation and communication skills. The second delivery of the ELDP on 29 March–3 April 2010 was rated very highly by the 29 participants in terms of content, relevance, materials and delivery. This was due to improvements in course content that featured the inclusion of more materials relevant to regional cooperation as well as on challenges faced by CAREC officials in various regional undertakings.
  - (ii) Public Sector Management Course (PSMC). PSMC aims to provide mid-level government officials with updated practical knowledge and skills in public sector management and finance. The course exposes the participants to modern tools and best practices in order to strengthen their work within government institutions and enhance accountability, transparency, and efficiency in the use of public resources. More than 80 government officials participated in the first batch of PSMC held in November 2009 in Astana, Kazakhstan and Bishkek, Kyrgyz Republic. As with ELDP, PSMC was also received very well by participants, especially the discussion on international best practices and case studies.
- 3. Training and knowledge sharing activities also progressed in CAREC priority and Tier 2 sectors:
  - (i) Public-Private Partnership (PPP) Workshops. "Lessons from Asian Experience" held in Chengdu, PRC in November 2009 deepened participants' understanding of PPP concept and practices through an in-depth case discussion of three international PPP projects in the transport, energy, and water sectors. The workshop, which also included a site visit to a water treatment plant, was very well-received by participants due to useful materials and case studies and the excellent lecture delivery. The in-country awareness workshops, which provided an overview of principles, applications, structuring and implementation of PPP projects, also continued with deliveries in Tajikistan and Uzbekistan in June 2010.
  - (ii) Capacity Building Courses/Modules for Transport and Trade Facilitation. The Regional Joint Committee (RJC) on Transport and Trade Facilitation completed its survey of capacity building courses/modules most needed by the private sector; i.e., the members of the CAREC Federation of Carrier and Forwarder Associations (CFCFA), in July 2010. The survey identified three

- priority courses/modules, namely: global supply chain management, trade logistics facilitation, and cross border/multimodal transport. The RJC aims to develop these modules by partnering with international and regional institutions.
- (iii) Prevention and Control of Avian Influenza. The Ministry of Health of PRC visited Tajikistan in June 2010 to explore opportunities to promote regional collaboration among CAREC countries in the prevention of avian influenza. Major topics covered in the visit included: regional collaboration in the fields of communicable disease control, public health emergency response, and health sector reform; exchange of experience related to field epidemiology training; exploring possibilities for bilateral exchange of expertise.
- (iv) Workshops on Climate Change Mitigation and Adaptation. The workshops sought to strengthen the knowledge and capacity of CAREC professionals/stakeholders to develop investment-ready climate change projects by: (1) developing their understanding on how to integrate climate change mitigation and adaptation considerations into their planning and projects, and (2) providing them with the methodology of designing climate change projects and developing them further for investment. A total of 132 participants joined the three workshops conducted in Ulaanbaatar, Astana and Baku in September 2010.

#### B. Research

- 4. Sector studies on energy and trade policy were completed in September 2010 and will be reported to the 9<sup>th</sup> Ministerial Conference:
  - Diagnostic Study on Energy Demand and Supply Balance and (i) Infrastructure Constraints. This seeks to contribute to the regional power sector master plan to identify optimal infrastructure investments. For the four countries studied (Kazakhstan, Kyrgyz Republic, Tajikistan and Uzbekistan), the study noted that power sector development over the last decade was motivated by concerns for national energy and security. However, this invariably led to trade-offs between economic optimization and individual national objectives. The lack of energy inter-trade and coordination in seasonal energy generation and transmission led to significant economic losses that can have important impacts on growth issues and energy security. Given the differences in peak hours across the four countries, opportunities therefore exist for energy security and cost savings. To address such gaps and overlaps in energy infrastructure, the study highlighted the need for more concentration of transmission assets for improving inter-connection abilities and more attention to national/regional dispatch centers.
  - (ii) Trade and Institutional Environment in Central Asia. This seeks to identify key institutional impediments to trade in CAREC countries. The study has two parts. Part I expanded on the discussion note presented at the Trade Policy Coordinating Committee (TPCC) meeting in April 2010, by reviewing the state of knowledge about institutions and trade globally, and including some evidence for CAREC countries. Part II proposes an agenda of measures to improve institutional quality in CAREC countries.

- 5. **Flagship Research Program**. The Flagship Research Program is being implemented with world-renowned academic institutions in collaboration with highly regarded research centers in the CAREC countries. Research spans five areas: (i) The Influence of Space and the Impact of Regional Cooperation on the Growth of the CAREC Countries; (ii) Management of Resource Revenues in the CAREC Region; (iii) Macroeconomic Policy Issues in the CAREC Countries; (iv) Structural Change in the CAREC Region; and (v) Impact Evaluation of ADB Projects in the CAREC Region.
- 6. **Small Research Grants Program (SRGP)**. The Small Research Grants Program aims to encourage research by local researchers and institutes that will advance regional economic cooperation in the priority areas of transport, energy, and trade, and supports interaction among researchers and development of research networks in CAREC participating countries. The six research outputs comprising the 2009 delivery have been submitted.
- 7. The following are issue-specific initiatives and will be presented to the 9th Ministerial Conference:
  - (i) The CAREC 10-year Commemorative Study. The study contains two parts: (i) Part 1: Stock-take of CAREC achievements, and issues and challenges during the first decade of CAREC's institutionalization; and (ii) Part 2: Enhancement of the CAREC Comprehensive Action Plan, including an updated results framework and a five-year rolling pipeline of priority investments and technical assistance activities. The study is being conducted in close consultation with CAREC countries. Subregional workshops were organized in developing part 1 of the study, and similar workshops will be convened for part 2. The 9<sup>th</sup> MC in 2010 is expected to consider part 1 of the study and discuss elements of part 2. Preparations for Part 2 of the study are underway. The full commemorative study is targeted for completion by September 2011.
  - (ii) **CAREC Results Framework.** The CAREC results framework for 2009–2010 has been completed in consultation with CAREC countries and sector coordinating committees. Indicators and data collection methodologies were identified and the first complete results framework will be presented, together with the CAREC Development Effectiveness Review 2009, at the SOM and the 9<sup>th</sup> Ministerial Conference.
  - (iii) **CAREC Institute Performance Assessment Review (CIPAR).** The assessment was conducted to determine the most appropriate development for the next phase of the CAREC Institute.

#### C. Outreach

- 8. This area covers various activities that seek to extend the impact of the Institute's training and research areas more broadly and to foster a broader understanding of the benefits of regional cooperation. It also seeks to reach and inform a wider audience of the goals, work and achievements of the CAREC Program.
  - (i) **Website.** The CAREC Institute web site at <a href="www.carecinstitute.org">www.carecinstitute.org</a> continues to be the hub for knowledge and comprehensive information on the CAREC Program. The site, in English and Russian, provides easy access to a wide range of documents related to the CAREC Program, the CAREC Institute, and the priority

areas of transport, trade facilitation, trade policy, and energy, as well as country information, and project and research databases. From January–August 2010, the website has averaged almost a thousand visitors per month. With translation activities picking up for the Russian mirror site, traffic is likely to grow in the succeeding months.

(ii) Seminars, conferences, and events. The Institute supports events at the national and regional levels to raise awareness and stimulate discussion and debate on regional issues. The Institute supported a conference in Dushanbe, Tajikistan on 11-12 November 2009 entitled "Renewable Energy in Central Asia: Creating Economic Sustainability to solve Socio-Economic Challenges." The conference was co-financed by the Carnegie Endowment for International Peace, Joint Stock Company System Avtomatika and the Renewable Energy Association of Tajikistan, with the support of the Ministry of Energy and Industry and the Government of Tajikistan. The conference brought together participants and speakers from CAREC countries, the United States and Europe. It also included academic and scientific experts on renewable energy, business leaders of sector involved in practical applications of renewable energy resources, and representatives of international organizations and financial institutions.

#### III. WORK PLAN LATE 2010 – 2011

- 9. The line-up of CAREC Institute activities for late 2010 2011 will comprise:
- **A. Capacity Building.** Capacity building, training, and knowledge-sharing activities in the CAREC sectors are provided in the sector reports.
  - (i) Training Workshop for Strengthening Health Laboratory Services in CAREC countries, to be conducted in Harbin, PRC in November 2010;
  - (ii) Third delivery of the Executive Leadership Development Program (ELDP) in Singapore in the 1<sup>st</sup> Quarter of 2011;
  - (iii) Succeeding deliveries of the Public Sector Management Course (PSMC) in Azerbaijan, Tajikistan and Uzbekistan in November 2010, and Afghanistan, PRC and Mongolia scheduled in 2011;
  - (iv) The in-country awareness workshops on PPP workshops for 2011 (to be determined), and
  - (v) Capacity building activities of sector committees and Tier 2 areas for 2011 (to be determined).

#### B. Research

(i) Part 2 of the CAREC 10-Year Commemorative Study

#### C. Outreach

(i) Web site development and maintenance (continuing);

- (ii) Seminars, conferences and events for 2011 (to be determined);
- (iii) Publications for research program outputs (to be explored); and
- (iv) Communications plan on the CAREC Institute (to be determined).

# D. Others

(i) Preparation of a CAREC Institute work plan, 2012-2014 (to be conducted).

### Status of CAREC Institute Work Plan 2009-2011:

# As of August 2010

CAP	ACII	Y	BU	ILD	ING

CAPACITY BUILDING					
Activity	Goal	Approach and Timing	Coverage	Completed Activities	Work Plan for 2010-2011
Executive Leadership Development Program (ELDP)	Provide senior executives with the analytic tools and skills set they need to proactively deal with the challenges they encounter in leading change and achieving results.	One-week residential course  Approx. 32 participants per course  Annual delivery (2009-2011)	(i) leadership – styles, approaches, practice and communication; (ii) negotiation, persuasion and influence; (iii) strategic thinking and planning; (iv) public sector management; and (v) public sector finance	- ELDP developed with Lee Kuan Yew School of Public Policy (engaged as Partner Institute for Leadership Development Initiative) - 1 <sup>st</sup> ELDP delivered on 16-22 August 2009 in Singapore for 29 government officials - 2 <sup>nd</sup> ELDP delivered March 29-April 3, 2010 in Singapore	- 3rd ELDP will be delivered 1 <sup>st</sup> Quarter 2011 in Singapore for 32 government officials
2. Public Sector Management Course Program (PSMC)	Provide middle-level government officials with updated practical knowledge and skills in public sector management and finance.  The course will expose participants to modern tools and best practices that will strengthen their work within government institutions and enhance accountability, transparency, and efficiency in the use of public resources.	Two-day non-residential course delivered in CAREC countries  Approx. 40 participants per course.  Delivered once in each CAREC country in 2009-2011	(i) public sector management; (ii) public sector finance.  Material will constitute relevant modules from ELDP extended to include workshop exercises	- 1 <sup>st</sup> deliveries were conducted from 2-6 November 2009 in Kazakhstan and Kyrgyz Republic	- 2 <sup>nd</sup> batch of deliveries planned for Azerbaijan, Tajikistan and Uzbekistan in November 2010 - 3 <sup>rd</sup> batch for Afghanistan, PRC and Mongolia scheduled for 2011

# CAPACITY BUILDING

Activity	Goal	Approach and Timing	Coverage	Completed Activities	Work Plan for 2010-2011
3. Leadership Development Fellowship Program	Provide exceptional individuals with leadership potential and opportunity to participate in openenrollment international public administration and management programs.	Program funding options and development will be studied in 2010.	(i) general management; (ii) public policy, and leadership; (iii) public sector reform and foreign policy; (iv) strategic planning and financial management		For consideration in 2011
4. Sector committee training and knowledge-sharing activities	Assist in addressing training and knowledge-sharing needs of sector committees.	The Institute will seek to develop a multi-year agenda comprising two to three activities per committee.	To be determined with sector committees. Among others, potential areas would include: (i) customs harmonization/ modernization; data exchange, integrated border management, etc. (ii) corridor measurement and monitoring methodologies (iii) trade logistics (iv) WTO-accession related issues (v) energy trade and security, energy efficiency	- Training needs assessment conducted for joint transport and trade facilitation committee Survey of private sector service providers (i.e., CFCFA members) in July 2010 yielded the top 3 preferred courses/modules:  (i) Global supply chain management;  (ii) Trade logistics facilitation  (iii) Cross border/multi- modal transport  - Awareness Raising Workshops on Public- Private Partnerships were held in June 2009 in Kazakhstan, Kyrgyz Republic and Mongolia	- Succeeding activities that cover the following will be determined with Sector Committees:  • WTO-accession related issues with TPCC;  • Energy trade and security, energy efficiency with ESCC  - CAREC electricity regulators' forum  • Transport issues with TSCC  • Trade facilitation issues with TFCC

# CAPACITY BUILDING

A 1					W I BI ( 00/6 55//
Activity	Goal	Approach and Timing	Coverage	Completed Activities	Work Plan for 2010-2011
				- A workshop on "Public-Private Partnership Workshop: Lessons from Asian Experience" was held in Chengdu, People's Republic of China, on 3–5 November 2009  - PPP Awareness Workshops were conducted in Tajikistan and Uzbekistan in June 2010	
5. Support for second-tier areas	Assist in addressing training and knowledge-sharing needs in selected second-tier areas.	As second-tier areas enter the Program the Institute will seek to develop an appropriate schedule of activities in coordination with the respective lead funding institutions.	To be determined.	- Support for Table Top Exercise on Human Avian Influenza in Urumqi, PRC, in August 2009 - Preparation of Contingency Plans for Emerging/Re-emerging Zoonotic Diseases in November 2009 - Support for a planned Central Asia Countries Disaster Risk Mitigation Initiative: Technical Workshop on Hydro Meteorological Issues in Tashkent in November 2009 - PRC Ministry of Health Technical Assistance Mission for Study Visit to Tajikistan on 7-9 June 2010	- Workshops on climate change in Ulaanbaatar, Astana and Baku in September 2010 - Training Workshop for Strengthening Health Laboratory Services in CAREC countries will be conducted in Harbin, PRC in November 2010 - Specific activities in 2011 to be determined

RESEARCH					
Activity	Goal	Approach and Timing	Coverage	Completed Activities	Work Plan for 2010-2011
6. Creation of a shared knowledge and information base	Present a full picture of what has been achieved in a sector; ongoing and planned investments/activities; overlaps or gaps CAREC should seek to address.	The Institute will undertake "foundation studies" in the priority areas and update these studies at appropriate intervals.  Studies on transport and trade facilitation started in 2008	(i) transport; (ii) trade facilitation; and (iii) energy.	- CAREC Institute Foundation Study: Transport and Trade Facilitation completed and discussed at the first CAREC Partnership Forum in May 2009 - Concept note for TPCC study on "Trade and the Institutional Environment in CAREC Countries"	- "CAREC Diagnostic Study on Energy Demand/Supply Balance and Infrastructure" for completion in 2010 Study on "Trade and the Institutional Environment in CAREC Countries" for completion in 2010
7. Flagship Research program	Provide intellectual support to CAREC's work in the priority areas of transport, energy, and trade.	The program will be developed and implemented in collaboration with leading international academic institutions and highly regarded research centers in the CAREC countries.  The program is implemented in 2009-2011.	(i) The Influence of Space and the Impact of Regional Cooperation on the Growth of the CAREC Countries (ii) Management of Resource Revenues in the CAREC Region (iii) Macroeconomic Policy Issues in the CAREC Countries (iv) Structural Change in the CAREC Region (v) Impact Evaluation of ADB Projects in the CAREC Region	- Work by leading international researchers ongoing - Inaugural Meeting of CAREC Research Institutes held in Astana in March 2009 - Proposals selected and research grants for CAREC institutes issued in May/June 2009 - CAREC Institute Research Workshop held in Almaty in October 2009 - Impact evaluation baseline study for ADB Road projects in Kazakhstan and Kyrgyz Republic being finalized	Research outputs to be finalized for dissemination
8. Small Research Grants Program (SRGP)	Encourage and fund research by local researchers and institutes that will advance regional cooperation among CAREC countries.	Beginning in 2009, the program will finance one research project each year in each participating CAREC country. The research grant would cover up to a maximum of \$25,000.	Research topics would be aligned with or support the research focus of the Flagship Research Program	- Research proposals for second round of Small Research Grants Program selected and grants issued - Workshop on CAREC Institute Small Research Grants Program held in June 2009 - Research outputs	Research outputs to be finalized for dissemination

RESEARCH					
Activity	Goal	Approach and Timing	Coverage	Completed Activities	Work Plan for 2010-2011
				submitted	
9. Issue-specific papers or studies	Provide timely response to requests for information or analysis from Senior Officials' Meetings, Ministerial Conferences, or sector committees.	Additional activities by request from Senior Officials' Meeting or Ministerial Conference	Potential issues could include: (i) sector specific issues; (ii) issues related to institutional arrangements and progress (i.e. mainstreaming regional cooperation; potential second-tier activities); and (iii) impact evaluation.	Results Framework: - Indicator sets for Levels 1-3 of the results framework approved on 5 July 2010 - First CAREC results framework and development effectiveness review under preparation, in coordination with sector coordinating committees, for presentation to the 2010 SOM and MC.  CBTA: CAREC Institute supported the CBTA. Draft text of the agreement and explanatory papers on specific issues such as Most Favored Nation and National Treatment, and options of quota systems have been developed to facilitate the decision making process of the contracting parties of CBTA.	Results Framework: Presentation of first CAREC Results Framework and DEfR to SOM/MC in 2010. Further results management activities are to be developed.  Study on "CAREC: 10 Years of Cooperation and Moving Forward" to be completed.  Study on CAREC Institute Performance Assessment to be completed.

OUTREACH					
Activity	Goal	Approach and Timing	Coverage	Completed Activities	Work Plan for 2010-2011
10. Development and maintenance of knowledge dissemination platform	Provide easy access to a wide range of documents related to the CAREC priority areas and activities. Over time, the Institute will seek to develop this platform into a recognized knowledge hub on regional cooperation issues for the CAREC region.	The Institute will collect and present reports, papers, articles, assessments, strategies, project information, and other documents from the CAREC multilateral partners, other multilateral and bilateral partners active in the CAREC region, academia, and other sources.  Ongoing development and maintenance of the web site in English and Russian.	Regional cooperation in CAREC countries, with a focus on: (i) transport; (ii) trade facilitation; (iii) energy; and (iv) trade policy  All aspects of CAREC Program and CAREC Institute work  Plan to upload as much Russian translation and materials as possible  Plan to further develop the CAREC corridor pages which would include interactive maps as well as the country pages	- CAREC Institute web site developed and launched at www.carecinstitute.org	- Continuous additions to English and Russian sites  - Plan to further develop the CAREC corridor pages which would include interactive maps as well as the country pages
11. CAREC seminars, conferences, and other events	Raise awareness and stimulate discussion and debate on regional issues related to the CAREC Program, and share international perspectives and best practice with the CAREC community.	The Institute will seek inputs from countries and sector committees on appropriate topics and approaches to event development, as well as opportunities for cooperation and cohosting of activities.	Issues related to regional cooperation in CAREC countries, from broad areas to sector-specific topics are possible. In the initial phase, the Institute will seek to focus available resources on the CAREC priority areas and issues aligned with the research program.		CAREC Institute to arrange 3-4 events in 2011, in coordination with interested participating countries and sector committees.  Distinguished Speakers' Series that will seek to bring experience practitioners to the CAREC region for public seminars on selected topics of relevance to the work of the CAREC Program to be determined.

OUTREACH					
Activity	Goal	Approach and Timing	Coverage	Completed Activities	Work Plan for 2010-2011
12. External events	Expand awareness of the goals, work, and achievements of the CAREC Program among appropriate audiences outside the CAREC region.	The Institute will identify a small number of high-profile external events each year that it will seek to cosponsor or participate in.	Regional cooperation issues, with a focus on the CAREC priority areas	- Support for conference "Promoting Regional Cooperation and Development in Central Asia" in Brussels in March 2009, and "Renewable Energy in Central Asia: Creating Economic Sustainability to solve Socio-Economic Challenges" in Dushanbe in November 2009	
13. Dissemination Activities	Introduce selected CAREC Program outputs and publications to a broad audience in the region.	Short seminars or press conferences in selected countries	Potential items include:  CAREC Trade Logistics Studies Central Asia Atlas Research Program studies	- CAREC Trade Logistics Studies launched in October 2009 in Ulaanbaatar, Mongolia - Central Asia Atlas launched at the Annual Meeting in May 2010	Research Program Studies - Preparation of CAREC brochures - Publication of research outputs to be explored