

## **Summary of Discussions 23 August 2012, Beijing**

1. A sub-regional country consultation meeting was held from 23 to 24 August in Beijing to review: (i) draft CAREC Institute (CI) assessment; and (ii) draft CI work plan 2013-2014 and indicative work plan 2015-2017. ADB as CAREC Secretariat prepared these drafts at the request of the Senior Officials' Meeting (SOM) held in June 2012. The comments and suggestions received from this meeting will help to revise the drafts which will be submitted to the national focal points' meeting planned on 28 September in Bangkok. The following country delegations attended the meeting: Azerbaijan, PRC, Turkmenistan and Uzbekistan. The Mongolian delegation apologized for not attending this meeting but will attend the next sub-regional country consultation meeting to be held from 28-29 August in Almaty.
2. Mr Chen Shixin, Deputy Director General, International Department, Ministry of Finance, gave a welcoming remark as the host country. He stressed the importance of this meeting as an opportunity to move CI forward in the context of CAREC 2020.
3. Lan Wu led the discussion on the draft CI assessment by emphasizing that the member countries' collective leadership and ownership of CI will be the key to ensuring that CI fulfils its important new role in supporting the achievement of CAREC 2020 goals.
4. All delegates re-emphasized the important role of CI as one of the 7 priority areas of the CAREC 2020 and recognized the need to strengthen its capacity so it is able to meet these expectations.

### **I. Discussions on the Draft CAREC Institute Assessment**

5. All delegations expressed appreciation to CAREC Secretariat for preparing the draft CI assessment and expressed their general concurrence with its contents.

#### **A. Discussions on the virtual versus physical modalities**

6. *Azerbaijan:*
  - i. Noted that a virtual modality had more risks and higher costs;
7. *Turkmenistan:*
  - i. For the physical modality, suggested the need to identify activities to be performed in-house and those that would be outsourced; who would be responsible for developing the research agenda, what is the role of the advisory board, and how it should be established;
  - ii. Agreed with Uzbekistan that immediately locating the CI in a physical location in the region was premature;
8. *Uzbekistan:*
  - i. Stressed the importance of CI in developing mechanisms to collect and consolidate information and knowledge to facilitate decision making in CAREC;
  - ii. Noted that there is currently no physical base in CAREC and was concerned that the establishment of the CI might create an imbalance of focus;

iii. Expressed the view that institutionalizing CI is logical including establishing a physical base in the region, but in doing so, cautioned on the need to avoid the potential dominance of a particular national agenda in the CI agenda;

iv. Stressed that the process should be evolutionary and supported the temporary location of CI in ADB.

9. *PRC:*

i. Strongly supported the “physicalization” of CI as a means to enhance its capacity and operations, and this could be achieved in a phased manner;

ii. Indicated that Urumqi could be an optimal location for a physical as the knowledge base of CAREC; and highlighted the strong support from both the central and local government for hosting the CI in Urumqi;

iii. Stressed the importance of regionality in moving CI forward; on the point made by the Uzbekistan delegate to avoid possible host country dominance over the CI, stressed the need for a design that would protect the regional nature of the Institute and the interests of all participating countries;

10. Lan Wu:

i. Clarified that the governance body for the CI would report to the Ministerial Conference, and the CI director, who would be responsible for the management of CI and developing the research agenda would report to the governing or advisory body;

**B. Discussions on conditions for locating CI in the region**

11. *Uzbekistan:*

i. Pointed out that the host country would need to recognize that it had special responsibilities since it would be in a position to exercise undue influence on CI’s activities. Member countries need to work out an equitable plan and balanced contributions;

ii. Emphasized that CI should continue to focus on CAREC operations;

12. Turkmenistan and Azerbaijan concurred with the Uzbekistan observations.

13. Turkmenistan further proposed that the GNIs of the member countries should be a factor among other factors discussed in the draft assessment for determining the future location of the physical CI; Turkmenistan also Indicated the need to identify the key elements in the cost estimates.

14. PRC sought clarifications on the indicative costs of the assessment, and informed that PRC is conducting its own feasibility study of the CI and it would be helpful to have clarification on the costings;

15. PRC agreed that cost sharing should be balanced and fair. It should be flexible and take into account the economic and financial situation of member countries.

16. Lan Wu explained the basis for the cost estimates, and clarified that while these might be on the high side, it is preferable to underestimating at this stage; informed further that the estimates will be revised taking suggestions raised into account.

17. Lan Wu stressed that while contributions need not be equal, CI should remain regional in character. Detailed discussion on cost sharing among countries would be addressed in due course.

18. *Uzbekistan:*

- i. Stated that, when determining contributions to CI, the comparative advantages of each country and other non-financial contributions, which included expertise in certain key areas, should be taken into account;
- ii. Asked about the role of MI partners in supporting CI.

19. Lan Wu explained the kind of contribution MI partners were making with examples of IMF's work in trade policy, the World Bank's modeling of water resources, and the World Bank Institute's planned return to Central Asia after of 7 years of absence with its strong knowledge management capacity.

### **PRC's Proposal to Host the CI in Urumqi**

20. At PRC's request and with the concurrence of the other delegations, PRC made a short presentation on its proposal. The CAREC countries requested PRC to provide a copy of the presentation, and PRC agreed.

## **II. Discussion on Draft Work Plans**

21. Lan Wu, ADB presented the highlights of the CI WP for 2013-2017 including the process for WP preparation and the activities and subject areas for inclusion in the WP. In particular, he indicated that:

- The CI WP activities were based on the sector work plans based on the three SKF pillars, namely: (i) knowledge generation; (ii) knowledge services (training); and (iii) knowledge management;
- Inputs from the countries were considered based on whether these are already being addressed by the WP identified activities based on the sector work plans;
- For practical reasons, only concrete activities for 2013-2014 (Table 1) were specifically listed; those for 2015-2017 were listed only as indicative areas as the WP will have to evolve through time (Table 2).

22. The country delegations expressed broad agreement with the WP preparation process and the activities and subject areas identified for inclusion in the CI WP, in particular for 2013-2014. They indicated that they would further consult with the relevant line ministries and convey additional comments, if any, at the Bangkok Meeting on 28 September.

23. The following specific comments were made on the CI WP:

i. PRC indicated that while the size of the WP as presented in the draft is acceptable in the initial years, there should be flexibility to expand the activities depending on the resources that could be made available. PRC noted that activities were over-programmed by 30% and requested ADB to clarify the implications in case additional resources could not be mobilized. PRC offered to utilize the PRC Poverty Reduction and Regional Cooperation Fund being administered by ADB, in case of any shortfall.

ii. Lan Wu explained that the over-programming of activities is based on the resources that ADB could make available but expects that the MIs would also provide

additional resources. Lan Wu noted the kind offer of the PRC and indicated that this will be considered in due course as the need arises.

iii. PRC also sought clarification on 2<sup>nd</sup>-tier activities in the WP especially in the area of agriculture and communicable diseases. ADB response was that according to prior agreement, an assessment of 2<sup>nd</sup>-tier areas should be conducted to determine the needs and prioritization, especially in light of their significance in support of CAREC's objectives in the core areas. This assessment, likely in the form of a desk research, is in the plan to be conducted during first half of 2013.

iv Referring to Table 2 (Indicative Areas for Inclusion in the CI WP 2015-2017), Turkmenistan suggested that the transport activity on *Study of Multimodal Systems in Selected Routes* should be expanded to include the conduct of national master plans on transport sector development. It was suggested that this proposal should be raised with the Transport Sector Coordinating Committee as part of the current measures to align regional priorities with the national development agenda.

### **Acknowledgement**

24. The countries expressed their appreciation to the PRC for hosting the Consultation Meeting and to ADB for making all the arrangements.