



# STRATEGY

# 2018-2022

**INTEGRITY**  
**EXCELLENCE**  
**ACCOUNTABILITY**  
**TEAMWORK**  
**FAIRNESS**  
**EFFECTIVENESS**

## Foreword

The CAREC Institute (CI) 2018-2022 strategy provides a framework for supporting the CAREC member countries through research, capacity building, and knowledge management.

During 2018-2022, CI will focus on two main strategic goals and invite the member countries, partners, and other stakeholders to adopt these shared priorities. CI will drive progress through seven strategic objectives which highlight meaningful ways that CI can focus on its workforce, achieve financial stability, advance research mechanisms, strengthen knowledge management, up-scale capacity building, and promote partnerships and networking with other think tanks.

Further, this strategy document discusses opportunities and challenges for CI's future path, including CI's operational framework and smart implementation strategies to advance the mission of the CI to achieve its targeted goals.

The implementation strategy of the CI lays out the guiding principles for all core focus areas including knowledge generation, knowledge services, as well as knowledge management to achieve goals and objectives by 2022.

The CI will develop relevant work plans to deliver each strategic objective and direct resources to support these important areas.

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## Abbreviations

ADB	Asian Development Bank
ADBI	Asian Development Bank Institute
AIIB	Asian Infrastructure Investment Bank
BRI	Belt and Road Initiative
CAREC	Central Asia Regional Economic Cooperation
CB	Capacity Building
CI	CAREC Institute
CNA	Country Needs Assessment
COP21	United Nations Framework Convention on Climate Change
CPS	Country Partnership Strategy
CTTN	CAREC Think Tanks Network
GC	Governing Council
IGA	Inter-Governmental Agreement
IT	Information Technology
KM	Knowledge Management
MC	Ministerial Conference
MOU	Memorandum of Understanding
MOV	Means of Verification
NFP	National Focal Point
PRC	People's Republic of China
RKSI	Regional Knowledge Sharing Initiative
SCCs	Sector Coordinating Committees
SDG	Sustainable Development Goal
SWOT	Strengths, Weaknesses, Opportunities, Threats

## Introduction

In 2019, the CAREC Institute (CI) marks ten years of helping the CAREC member countries and partners in providing support to CAREC program through research, capacity building (CB) and knowledge management (KM). The CI continues supporting and collaborating with member countries, partners, and other stakeholders. The organization's focus is building and developing a culture of knowledge sharing, research, and capacity building across the CAREC member countries and unifying all levels of cooperation between partners and governments into an integrated approach to regional economic development.

The strategy outlines the goals and objectives that the CI must implement to strengthen the organization and its mission. The document builds upon the foundation established by CI in previous years and aligns objectives with CAREC 2030 priorities.

In developing this strategy, the CI used a methodological planning process which included participation of staff and various stakeholders, consultants and experts through numerous engagement platforms and meetings. Discussions focused on current challenges, where the organization needed to be in five years, and how it would get there.

It is an essential premise of these strategy that each goal and objective will require the collaborative commitment of member countries and partners. In this spirit, the CI invites all of partners and stakeholders, both within and outside the organization to join in adopting and embracing these priorities. In this sense, it is the continuation of the collaborative approach introduced and formalized in the past.

## About CAREC Institute

The CAREC Institute (CI) is an intergovernmental organization and nonprofit research and knowledge generation institute established pursuant to the endorsement of the eleven CAREC member countries at the 5th Ministerial Conference held in 2006.

The CI's mandate is to contribute to CAREC Program through research, capacity building, and knowledge management. The Institute became operational in 2009 and functioned as a virtual entity till 2015. The physical base of CI was inaugurated in March 2015 in Urumqi, Xinjiang Uyghur Autonomous Region, People's Republic of China (PRC).

The Intergovernmental Agreement (IGA) Establishing Central Asia Regional Economic Cooperation Institute entered into force on the 24th August 2017 following ratification by the Republic of Uzbekistan, People's Republic of China, and Mongolia. Later, the IGA was ratified by the Islamic Republic of Afghanistan, Republic of Azerbaijan, Republic of Tajikistan, Islamic Republic of Pakistan, and Kyrgyz Republic. With Georgia's ratification in October 2018, only Kazakhstan and Turkmenistan remain to ratify the IGA.

The CI's 5th Governing Council (GC) Meeting held in December 2016, in Shenzhen, PRC, tasked the institute to draft its strategy. Subsequently, discussions on CI's strategy were held during the 6th CI GC Meeting in June 2017 in Tbilisi, Georgia. An initial outline of the Strategy for CI 2018-2022 was developed and presented to GC members and other stakeholders in a Strategy Formulation Workshop conducted in tandem with the 7th GC meeting in December 2017 at Xiamen, PRC. Suggestions and recommendations which emerged during the Strategy Formulation Workshop were incorporated in the working draft. While drafting the final version of the CI's strategy, special attention was directed at the needs and expectations of all stakeholders especially that of Asian Development Bank (ADB) and CAREC member countries.

## **Mission, Vision, Values**

The IGA defines the CI as an inter-governmental organization with a full legal personality under the auspices of the Ministerial Council (MC) of the CAREC Program. The purpose of establishing CI is to enhance the quality of CAREC Program through knowledge generation and capacity building. According to the IGA, CI has five main functions: a) conduct strategic research; b) provide innovative solutions; c) disseminate research findings and results; d) enhance the capabilities of government officials; and e) develop a network of research institutions in the CAREC region.

The CI's long-term vision is consistent with CAREC 2030 mission - "A Regional Cooperation Platform to Connect People, Policies, and Projects for Shared and Sustainable Development" - and incorporates present opportunities and future ambitions.

### **CI MISSION**

To enhance the quality and effectiveness of  
the CAREC Program  
by providing evidence based research,  
capacity building services,  
dissemination of knowledge products and  
networking with research institutions.

### **CI VISION**

Leading knowledge center  
promoting economic cooperation  
in the CAREC region  
for shared and sustainable development.

## **CI VALUES**

### **INTEGRITY**

We inspire confidence and trust  
among our member countries and partners  
by adhering to the highest ethical standards.

### **EXCELLENCE**

We are committed to excellence in pursuit of our mission.

### **ACCOUNTABILITY**

We embrace our responsibilities and  
hold ourselves accountable to the  
CAREC Member Countries and  
partners for the services we provide.

### **TEAMWORK**

We recognize that success depends on a  
skilled, diverse, coordinated team committed to  
the highest standards of trust, hard work,  
cooperation, and communication.

### **FAIRNESS**

We treat CAREC Member Countries, partners, and  
other stakeholders fairly and in accordance with  
the rules set out in the IGA agreement.

### **EFFECTIVENESS**

We strive for innovative, flexible, and pragmatic approaches that  
achieve our goals and recognize the  
effectiveness of the regional economic integration programs  
in CAREC countries.

## Guiding Principles

Considering the operational principles laid out in the IGA and other CAREC strategic documents, CI 2018-2022 is defined by the following guiding principles:

- a) **Alignment with CAREC program:** CI shall focus on issues related to achieving the goals linked with and complementary to the CAREC program.
- b) **Consistency with international best practices:** CI shall abide by principles consistent with public international law and good governance.
- c) **Transparency:** CI's activities will be open and transparent to all stakeholders. CI will improve its public relations through the effective use of mass media.
- d) **Balance and fairness:** The operations of CI shall be balanced and fair, considering the multitude of needs of CI member countries.
- e) **Equitability:** Services provided by CI shall be distributed equitably among member countries based on their needs and initiatives.
- f) **Collaboration:** CI's activities shall be planned and conducted in collaboration with member countries, partner organizations, think tanks, universities, research, and training centers.

## Strategic Goals and Objectives

Since the CI is an emerging organization, the goals cover both institutional and operational aspects while addressing main challenges at hand. The CI 2018-2022 adopts two goals and seven objectives.

### Strategic Goal 1: Institutional Strengthening

#### 1.1 Objective: Enhancing Organizational Capacity

The CI stipulates to improve organizational structure, institutionalize clear processes (rules and regulations, job descriptions, work plans, etc.), cultivate an organizational culture that is conducive to the achievement of its goals and objectives; and develop financial sustainability.

The following indicator has been identified to mark fulfilment of this objective: number of organizational regulations adopted and effectively implemented.



## **1.2 Objective: Augmenting Human Resources**

Staffing continues to remain a major challenge for CI that in turn creates operational constraints. The CI intends to augment its human capital both quantitatively and qualitatively by recruiting capable staff and advancing the professional skills of CI's current staff. Core competencies in research, capacity building, sector expertise, and knowledge management will be enhanced over time.

The following indicators have been identified to mark fulfilment of this objective: 1) number of administrative orders issued by CI, 2) number of International and national staff recruited, 3) number of staff seconded to ADB and ADBI.

## **1.3 Achieving Financial Sustainability**

Financial Sustainability is critical to organizational growth. The CI will explore ways and means to guarantee its financial sustainability by diversifying its financial resources. In order to achieve the envisaged financial sustainability, the CI will do the following: i) engage more CAREC member countries to contribute to CI's budget directly through donations and/or provide in-kind contributions (e.g. through seconded staff); ii) actively cooperate with international organizations, especially partner institutions to obtain financial resources; and iii) provide services to external institutions both in research and capacity building projects in lieu of general management service charges.

The following indicator has been identified to mark fulfilment of this objective: number of entities funding CI's operations.

## **Strategic Goal 2: Operational Excellence**

### **2.1 Objective: Advancing Research**

The CI will improve its research portfolio by producing high quality, evidence-based policy analysis to support CAREC 2030 and facilitate member countries in addressing emerging policy issues and challenges in the region. The demand for such research would emerge from CAREC Ministerial Council, Senior Officials Meeting, Sector Coordinating Committees, CI Governing Council, etc. The CI will actively utilize different operational clusters under the CAREC program as a source of topics and themes for policy research. This approach is meant to improve CI's research ability to perform both qualitative and quantitative research.

The CI will pursue collaborative research to augment its research capacity and enhance credibility and visibility of its knowledge products. The CI will actively network with credible research institutions, think tanks and development partners to conduct joint research capacity building activities. Following are some of the proposed mechanisms to enhance research capacity: i) collaborative research with institutions and development partners; ii) research workshops, public seminars and presentations by distinguished experts and visiting scholars; iii) call for research proposals; iv) research fellowships (resident and non-resident), post-doctoral studies and internships; and v) small research grants program.

The following indicator has been identified to mark fulfilment of this objective: number of researches produced and published by the CI.

## **2.2 Up-scaling Capacity Building**

The CI will use numerous formats for capacity building, *inter alia*, research-based workshops, country specific trainings, and project-related capacity building as well as policy dialogues. To support project related activities, the CI will organize trainings for professionals in project areas. Capacity Building in the areas of program development, project management, and monitoring and evaluation will also be included in CI's capacity building portfolio. Finally, the CI will focus on finding technical solutions to pilot online and cascade trainings for a wide range of stakeholders.

The following indicator has been identified to mark fulfilment of this objective: number of government officials, private sector and civil society representatives trained in various thematic areas of priority clusters.

## **2.3 Strengthening Knowledge Management**

Knowledge management (KM) is one of the key functional areas spanning a wide range of stakeholders both internal to the organization as well as external. The CI will mainstream this function in its operations. This will include customization of knowledge products based on the stakeholder analysis, improvement of dissemination channels, improvement of quality of KM products, and synchronization with research activities.

The following indicators has been identified to mark fulfilment of this objective: i) number of policy inputs provided by CI to CAREC program, ii) knowledge repository built and IT capacity improved, iii) knowledge dissemination channels improved and functional.

## **2.4 Promoting Partnerships and Networking**

Promotion of partnership and networking will be a continuous exercise though close cooperation with member countries, international organizations, universities, think tanks, Civil Society Organizations (CSO), and the private sector. The Institute intends to introduce small research grants program for research institutions, CSOs, as well as think tanks. It will serve three purposes: i) build capacity of participating organizations, ii) expand CI's network and deepen partnerships, and iii) engage CAREC think tank network in CI's research activities.

The following indicator has been identified to mark fulfilment of this objective: number of MOUs signed and functional with the leading think tanks and research institutions.

# SWOT and Environmental Analysis

Table 1: CI SWOT Analysis

Internal		External	
Strengths		Opportunities	
<ul style="list-style-type: none"> <li>• Dedicated and experienced employees</li> <li>• Strong leadership</li> <li>• Extensive knowledge and expertise of the Central Asia Regional Economic Integration</li> <li>• Networking and relationships with other think tanks and research institutions</li> <li>• Good ability to adapt to unique situations</li> </ul>		<ul style="list-style-type: none"> <li>• Pool of skilled, well-educated workforce across the member countries which could boost CI's capacity</li> <li>• Limited direct competition in the region</li> <li>• Increased need for knowledge generation and research institutions in Central Asia</li> <li>• Need for regional cooperation and integration</li> </ul>	
Weaknesses		Threats	
<ul style="list-style-type: none"> <li>• Limited research production capability</li> <li>• Lack of consistent branding</li> </ul>		<ul style="list-style-type: none"> <li>• Lack of diverse sources of funding</li> </ul>	

## Environment Analysis

The following influence the CAREC programs which subsequently affect CI's strategy:

### A. Challenges

1. CAREC countries demonstrate big difference in terms of income levels, ranging from low-income to upper middle-income. It manifests the fact that CAREC countries are at different levels of economic development with varying needs requiring country specific approaches.
2. Economic situation in the CAREC region has changed significantly since 2014. Most countries in the CAREC region are heavily dependent on extractive natural resources and remittances. Low commodity prices of the previous years have adversely affected less diversified sectors. Contrary to 2008-2009 global financial crises, sharp decrease in commodity prices starting from the mid-2014 has only partly recovered, and, according to forecasts, low oil and commodity

prices will not restore to previous levels at least in the medium term (Source: CAREC midterm review).

3. Global economic slowdown, low commodity prices, and recession in Russia have adversely affected economies in the CAREC region. The economic downturn in Russia, exacerbated by low oil and gas prices in international markets, and sanctions after Crimea annexation, reduced the trade volume between Russia and other CAREC countries, especially with former soviet countries. The recession in Russian economy has also resulted in mass return of migrant workers back to the CAREC countries and a sharp decline in remittances.
4. Declining commodity export revenues and deficit in balance of payments have resulted in depreciation of national currencies in most of the CAREC countries, further deteriorating fiscal balances. Highly volatile exchange rates have exposed the vulnerability of financial sector, exacerbated non-performing loans and triggered inflation pressure (except for PRC and Afghanistan). Governments mostly preferred strict fiscal policies which also negatively affected less productive and less competitive real sectors and caused decrease in economic activity.
5. There are now two main policy implications. First, countries need flexible economic policy, more than they needed before, to cope with the current economic situation and its adverse effects, such as declining revenues, unsustainable fiscal balance, low economic activity, etc. Second, countries need to introduce structural reforms, and build competitive, export oriented real sector which will help them play active role in regional trade.
6. Depressed foreign trade and strained balance of payments increase self-sufficiency concerns and promote import substitution policies. This does not improve productivity and competitiveness, brings new non-tariff barriers and further deteriorates export capacity of countries while reducing regional trade.
7. Emergence of newly independent countries after collapse of the USSR and opening of China's western borders to trade shaped today's CAREC cooperation. The CAREC Program was initiated to facilitate launching of new transport channels which would define the regional trade and integration. Sanctions imposed on Russia and the conflict with Ukraine deteriorated trade relations between Russia and Europe. Also, Russia's trade with CAREC countries has declined. In the long-term, however, if the current scenario prevails, it will cause an increase in Russia's foreign trade with the southern CAREC member countries including PRC using the CAREC corridors.
8. PRC's Belt and Road (BRI) Initiative has emerged as an opportunity for landlocked Central Asian countries. Especially China Pakistan Economic Corridor (CPEC) will not only benefit western China but will also help transit goods through western China to the Arabian sea and beyond to middle eastern and European markets. Similarly, other BRI corridors linking 65 countries have a potential to link CAREC with other regions of the world.

Table 2: Trading Across Borders: Ranking of CAREC Countries  
Source: [www.doingbusiness.org](http://www.doingbusiness.org)

Country name (alphabetically)	Ranking
<b>Afghanistan</b>	183
<b>Azerbaijan</b>	57
<b>PRC</b>	5
<b>Georgia</b>	9
<b>Kazakhstan</b>	36
<b>Kyrgyzstan</b>	77
<b>Mongolia</b>	62
<b>Pakistan</b>	147
<b>Tajikistan</b>	123
<b>Turkmenistan</b>	--
<b>Uzbekistan</b>	74

Table 3: CAREC Priority Corridors

- CAREC 1: Europe – East Asia (KAZ, KGZ, and XUAR of PRC)
- CAREC 2: Mediterranean – East Asia (AZE, KAZ)
- CAREC 3: Russian Federation – Middle East and South Asia (AFG, KAZ, KGZ, TAJ, and UZB)
- CAREC 4: Russian Federation – East Asia (MON, IMAF, and XUAR of PRC)
- CAREC 5: East Asia – Middle East and South Asia (AFG, KGZ, TAJ, and XUAR of PRC)
- CAREC 6: Europe – Middle East and South Asia

## **B. Opportunities**

1. CAREC countries represent four geographic areas stretching between Europe and far East: Caucasus (Azerbaijan, Georgia), Central Asia (Kazakhstan, Kyrgyzstan, Tajikistan, Turkmenistan and Uzbekistan), South Asia (Afghanistan, Pakistan), and East Asia (PRC, Mongolia). Given the BRI initiative and geographical advantages of CAREC countries, the CI can upsurge its strategy for further research and knowledge sharing.
2. Pursuing export-oriented policies, instead of import substitutions, would help CAREC countries build much-needed resilience through increasing competitiveness in manufacturing and strengthening export capacity. As a leading regional knowledge institute, CI can extend cooperation by providing policy recommendations on economic diversification.
3. CAREC initiatives, particularly in regional connectivity and infrastructure to enhance cooperation in six CAREC clusters will open up new opportunities for the private sector in the region. This offers a unique opportunity to CI to engage with the private sector for collaborative ventures to tap into the economic opportunities generated by CAREC initiatives.
4. In the last two decades, new transport corridors were built. New corridors redefine the structure of trade in the region and reshape regional trade. Russia's eastward pivot in the wake of western sanctions and the introduction of new initiatives such as the Belt Road Initiative will enhance the capacity of newly built corridors. Since the transport is the main sector of the CAREC Program, CI will concentrate on research and capacity building activities for transforming transport corridors into logistic and, at a later stage, into economic and knowledge corridors. The CI will focus on producing relevant knowledge products to help transform some of the land-locked CAREC countries into land-linked countries.
5. Two areas of cooperation between CI and member countries are likely to strengthen regional integration. First, CI may consider including WTO accession and its implementation commitments into its priority areas, as it will certainly have implications for regional integration. Second, most of the CAREC program funding is project-oriented. It would be highly beneficial to plan trainings for member countries in the field of project and program development and analysis; project management and implementation; and results monitoring.
6. The CI should contribute to regional and country-level initiatives on achieving SDGs and COP21 targets. In this regard, CI needs to focus human development cluster areas, such as education and health and include clean and renewable energy to its portfolio in future.
7. In view of absence of any dedicated research and capacity building institute for the CAREC region, the CI has the opportunity to become a leading research and capacity building center in the region to address challenges to economic cooperation. However, CI's activities should not be limited only to research

rather they should endeavor provide innovative solutions to key policy challenges.

8. As a step forward, CI can also serve as a reference point for international development organizations and multilateral financial institutions by providing analytical reports on overall economic outlook in the CAREC region. The CI can venture into establishing its own CAREC integration index, and economic statistics database for policy analysis.
9. Since CAREC countries are at different levels of development, CI may consider adopting country specific approaches rather than offering fit-for-all solutions. CI may further extend scope of its cooperation with member countries by providing policy guidance on economic and financial stability.
10. Building on its strength, CI may turn these possibilities into opportunities in close cooperation with the CAREC program. As a knowledge institute for enhancing effectiveness of the CAREC program, CI should improve its coordination and engagement with sector committees of the CAREC program, and strengthen its involvement in infrastructure projects.

## Strategic Framework

Two elements have been considered to be fundamental for CI 2018-2022 strategy: i) it should capture the corporate identity and comprehensive functions of the institute, and ii) the programmatic direction should be aligned with CAREC 2030. Hence, CI 2018-2022 is an agglomeration of corporate and programmatic strategic elements. The following points summarize the strategic framework of the CI:

1. As a corporate entity in its formative phase, the time horizon for CI's strategy has to be carefully framed. A longer term strategy beyond five years might prove prohibitive for an organization which is still evolving. Due to rapid changes occurring in the region, a short timeframe could undermine the institute's ability to respond to emerging issues that have a direct impact on the region. On the other hand, a less than five-year strategic horizon would undermine the directional viability and consistency of the organization in the medium term. After an intense literature review and internal consultations among CI management and staff, a consensus was reached that five years would constitute the optimal period for promoting organizational stability as well as ensure the dynamic development of an evolving organization.
2. The CI's corporate segment of the strategic framework was a derivative of extensive literature review and consultations with similar knowledge driven organizations, such as ADBI, the World Bank Institute, and UNIDO Institute, among others. Their organizational strategies were the basis for designing the corporate elements of CI 2018-2022.
3. The programmatic design of CI 2018-2022 is demand-driven. First, the key stakeholder demands were extracted from CAREC 2030 as the mainframe of themes of regional integration. Second, the programmatic design was informed

by the country needs assessments conducted by CI in 2016 and 2017. Apart from these, the ADB's country partnership strategies of CAREC member countries were also incorporated. Through the process of triangulation of all these sources, CI's programmatic approach was organized and articulated.

4. Regionalism lies at the core of CI 2018-2022. The core consideration of CI's strategic framework is the promotion of regionalism, bearing in mind that specific country needs will be addressed within the overall framework of regionalism. All country needs and demands for knowledge support will be considered within the broader context of regional and global externalities. Global concerns and related initiatives, such as COP 21 and SDGs, will feature prominently in CI's strategic approach.
5. Informed by this triangulation process, CI will cater to the target groups through research, capacity building, and knowledge management initiatives, addressing key policy issues, project support through research and training, capacity building of state agencies and civil servants as well as involving the private sector and civil society in its activities.
6. CAREC 2030 operational framework scales up CI's role and scope of future research and capacity building activities situated within five operational clusters; i) economic and financial stability; ii) trade, tourism, and economic corridors; iii) infrastructure and economic connectivity; iv) agriculture and water; and v) human development.

The CI needs to follow a gradual approach and focus its operational activities initially on selected clusters, incrementally expanding to all five clusters by the end of this strategy. To this end, the CI will adopt a 3+2 approach. Hence, CI plans to focus on the following three selected clusters at the beginning: i) trade, tourism, and economic corridors; ii) infrastructure and economic connectivity, and iii) economic and financial stability. This prioritization is based on the following rationale:

- ✓ CI's approach is to deepen its existing work with careful and gradual expansion. In its three years of existence, CI has been working on these priority clusters through research and capacity building. The work in these three clusters will expand in the coming years. Gradually, it will include the remaining two clusters, and incorporate these as cross-cutting themes within the three clusters. The multi-dimensional clusters have a broad scope, hence, need more detailed work within each cluster. To illustrate: it is essential to consider human development within trade, tourism, and economic corridors cluster, etc.
- ✓ It is also considered that three clusters of CAREC 2030 prioritized by CI are the process clusters for promoting regionalism. The remaining two clusters concerning agriculture, water, and human development are more cross-cutting and outcome oriented. Hence, it would be prudent to work more intensively on process oriented clusters and gradually incorporate cross-cutting and outcome clusters.



The CI's value addition to CAREC 2030 is to play its mandated role of knowledge and evidence-based research provider to support the CAREC 2030 agenda and its implementation. The CI will act as a knowledge connector between five thematic areas, providing coherence and uniformity in design and implementation of policies, programs, and projects to promote regional economic cooperation and integration.

Like any emerging organization, the CI faces a set of challenges and opportunities. The CI 2018-2022 intends to address these challenges and avail of the opportunities as follows.

### **Institutional challenges**

Prepare and adopt all necessary by-laws, procedures, and regulations. Hire professional staff, build an efficient organizational structure and financial sustainability.

### **Operational challenges**

Strengthen institute's capabilities for in-house research and capacity building, improve knowledge management, build up sector expertise, forge partnerships and networks with similar institutions in the region and beyond.

### **Financial sustainability challenges**

Currently, CI is dependent on PRC and ADB for its funding. Exploring ways and mechanisms to cooperate closely with all CAREC countries and other international organizations to diversify its funding sources is crucial for success and growth of CI. The CI intends to do this methodically to attain sustainable financial security. A financial sustainability report has been developed by CI for discussion in the GC meeting, CI has suggested formation of a working group on this topic.

### **Balance between research and capacity building**

In its formative phase, CI has focused more on capacity building activities rather than research. The CI aims to achieve an adequate balance between research and capacity building. Taking into consideration CAREC goals and member country needs, CI will incrementally increase the proportion of research within its overall

## **CI's Strategic Knowledge Framework Components**

**Knowledge generation** encompasses research and policy studies on key issues regarding economic cooperation which are of regional, country- or sector-wide significance.

**Knowledge services** involves knowledge sharing through capacity building interventions, such as learning programs, seminars, workshops.

**Knowledge management** includes organizing and processing existing information and transforming it into knowledge products for wide dissemination using relevant means.

portfolio and strike a balance between research and capacity building with clear links and coherence between two portfolios. To optimize the research function, it is envisioned that specific research outputs feed directly into the capacity building activities so that the materials generated from research are utilized in CI's workshops and training activities.

### **Branding and credibility as an opportunity**

The CI intends to become a 'brand name' within CAREC region and beyond for its knowledge products and services, and earn sound credibility as a professional entity providing high quality knowledge products and services for CAREC program and member countries. The CI's unique status and locational advantage provides it with an opportunity to fill the knowledge gaps in the region for all stakeholders. This credibility and brand name will be achieved through qualitative improvements of CI's work in research and capacity building and targeted knowledge management activities.

### **Capitalizing on information technology**

In the age of big data and digital economies, CI needs to advocate on adaptation of digital technologies for emerging innovative economies by enhancing the member countries' capacity in regulating e-commerce and providing policy options for managing this transition smoothly. Many CAREC economies with exception of PRC and Georgia are still at a nascent digital stage. The CI can carve its niche by initiating capacity building projects aimed at change management training programs and research activities. As discussed in the last Advisory Council (AC) meeting in November 2018 in Beijing, the CI will establish an IT base in HQ and attempt to develop digital platforms to enhance knowledge sharing.

### **Coordination role with CAREC Program and member countries**

As the key interlocutor, the CI needs to deepen its coordination and engagement with SCCs and ADB sector divisions and connect the needs of member countries and CAREC program interventions. This opportunity can be realized through coordination of knowledge sharing.

### **Partnerships and networking**

Regional international organizations, financial institutions, programs and initiatives covering the CAREC region (fully or partially) include, among others, the World Bank, United Nations Economic and Social Commission for Asia and Pacific, Economic Cooperation Organization, Black Sea Economic Cooperation Organization, Shanghai Cooperation Organization, Eurasian Economic Union, Asia Infrastructure and Investment Bank, Islamic Development Bank, European Bank for Reconstruction and Development, New Development Bank, United Nations Special Program for the Economies of the Central Asia, Transport Corridor Europe – the Caucasus – Asia, New Silk Road Initiative, and Belt and Road Initiative. All these entities offer tremendous opportunity for the CI to expand its partnership network by deepening collaborative engagements with these initiatives, programs, and organizations.

## **CAREC Think Tanks Network**

The CI needs to expand its knowledge networking by developing and strengthening CAREC Think Tanks Network, the platform to share the regional knowledge. The engagement with key think tanks of the region will help the knowledge data and information flow to support the CAREC 2030 agenda.

## **Inclusion of private sector and civil society**

Close cooperation with the private sector and civil society is an important feature of CI 2018-2022. The private sector is the driver of economic integration and private capital flows in the region, thus it is central to the regionalism approach. The CI intends to act as a facilitator through its different functional activities to encourage and support the interaction among the private sector and governments. Similarly, the role of civil society in promoting regionalism has been highlighted in CAREC 2030. The CI 2018-2022 will support this through various initiatives in research, capacity development, and knowledge management.

## **Results Framework**

The CI strategy 2018-2022 translates into CI's unit work plans and Rolling Operational Plan (ROP) prepared in consultation with CAREC countries, ADB sector divisions, CAREC Secretariat, and ADBI.

The Results Framework (available separately in MS Excel format) articulates six objectives: enhancing organizational capacity, augmenting human resources, achieving financial sustainability, advancing qualitative and quantitative research, upgrading capacity building, strengthening knowledge management, and promoting partnerships and networking. It includes seven outcomes and outputs respectively.

Namely, under enhancing organizational capacity objective, CI will strive to achieve the capability to function at the optimal organizational capacity demonstrated through the number of organizational rules and regulations issued and implemented; and under augmenting human resources objective, CI will need to recruit relevant International and national staff as per the approved organogram.

Under achieving financial sustainability, CI will strive to diversify its financial resources demonstrated through the number of cooperation and cost-sharing agreements signed with various entities.

Under the objective to advance research, CI is expected to generate knowledge through the call for proposal mechanism and research partnership to feed into the CAREC agenda. Deliverables will be demonstrated through the number of research contracts issued and number of knowledge products generated.

Upgrading capacity building is planned to be achieved through increasing CI capacity building portfolio to cover more sub-thematic areas as per priority clusters and include more participants. Achievement of this objective will be demonstrated

through the number of workshops and trainings conducted, and number of government officials, private sector and civil society representatives trained.

To strengthen the knowledge management, CI will operationalize the KM framework and disseminate knowledge products to target audiences. This will be demonstrated through the number of knowledge products shared with internal and external stakeholders and number of policy inputs provided by CI to the CAREC program.

To promote partnerships and networking, the CI will establish working relations with the leading regional and global think tanks and research institutions demonstrated through the number of MOUs signed and functional with relevant entities and the number of joint research and capacity building activities conducted.

The CI will undertake midterm review of this strategy in 2020.

## Implementation Approach

The CI intendeds to deliver its goals and objectives through carefully crafted programming approach for all three areas of its operations: knowledge generation, knowledge services, and knowledge management. This programming approach helps in selection of thematic topics for all three operational streams.

### A. Knowledge Generation

1. Knowledge generation will remain at the core of this programming approach. In the first year of its existence, the CI has commissioned two research projects: a) infrastructure needs of CAREC member countries for the next 30 years; and b) macroeconomic forecasting of member countries for the next 30 years. These two major researches were followed by a flagship research on the CAREC Regional Integration Index. Past practices will continue informing the research initiatives.
2. The CI's knowledge generation approach has four pillars: i) generate research products to add to the body of knowledge on regional issues, solutions and forecasting to become a leading knowledge power house for the entire region, as well as globally; ii) provide evidence for informed decision-making for member countries for their local economic development as well as regional economic cooperation; iii) provide research and databases to form sound policy advice for consideration of member countries; iv) construct a dynamic early warning system to forecast economic crisis and provide mitigating strategies for consideration of member countries to adopt and implement.
3. The CI intended to draw research topics for the knowledge generation from following sources:
  - a) **Country needs:** This can be done through country needs assessments as attempted before, and through dialogue, where the CI will be able to identify various themes and topics for research.

- b) **Country requirements:** the CI may not limit its research agenda to the needs as expressed by countries. It is argued that research topics might not adequately articulated by officials of different countries or could be limited by local considerations only. The CI, as a regional body, needs to have a broader outlook and should have the capacity to move beyond the expressed country needs. Whilst keeping an eye on global and regional economies, the CI can identify various topics for research on its own. For this purpose, thematic topic selection for research will be done through the internal community of practice formed by CI as per the different priority clusters.
  - c) **Capturing diversity and tailoring/customizing:** It is believed that different member countries are at different stages of politico-economic development. Each country has unique features at different stages of economic development. This requires a careful tailoring of research products. It would not be prudent to develop one solution fit for all. It is therefore argued that a country specific filter may be developed. This will not only make CI's research products more specific but will also increase country's ownership. The two-layered filtering system is proposed to be developed. The first layer could be a cluster layer, e.g. middle income country cluster and low income country cluster. The next layer could be country specific. Similarly, other layers of clustering could be: economically diversified cluster, natural resource dependent economies, etc. The research product could be filtered through the country specific filter which will be mainstreamed in CI's research function. Such approach will not only increase the quality and acceptability of the research but it will also add a unique dimension to the CI.
  - d) **Partner priorities and respective expertise:** Another consideration for the agenda setting for research is the confluence of research priorities of CI's partners. Due to the initial capacity limitations for conducting in-house research, CI has to rely on its partners, with different sets of research expertise and priorities, for optimizing its capacity.
4. Research typologies & methodologies: CI's research shall be both qualitative and quantitative depending on the topic or type of research. Following is the suggested typologies and methodologies:
- a) **Exploratory research:** CI can consider undertaking exploratory research. The research will clearly define problems which are hitherto undefined, e.g. a quadrilateral agreement between China, Kazakhstan, Kyrgyzstan and Pakistan signed in 2006 when only 52 trucks have passed across these countries. An exploratory research can focus on formulating various problems and generating evidence for understanding various issues plaguing economic cooperation. This research can be based both on primary and secondary data.
  - b) **Diagnostic studies:** This type of research is similar to exploratory but not entirely. It goes deeper and uses more rigorous techniques to analyze problems. It can be sequenced after an exploratory research.

- c) **Policy analysis:** CI may conduct policy analysis of various policies of member countries with their consent. Policy analysis can be conducted by identifying different policy variables and then constructing an analytical framework. Policy analysis can be further developed into comparative study of various member countries, drawing recommendations for policy changes and constructive dialogue between member countries. Policy analysis uses secondary data, however primary sources, such as key informant interviews can be used as a research tool.
- d) **Academic research:** Although academic research is not closely related to the mandate of CI, it is important in the sense that it will help establish and enhance CI's reputation as a knowledge powerhouse. Academic research based on various themes can be commissioned by CI and an anthology of researches can be published as a bi-annual or quarterly journal. Research contributions can also be solicited from think tanks and member countries.

## B. Knowledge Services

1. Knowledge Services, capacity building and training remain to be one of the key areas of CI's work. From its foundation, the CI has been producing more knowledge services than knowledge generation or knowledge management.

### SMART IMPLEMENTATION

1. Alignment with partners to maximize the quality and quantity of research products. The CI's partner institutions are key to this method. Following steps are proposed to actualize this method:

**Step 1:** Identify partners based on the following variables: confluence of themes, level of expertise, availability of research resources (both financial and intellectual), and willingness. A system of proxy indicators (e.g. number of researches conducted per year by an institution, types of themes, number of publications, etc.) can be developed to assess remotely.

**Step 2:** Engage with the potential partners through meetings, workshops, and similar events.

**Step 3:** Sign MOU or Letters of Agreements to crystallize partnerships.

2. Secondary and primary data: in its initial phase, CI's focus will be on secondary research due to time, capacity and resource constraints. In later years, CI will expand into the primary research.
3. Qualitative and quantitative: the CI may prefer to do qualitative research in-house and outsource quantitative research or conduct those only with the secondary data.
4. Using Request for Proposal (RFP) method: whilst outsourcing research, procurement instrument of RFP will be used. In essence, RFP would provide the creative license to the applicant to formulate the research methodology which will save CI's time and invite new ideas from different research institutions.

2. Following issues are considered by CI for recalibrating its capacity building methodology:

- a) Get maximum value for money
- b) Increase the outreach of capacity building
- c) Maximize the impact of capacity building goals

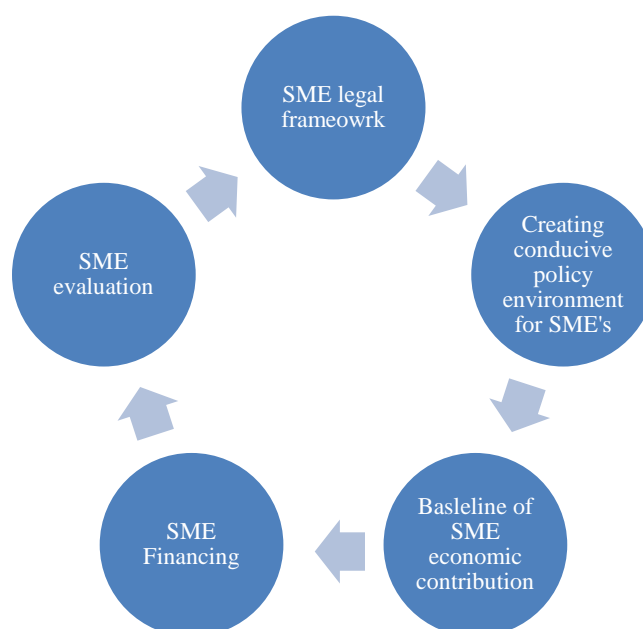
3. High value for money training approach will be achieved by a systematic training design using the following stages:

Stage 1: conduct training needs assessment of officials of member countries (could be done remotely through survey questionnaires).

Stage 2: develop and update training modules and training manuals on all thematic areas of CI's knowledge service program.

Stage 3: conduct regular thematically connected trainings where a training cycle completes and could be repeated as determined by country needs, e.g. a staggered training model below.

Figure 1: Staggered Training Model



4. Given significant training needs, new and innovative training approaches should be adopted by CI. One such method is the cascade training model below. The cascade training model not only increases the number of people trained but it also creates permanent capacities within the target audience to continue with the capacity building. This model involves stages described below:

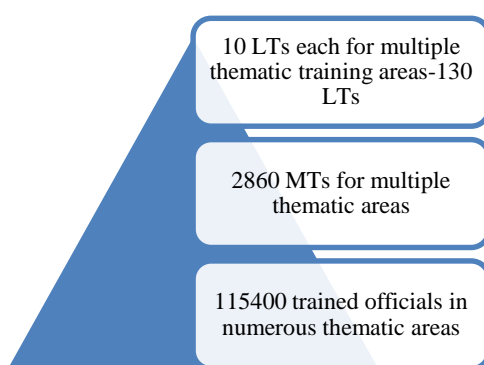


Stage 1: training the lead trainers (especially for technical subjects like CGE modeling, PPP, SME financing, Agriculture, TRS/CPMM etc.). One from each country government or government affiliated think tanks/research institutes selected based on pre-defined qualification criteria. These lead trainers can be awarded CI certification as lead trainers in certain subject areas.

Stage 2: lead trainers will then be obligated to train 22 master trainers in their thematic areas in each of their own countries. The CI will monitor these trainings through the training M&E framework. The second tier module will be developed for master trainers (also selected from member countries through established selection criteria) to cascade further.

Stage 3: master trainers will train 30 persons in their subject area in each of their own countries using modules and manuals developed for this level of training. User friendly and contextualized handbooks will support this process.

Figure 2: Cascade Training Model



5. The M&E framework for the cascade model will enable monitoring and tracking these trainings, including their quality:

Table 4: Training M&E Framework

Activity Indicators	Activity MOV	Output Indicators	Output MOV	Outcome Indicators	Outcome MOV
Number of participants in a training	Attendance sheets with contact information	Number of reports prepared and shared by trainees with the government	Copies of the report	Number of policy announcements made by member countries (partial attribution)	Newspaper and media reports. Contact with CI alumni.



## C. Knowledge Management

1. Knowledge management (KM) approach is of critical importance. It will be based on a constructive model, gradually progressing from knowledge needs assessment to converting CI's knowledge generation into knowledge products.
2. The CI will attempt conducting a comprehensive knowledge needs assessment following these stages:

Stage 1: design a knowledge assessment tool kit using survey instrument.

Stage 2: identify key stakeholders of CI and CAREC program who would constitute the target audience of CI's knowledge products.

Stage 3: Conduct stakeholder analysis to categorize them for targeted knowledge products. The following process is suggested.

Table 5: KM Product Typology and Stakeholder Groups

Stakeholder Group	Knowledge Product Typology	Rationale
Senior Officials (Ministers / Deputy Ministers) of CAREC member countries	Policy briefs based on CI's research data and learning from capacity building	Assumption is that high level officials are constrained to go through voluminous research, hence short and succinct policy briefs will target this audience.
Middle management level officials	Training needs assessment, concise analytical papers and policy research	The middle management provides the input to high officials for decision making. Thus, it is important to inform the decision making process through evidence-based research and analysis.
Universities and research partners	High quality detailed research products	This group will also act as a peer review system and help fine tune CI's research products.
Think Tanks	Research reports, workshop reports and CI Think Tank Network (CTTN) products	This will help further strengthen the network.
Students, civil society and the private sector	CI's website and think tank forum portal when available	The web based discussion/e-learning platforms will create more opportunities and positive branding of CI.

3. The KM approach would need a knowledge dissemination plan synced with the CI rolling operational plan (ROP) to involve a target-based production and dissemination of knowledge products.

## Concluding Remarks

The CI's strategy design has taken into consideration the regional economic context and analysis. This has helped CI locate its position as a regional think tank based on the framework of challenges and opportunities. This framework has identified the guidance markers for CI to follow, and the analysis has informed its vision and mission.

The delineation of CI's strategy into corporate and programmatic directions has helped establish clarity. CI's Strategy 2018-2022 is programmatically linked with CAREC 2030. Additionally, it presents incremental increase in programmatic scope, and a detailed results framework which provides indicators for measuring progress of implementation.

This strategy has developed approaches for guiding its future implementation streams across knowledge generation, knowledge services, and knowledge management. The development of these approaches is significant as it defines development and implementation of the CI Rolling Operational Plans for coming years. Additionally, CI will enhance its capacity in increasing its workforce, develop its research capacity, diversify its funding sources, expand its network of partners, and up-scale capacity building to achieve goals set in this strategy.

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