

CAREC Institute **STRATEGY 2021-2025**



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ABBREVIATIONS

ABEC	Almaty-Bishkek Economic Corridor
AC	Advisory Council
ADB	Asian Development Bank
ADBI	Asian Development Bank Institute
AIIB	Asian Infrastructure Investment Bank
ARCII	Asia-Pacific Regional Cooperation and Integration Index
BCP	border crossing point
CAFS	Chinese Academy of Fiscal Science
CAREC	Central Asia Regional Economic Cooperation
CB	capacity building
CI	CAREC Institute
COVID-19	coronavirus disease 2019
CPMM	corridor performance measurement and monitoring
CRII	CAREC Regional Integration Index
CTTDF	CAREC Think Tanks Development Forum
CTTN	CAREC Think Tanks Network
FDI	foreign direct investment
FSWG	financial sustainability working group
GC	Governing Council
GDP	gross domestic product
GHG	greenhouse gas
HCA	host city agreement
ICT	information and communication technology
IFI	international financial institution
IFPRI	International Food Policy Research Institute
IGA	intergovernmental agreement
IMF	International Monetary Fund
KM	knowledge management
MC	ministerial conference
M&E	monitoring and evaluation
MoU	memorandum of understanding
MoV	means of verification
NFP	national focal point
PRC	People's Republic of China
QAF	quality assurance framework
RCI	regional cooperation and integration
SNAI	Shanghai National Accounting Institute
STKEC	Shymkent–Tashkent–Khujand Economic Corridor
TFI	trade facilitation indicator
WB	World Bank
WTO	World Trade Organization
WWII	World War Two
XUAR	Xinjiang Uygur Autonomous Region



EXECUTIVE SUMMARY



During its fifth meeting in 2016, the Governing Council (GC) mandated the CAREC Institute (CI) to prepare an organizational strategy for working out operational priorities over a longer period to deliver on its mandate. After extended internal deliberations and a multi-stakeholder consultation, CI's inaugural strategy was developed and adopted in 2018 with a five year implementation time horizon (2018-2022). The strategy mandated the CI initially to concentrate its operations on three priority clusters: (i) economic and financial stability; (ii) trade, tourism, and economic corridors; (iii) infrastructure and economic connectivity.

In early 2020, the CI's management commissioned a progress review (Appendix B) of the first three years of the strategy to assess progress against the objectives and weigh options for realigning strategic priorities in the context of internal institutional upgrades within the CI and developments in the external environment in the CAREC region, which was being transformed by political economy imperatives, suppressed energy prices, and, most importantly, the new coronavirus disease (COVID-19) pandemic outbreak. The review aimed to evaluate the CI's institutional and operational readiness with the view to (i) improving the CI's institutional capacity by adopting innovative approaches and agile technologies in response to the COVID-19 related constraints and limitations; (ii) understanding the nature and extent of the impact of COVID-19 on regional economic cooperation and integration, and the necessary interventions to bridge emerging research and capacity gaps; and (iii) considering options for extending the

implementation timeframe of the current strategy. After thorough deliberations, the CI's GC, during its 11th meeting held virtually on 16 July 2021, mandated the CI to prepare a forward-looking strategy with an implementation time horizon from 2021 to 2025, strategically positioning the Institute for supporting member countries to respond to their growing knowledge needs amid the evolving regional and global economic landscape.

The review finds that the CI's vision, mission, and strategic priorities largely remain valid. There is, however, an urgent need to further finetune these to respond to the evolving external environment, mainly being shaped by the outbreak of the COVID-19 pandemic. Additionally, the CI's improved institutional baseline with the recruitment of new staff and adoption of rules and regulations during the review period (2018-2020) presents an opportunity to increase the volume and quality of its products and services. The CI needs to adapt quickly to the post-COVID business environment, which necessitates innovative, technology intensive approaches to capacity building (CB), research, and knowledge management (KM), while focusing on evolving country-specific and regional needs. The following 12 priorities will guide the CI's overall strategic direction to deliver on its mandate during 2021-2025. The first five priorities seek to strengthen the CI's institutional capacity and effectiveness consistent with its vision and mission, strategic focus, and operational priorities. The remaining seven aim to sharpen the CI's operational responsiveness to deliver quality knowledge products to member countries.

1. Deepening Stakeholder Engagement

While adhering to the guiding principles and mission, the CI will ramp up efforts to deepen engagement with member countries, the CAREC Secretariat, and national and international think tanks to better understand regional and country-specific research and CB needs.

2. Attracting and Retaining Technical Talent

To make the CI an agile, responsive, and innovative organization, the CI will continue efforts to identify essential skills gaps, transparently recruit staff and secondees, and hone their skills by providing on the job training. The CI will periodically review and update the staff compensation mechanism to attract and retain high quality human resources, combined with a robust performance evaluation system.

3. Diversifying Financial Resources

The CI management is well aware of the importance of financial sustainability for organizational growth. With the establishment of a financial sustainability working group (FSWG), an exploratory analysis of the issue,¹ and Pakistan's financial contribution, momentum has been built. The CI will continue to deepen engagement with member countries, develop a long term resource mobilization strategy, and build staff capacity to advance resource diversification.

4. Ensuring Conducive Working Environment

The signing of the host city agreement (HCA) with Xinjiang Uygur Autonomous Region (XUAR) and Urumqi Municipality

gives fresh impetus to the CI's drive to provide a conducive working environment for optimizing productivity and efficiency. The CI will accelerate efforts to provide sustained access to state of the art tools and techniques, databases, and knowledge sources for producing quality outputs.

5. Strategizing Operational Priorities

Unlike during the review period where the bulk of CI's interventions were concentrated in the first three CAREC priority clusters,² in the updated strategy period 2021-2025, the CI will (i) build in-house technical expertise around a few core themes selected from all five clusters of the CAREC 2030 strategy and integrate its resources around them (programmatic approach) for producing high impact, high quality knowledge output; (ii) select relevant topics for knowledge interventions within the core themes; (iii) keep the flexibility to offer demand based technical knowledge services on any country-specific issues, as long as they support regional cooperation and integration (RCI) and are within the CI's in-house technical expertise and specific CAREC priority clusters; and (iv) integrate COVID-19 pandemic as an overarching and cross cutting theme in its operations.

6. Expanding Research Portfolio

In the wake of the COVID-19 pandemic, new attention and focus areas have emerged where member countries need urgent research support. The proposed research interventions are broadly grouped into five thematic areas: (i) promoting trade and foreign direct investment (FDI) for increasing regional trade flows and

¹ Reference to the paper

² Reference to CAREC 2030 strategy and list of the priority clusters

participation in regional and global value chains; (ii) building back better by supporting greener, resilient and inclusive policies, particularly in tourism and climate change areas; (iii) facilitating cross-border financial cooperation among member countries; (iv) promoting capacities and regulatory environment for creating and benefiting from regional public goods; and (v) leveraging digital technologies for resilience and poverty alleviation. The CI will enhance human and budgetary support to the research division and expand research partnerships with a view to developing in-house sectoral research capacity and lessening reliance on outsourced research consultants to achieve this ambitious agenda.

7.Revitalizing Capacity Building (CB) Approach

During the review period, the CI has made commendable progress in CB. The COVID-19 outbreak has halted in-person CB workshops. In order to respond to the emerging needs of distance and digital learning, in mid 2020 the CI developed and operationalized an e-learning platform for virtual workshops and other learning events. The CI will continue responding to emerging capacity gaps, particularly in adopting new technologies and responding to health emergencies. The CI needs further work on its newly conceptualized CB approach—spearheaded by an e-learning platform with hybrid modalities—to (i) build on its programmatic achievements by identifying core capacity gaps in member countries—policy, regulatory, procedural, and so on; (ii) determine levels of capacity for various tiers of government—leadership, operational; (iii) determine stages of CB—short duration to extended period; and (iv) define measurable outcomes of CB interventions—anticipated changes in

policy formulation.

8.Adopting an Innovative Knowledge Management (KM) Approach

In a short period, the CI has made significant progress by adapting research products and reaching out to a multitude of stakeholders in the region and beyond. To optimize the progress made, the CI needs to innovate the KM approach by emphasizing and designing user friendly knowledge products and harnessing digital technology for bolstering dissemination to reach out to senior policymakers and stakeholders. Moreover, the CI needs to adopt tools for organizing and indexing knowledge to ensure easier navigation both for internal and external users.

9.Improving Partnerships and Networks

Since 2015, the CI has signed over a dozen of memorandums of understanding (MoUs) or cooperation arrangements with national, regional, and global organizations. However, the experience has yielded mixed outcomes; only a few could be classified as meaningful and rewarding. In the updated strategy period, the CI will thoroughly evaluate its partnership approach to identify opportunities and develop synergies. Similarly, the CI will diligently review the design and approach of activities under the CAREC Think Tanks Network (CTTN), particularly the CAREC Think Tanks Development Forum (CTTDF).

10. The CAREC Corridor Performance Measurement and Monitoring (CPMM)

The Asian Development Bank (ADB) has led and financed the development and maintenance of CPMM methodology, data gathering and analysis, and report production and publication since 2009. However, under the new arrangement with the ADB, the CI will acquire the necessary resources, tools, and techniques to complete the transition to be in the driving seat of CPMM by the end of the updated strategy period.

dissemination, partnerships and networking, and high level forums/ events/conferences.

11. Adoption of Digital Approaches

The CI's transition from a relatively new institution to a mature, go-to place for knowledge solutions in the region largely depends on its adaptability to embrace agile, cutting edge technologies in its operations to increase efficiency and effectiveness. The CI gained much experience functioning virtually since the outbreak of the COVID-19 pandemic. It will continue to leverage digital/virtual technologies, finetune approaches in its operations, inspire and lead other regional think tanks to learn from CI's experience, and facilitate member countries in bridging digital adoption gaps.

12. Quality Assurance Framework (QAF)

1. For the CI to achieve the status of a reputable, mature think tank in the region, it should significantly enhance the quality of its products and interventions. Quality assurance needs to be embedded in all of the CI's operations. To achieve this objective, the CI will develop and adopt a QAF that will encompass all activities of the CI, including research, CB, knowledge



INTRODUCTION

1. The CAREC Institute (CI), a multilateral intergovernmental organization, started physical operations in March 2015 in Urumqi, XUAR, People's Republic of China (PRC). Before that, the CI functioned virtually from the CAREC Secretariat at ADB headquarters in Manila, pursuant to the member countries' endorsement at the fifth ministerial conference (MC) held in 2006. The intergovernmental agreement (IGA) establishing the Central Asia Regional Economic Cooperation (CAREC) Institute entered into force on 24 August 2017. The purpose of establishing the CI is to enhance the quality and effectiveness of the CAREC Program³ by providing evidence based research, capacity building (CB) services, dissemination of knowledge products, and networking and partnership with research institutions.

2. In December 2016, the fifth Governing Council (GC) meeting mandated the CI to develop a strategy for the organization. The CI's inaugural strategy 2018-2022 is an outcome of a methodical and consultative process, which included numerous rounds of internal consultations, discussions with various stakeholders, drawing on the expertise of consultants, and rigorous review by the GC members. The strategy 2018-2022 outlined the goals and objectives that the CI should pursue to strengthen the organization and accomplish its mission. The document built upon the foundation established by the CI in its formative years and neatly aligns its objectives with CAREC 2030 priorities.

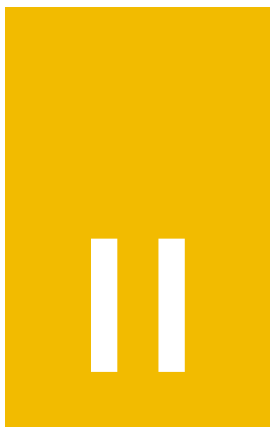
³The CAREC Program is a partnership of 11 member countries that includes Afghanistan, Azerbaijan, the People's Republic of China, Georgia, Kazakhstan, Kyrgyzstan, Mongolia, Pakistan, Tajikistan, Turkmenistan, and Uzbekistan, and development partners working together to promote development through cooperation, leading to accelerated economic growth and poverty reduction. It is guided by the overarching vision of 'Good Neighbors, Good Partners, and Good Prospects'

3. As a new organization, the goals covered both institutional and operational aspects.

Strategic Goal	Objectives
Institutional Strengthening	<ul style="list-style-type: none"> o Enhancing Organizational Capacity o Augmenting Human Resources o Achieving Financial Sustainability
Operational Excellence	<ul style="list-style-type: none"> o Advancing Research o Upscaling Capacity Building o Strengthening Knowledge Management o Promoting Partnerships and Networking

4. CAREC 2030 operational framework scales up the CI's role and scope of future research and CB 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. However, considering its available human

resources, the CI chose to follow an incremental approach for the time horizon of the strategy. It initially focused its operational activities on the first three clusters, with a gradual expansion to all five, adopting a 3+2 approach. In its initial three years of physical existence, the CI has been following this 3+2 approach through research, CB, and partnerships.



PROCESS AND RATIONALE FOR STRATEGY 2021-2025

2.1. Process

5. In early 2020, the CI embarked on a progress review of the first three years of the CI's strategy 2018-2022 with the objective to evaluate implementation progress of key targets laid down in the strategy results framework, and modify and finetune strategic focus and operational priorities in the wake of improved institutional capacity and the evolving regional landscape. The review took stock of the progress achieved during 2018-2020 (Annex B). The CI presented key findings of the review in the Advisory Council (AC) meeting held in October 2020. In the meeting, ADB presented its comments to the AC members, recommending adoption of a forward looking approach, and the AC supported the ADB's proposal for updating the current strategy and extending its term until 2025, to give the CI more time to effectively respond to the changing regional knowledge requirements triggered

by the COVID-19 pandemic. In view of the AC's recommendations, the review was modified into a forward looking strategic document, which was presented to the 11th GC meeting held in July 2021. The GC suggested that the CI should focus on a new, forward looking strategy 2021-2025 to respond to the emerging knowledge needs of member countries.

2.2. Rationale

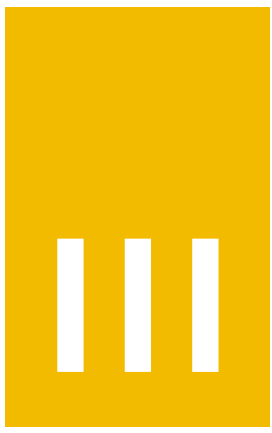
6. Since the adoption of the inaugural strategy in 2018, the CI has made commendable progress in establishing a solid institutional and operational foundation. The CI has adopted the necessary financial, human resources, administrative and operational policies, rules, procedures, and regulations, essential for achieving institutional efficiency. Organization-wide rolling operational plans, divisional and individual work plans, annual budget cycles, and recruitment plans have been adopted as essential elements

of the annual planning process. The CI has forged knowledge partnerships with leading regional and global institutions to enhance the quality and quantity of its knowledge products and services in a short span. However, challenges associated with the physical establishment of a new institution, financial sustainability, and recruiting high skilled human resources continued to slow down progress on achieving targets laid down in the inaugural strategy.

7. The CI recruited the bulk of its international staff during the review period (2018-2020). Nearly half were not yet physically onboard when the COVID-19 pandemic struck with an unprecedented devastating impact on lives and livelihoods, individuals and societies, and organizations and economies. The ensuing abrupt lockdowns and travel restrictions presented the CI's young team with a two fold challenge: (i) to adapt quickly to the emergent changes in work practices and (ii) to respond effectively to the pandemic-induced knowledge requirements of its stakeholders—the member countries. The CI quickly shifted to work from home mode to navigate the first challenge, formed virtual teams, acquired crucial ICT tools for virtual service delivery, and altered annual work plans and knowledge output to fit the new realities. Although the transition to virtual mode has so far produced commendable outcomes for the CI, its long term efficacy to deliver on the targets laid out in the strategy is fraught with risks and challenges ascribed to remote working—such as the absence of work-home separation, burnout, stress for staff living alone, lack of effective communication available for face-to-face teams, and the traditional teamwork and coordination complications.

8. The second challenge—fulfilling the

knowledge needs of member countries—is a huge hurdle owing to various factors. The COVID-19 pandemic has concurrently enforced a global health emergency and an unprecedented economic meltdown. The pandemic has overwhelmed the already weak health sector in most CAREC countries, compelling them to divert human and financial resources to emergency response and exposing structural, capacity, technological, and financial inadequacies. As the global economic meltdown continues and economic activity remains suppressed, policymakers find themselves in a dire situation, with depleting public finances, falling commodity revenues, increasing unemployment and furloughs, spiraling poverty, reverse migration, and increasing debt liabilities, among others. The early availability and massive administration of vaccines will largely determine the course of the pandemic and the improvement or deterioration of economic progress. Such uncertainties will have serious implications for regional economic cooperation and the integration agenda for at least the next few years and could shift the knowledge needs of countries from a regional integration approach to inward looking, single country focused knowledge products necessitated by the emergency response and subdued economic recovery. Developing a new strategy will give the CI the necessary latitude to consolidate its human and financial resources to respond to evolving challenges and consequent knowledge demands in the wake of the COVID-19 pandemic. In this changing environment, the CI will reprioritize its approach and efficiently deploy available resources to help member countries preserve and enhance regional cooperation and integration (RCI), and connectivity in the mid to long term.



THE GLOBAL AND REGIONAL ECONOMIC LANDSCAPE

3.1. Evolving Economic Landscape

9. Multifaceted Uncertainties. The COVID-19 pandemic has drastically changed the global economic environment and the economic and social situation in the CAREC region. It has triggered a global health emergency, which has quickly morphed into an economic crisis of unprecedented proportions not seen since WWII. Loss of lives and mounting economic woes have affected the livelihood of millions of people throughout the world. The impact on the CAREC countries has been severe, with the extent of welfare losses yet to be fully quantified. Developing countries, including those in the CAREC region, are especially strongly exposed to the pandemic because of the limited capacities of their healthcare systems; the financing of recovery programs is much more complicated than for developed countries, the share of vulnerable parts of the population higher, and

the financial resilience of a large part of businesses much lower. The operational environment for the CAREC countries and the CI will be largely shaped by risks such as the emergence of new variants of COVID-19, slow vaccine rollouts, pace and direction of economic recovery, and geopolitical risks and developments.

10. The Afghanistan Factor and its Implications. The turn of events in Afghanistan brings with it the humanitarian, economic, and RCI challenges. The Afghanistan economy—already battered by the pandemic, decades of war and social divide, and governance issues—will now face wide-ranging challenges, further accentuated by the freezing of overseas assets and suspension of multilateral development assistance and loans. The actions of the new regime and their global acceptance and recognition are likely to determine the future implications of the

Afghanistan situation for the CAREC Program and the CI operations. A return to stability is needed to avoid a significant influx of refugees into the neighboring countries, further straining their limited resources. Uncertainty might halt or significantly slow down the progress made on regional projects such as the Central Asia–South Asia Electricity Transmission and Trade Project (CASA-1000), the Turkmenistan–Afghanistan–Pakistan–India (TAPI) pipeline, and a rail project linking Central Asia with ports in Pakistan.

11. Strained Fiscal Accounts and Rising Inflation. A recovery in exports and relatively low imports owing to weakened production and consumption during the pandemic have kept the balance of payment pressures relatively moderate and exchange rates relatively stable since the second half of 2020. The unexpectedly steady growth in remittance inflows to some CAREC countries has also eased pressures. At the same time, lower tax revenues because of reduced economic activities and higher government spending aimed at mitigating the pandemic's consequences led to deteriorating fiscal balances and substantially higher public debt. The financial sector is confronted with the threat of rising non-performing or doubtful loans. Global food prices have increased by 33 percent during 2021, fueled by supply chain disruptions, drought and diseases in production hubs, among other issues. Owing to partially low inventories and supply bottlenecks while economic activities began to accelerate, annual consumer inflation in the CAREC

economies had increased to 8.6 percent by July 2021 on average—the highest inflation rate since 2011. However, while driving inflation in early 2020, food price inflation in the CAREC region has slightly eased in 2021.⁴

12. Uncertain Better Recovery. Most CAREC economies are on course to recover beyond 2019 levels, but there is still uncertainty about how much time will be needed to fully overcome the COVID-19 crisis. Overcoming health uncertainties will depend upon availability of vaccines, and importantly, the public's willingness to vaccinate, and medical treatment for the disease. To restore the confidence of governments and populations and avoid the re-imposition of containment measures, it will be necessary to attain herd immunity. The emergence of new variants of COVID-19 has seen a significant increase in the number of confirmed cases in some CAREC countries. Currently available vaccines provide strong protection against new variants. However, the pace of acquisition and inoculation is slow in the CAREC region, where vaccine acquisition so far is enough to cover only 57 percent of the population on average, as compared with multiple times more in advanced countries.⁵

13. Amid looming uncertainties, the pandemic has inspired a push for the transition to greener and more digitalized economies and better targeting of vulnerable social groups under the slogan 'recover better.' The drive for better recovery opens new opportunities for the CAREC economies to reform while making it more urgent to modify their economic models.

⁴CAREC Institute Quarterly Economic Monitor, September 2021

⁵Ibid

Hydrocarbon exporters will face a shift in global demand to renewables in the long run, making pressure to diversify their economies even more urgent.⁶ Owing to the region's reliance on fossil fuels for its energy systems, the region contributes a disproportionate share of global greenhouse gas (GHG) emissions. Economic policies and infrastructure investment should consider low carbon options as well as a resilience to future changes and shocks. Climate change, shifting consumer demand, and digitalization will substantially impact how agriculture and industry will produce and market its products. Services will have to change as well.

14. Digitalizing the Economy. E-government, remote working, and e-commerce have increased rapidly in importance during the COVID-19 pandemic. While CAREC member countries are making efforts to digitalize, there is wide disparity in the region and overall they are yet to catch up with the international levels of digitalization. For instance, fixed broadband subscriptions per 100 individuals in 2018 ranged from 28.5 for the PRC and 21.0 for Georgia to 0.85 for Pakistan and 0.04 for Afghanistan (0.09 for Turkmenistan and 0.07 for Tajikistan in 2017).⁷ By comparison, the figure is 46.4 in a leading country such as Switzerland.⁸ The rankings of the CAREC countries in the UN's 2020 United Nations E-Government Survey range from an impressive 29 for Kazakhstan and 45 for the PRC to 158 for Turkmenistan and

169 for Afghanistan.⁹ The PRC's 'Beijing Action Plan to Accelerate New Infrastructure Construction (2020-2022)' will further advance digitalization and alter the digitalization landscape both globally and in the CAREC region.¹⁰ The CAREC economies will have to use the new technologies that become available, speed up their digital development, and become part of the evolving global digital ecosystem to avoid a dramatic widening of the digital divide. The CAREC digital strategy 2030 will support digitalization in the region by creating a digital space based on a data-driven and platform-enabled regional digital economy and society. The CI will support the work to meet the objectives of the CAREC digital strategy 2030 and will closely coordinate with the CAREC Secretariat and other stakeholders for implementing the strategy.

15. Converting Transport Channels into Economic Corridors. Infrastructure and economic connectivity, trade, and economic corridors are at the core of the CAREC program. From 2001 to the end of 2020, US\$39.34 billion worth of CAREC program-related investments were made.¹¹ The PRC's New Silk Road Initiative, part of the Belt and Road Initiative, has emerged as a new opportunity for the region, especially for the landlocked Central Asian countries. To open up new markets for the CAREC region, transport corridors need to become focal points of regional logistic networks in order to transform into economic corridors. To be successful, they require superior logistical

⁶<https://openknowledge.worldbank.org/bitstream/handle/10986/33624/CMO-April-2020.pdf>

⁷<https://www.itu.int/en/ITU-D/Statistics/Pages/stat/default.aspx>

⁸Ibid

⁹<https://www.un.org/development/desa/publications/publication/2020-united-nations-e-government-survey>

¹⁰http://fgw.beijing.gov.cn/fzggzl/pyxytxms/zcwj/202006/t20200610_1921751.htm

¹¹https://www.carecprogram.org/?page_id=13630

and digital infrastructure. To upscale economic corridors into real centers of economic development, they need to be part of the overall drive for smart diversification, greening, digitalization, and higher efficiency and competitiveness. Ongoing successful initiatives driven with ADB-support in the region include the Almaty-Bishkek Economic Corridor (ABEC) and the Shymkent –Tashkent–Khujand Economic Corridor (STKEC), which are at different stages of development.

16. Sustainable Energy, Climate Change, and Agriculture. Large parts of the international community call for a sustainable energy future.¹² In its sustainable recovery plan, the International Energy Agency wrote, 'energy has not featured prominently in the COVID-19 recovery packages proposed to date. Yet the magnitude of this crisis, as well as lessons from the 2008-2009 global financial crisis, combined with the current long term trajectory of global CO₂ emissions, all lend credence to the case for heightening attention to the energy sector in the next phases of recovery and stimulus programs.'¹³ In the CAREC region, CO₂ emissions are still growing significantly and were 8.4 percent higher in 2018 than in 2010 and 24.9 percent higher excluding the PRC.¹⁴ Pollution is high in many regions and cities. Reforms of the hydrocarbon and coal sectors and electricity and district heating must be a priority for several

governments in the region. Reducing high energy consumption by industry, often because of outdated equipment, and better isolation and more rational consumption in the housing sector is crucial.

17. Changes in the pattern of rainfall and temperature owing to climate change will lead to significant losses in crops. It will be necessary to invest in novel technologies such as drip irrigation systems and climate-smart agriculture, altering farm types, and switching between crops and livestock suited for dryer conditions. Further improvement to water management is needed. In support of more efficient agricultural value chains, CAREC governments are pursuing agricultural diversification strategies now, in contrast to older agricultural policies that emphasized food security.¹⁵ Better logistics and other infrastructure support are paramount for bringing agricultural products to the market. Compartmentalized agricultural value chains can be an obstacle in providing high value agricultural products to consumers, especially as these tend to be perishable.

18. Water and socioeconomic development in Central Asia. Historically being ancient water civilizations, having a continental climate and developed water infrastructure, the region is among the highest water dependent regions in the world. The availability of water determines economic

¹²ADB's draft Energy Policy 2021 outlines five main principles: (i) securing energy for a prosperous and inclusive Asia and the Pacific; (ii) building a sustainable and resilient energy future; (iii) engaging with institutions and framing policy reforms; (iv) promoting regional cooperation to enhance energy security; and (v) providing integrated solutions and cross sectoral operations to maximize development impact

¹³<https://www.iea.org/reports/sustainable-recovery>

¹⁴Source: <https://unfccc.int/process-and-meetings/transparency-and-reporting/reporting-and-review-under-the-convention/greenhouse-gas-inventories-annex-i-parties/national-inventory-submissions-2019>, own calculations

¹⁵<https://www.carecinstitute.org/wp-content/uploads/2020/01/IFPRI-CI-ADB-paper-Dec-2019.pdf>

performance, social coherence, and even political stability. The water policies of the countries in Central Asia have long been incompatible with each other, creating fierce competition for the region's limited water resources. Water contributes 5 percent to 28 percent of countries' GDP through irrigated agriculture, contributing almost 30 percent of total energy in the region via hydro energy production. Currently, the region's countries and Afghanistan are utilizing almost 95 percent of the available water resources of the region.¹⁶ The CAREC water pillar aims 'to contribute to a sustainable, climate-resilient, productive and water-secure region with shared benefits among States and communities.'¹⁷ The water pillar focuses on regional interventions that go beyond the benefits delivered through national projects alone.

19. Weak Social Safety Nets. The pandemic has revealed many weaknesses in social protection systems. The COVID-19 pandemic has reversed the gains in global poverty for the first time in a generation, which might push 150 million people into extreme poverty by the end of 2021. The recent World Bank Poverty and Shared Prosperity report projected the global extreme poverty rate to be 9.14 percent to 9.48 percent in 2020. Data on social protection is rather scarce in the CAREC region, which is in itself an indication of a lack of protection. The available numbers point especially to inadequate

unemployment coverage and high informality. The ILO reports that the COVID-19 crisis has worsened the longstanding structural challenges and inequalities in the labor market, undermining recent progress in poverty reduction, gender equality, and decent work. The official unemployment rate in Central and West Asia has risen to 9.3 percent in 2020 and is projected to worsen to 9.8 percent in 2021 against 8 percent in 2015.¹⁸

20. Pressure on the Health Sector. COVID-19 also highlighted the importance of resilient healthcare systems, not only for protecting health and lives but also for the economy. CAREC countries' performance on the global Health Security Index ranges from very high to very low.¹⁹ The international experience during the COVID-19 pandemic has shown that even good and highly ranked health systems alone are not sufficient to protect populations against epidemics or other big calamities. There must be good coordination between many branches of the state to come up with and implement the right policies, with proper systems of medical procurement, financing, and health coverage, and upgrading the skills of medical staff. The CAREC health strategy 2030 will support member countries' resolve and capacity to address these issues.²⁰

21. Deploying Unconventional Policy Tools. There has been a shift in economic policy thinking in many countries and

¹⁶Source: www.ca-water.info, visited in August 2021

¹⁷ADB Regional Technical Assistance TA-9977. Central Asia Regional Economic Cooperation (CAREC): Developing the Water Pillar

¹⁸Here and below in this paragraph, the source of data is ILO (ILO World Employment and Social Outlook 2021 and its database)

¹⁹<https://www.ghsindex.org/>

²⁰Draft CAREC health strategy 2030 is under formulation to be approved by CAREC MC in Nov 2021

international financial institutions (IFIs). The earlier emphasis on highly prudent fiscal and monetary policies has currently moderated to demanding transparent policies with clear time schedules. Even for the developing economies, the conventional approaches on public debt are relaxed with a view to reverse the economic declines caused by restrictive policies. However, this has to be done through a delicate policy balance in order to keep macroeconomic frameworks sufficiently stable to accommodate a return to growth. For the CAREC economies, this paradigm shift is the more relevant as most of them have experienced a stepwise slowdown in GDP growth compared to early 2000, even before the COVID-19 crisis. Macroeconomic and macroprudential indicators must be monitored carefully to avoid unsustainable debt trajectories and financial strain.

22. Governance and Accountability. The pandemic induced contraction of economic activity in nearly all sectors of the economy has caused policymakers to dramatically increase fiscal stimulus to save lives, prevent unemployment, and keep businesses from bankruptcy. Globally, trillions of dollars have been pumped into the economies to prop them up against actual or potential adverse impacts of the COVID-19 pandemic. The rapid shift towards government-led demand and investment raises concerns about transparency, governance, and accountability, particularly in those countries with a record of weak law and

order environment, governance, and accountability of institutions. There are also concerns about the increasing size and role of the state in the economy. On top, low adoption levels in most of the CAREC countries of technologies that document and trace down the social safety handouts under COVID-induced relief packages, the awarding of government contracts, and procurement of goods and services create opportunities for misuse.

3.2. Implications for Regional Cooperation and Integration

23. Promoting regional economic cooperation and integration is a key strategic priority for the CAREC member countries. However, COVID-induced constraints and geopolitical risks, especially the developments in Afghanistan, are likely to have far reaching consequences for the achievements made in promoting regional economic cooperation in the CAREC region. The CAREC region is one of the lowest integrated regions in Asia. The integration progress has remained modest over the past decade and a half. According to the recent CAREC Regional Integration Index (CRII)²¹ report (February 2021), there has been some progress in CAREC integration over the past decade and a half, but only very moderate. There is an improvement in all six dimensions of the CRII, except for institutional and social integration, which shows a marginal decrease. Trade and investment, and money and finance remain the areas with

²¹CRII measures the progress in regional economic cooperation and integration among the CAREC member countries in 16 indicators along six dimensions: trade and investment, money and finance, regional value chains, infrastructure and connectivity, free movement of people, and institutional and social integration

²²CAREC Regional Integration Index: Some Progress, but New Push Required, Feb 2021: https://www.carecinstitute.org/wp-content/uploads/2021/02/CRII-edited-10-Feb-2021_HK3.pdf

the lowest integration.²² The COVID-19 pandemic has caused border closures, halted trading activities, and disrupted migration and remittance flow. Complex border crossing procedures, health safety requirements, and return migration are complicating the RCI progress in the CAREC region. Four of the six CAREC corridors traverse Afghanistan, which is also the lynchpin for regional projects such as the TAPI gas project, the CASA-1000 project, and Mazar-i-Sharif-Kabul-Peshawar railway project. The political trajectory in Afghanistan will determine the direction of development on these key regional integration projects. The CI will deepen its engagement with member countries to offer targeted knowledge interventions to mitigate the adverse effects of the pandemic and geopolitical developments on regional cooperation and connectivity.

24. Clogged Border Crossing Points. As a result of investments and improvements in transport infrastructure, transportation speed on the CAREC corridors has accelerated. However, the transportation speed related to soft infrastructures, such as improved processes at border crossing points (BCPs), has shown volatility and has slowed on average.²³ The ADB-led CPMM evaluates a set of trade facilitation indicators (TFIs).²⁴ The COVID-19 pandemic has adversely affected the movement across all or most BCPs in the CAREC region: in 2020, the time and cost for crossing a border rose by 23.7 percent and

by 22.8 percent, respectively, over the 2019 period. For road transport, the average time to cross a border has increased from 12.2 hours in 2019 to 15.1 hours in 2020. Similarly, the cost for crossing the border jumped from US\$161 in 2019 to US\$199 in 2020.²⁵ Long queues on some borders during the COVID-19 pandemic highlighted that soft infrastructure and better coordination among border agencies of the CAREC countries need heightened attention.

25. Low Trade Integration. Trade in goods and services across borders is an essential instrument for driving regional economic cooperation and integration. Progress on overall intra-CAREC integration and particularly trade integration has been modest over the last decade and a half.²⁶ The exception is trade with the PRC, which strongly increased. Excluding the PRC, the CAREC region's share in overall CAREC trade remained constant over the last decade and a half. Intra-CAREC (excluding the PRC) trade has grown less than CAREC GDP since 2005. The product structure of intra-CAREC (excluding the PRC) trade resembles the structure of CAREC's global exports.

26. Return Migration and Shrinking Remittances. The unprecedented lockdowns and international travel restrictions brought about by the COVID-19 pandemic have caused massive layoffs and subdued international migration, both in the formal

²³The average speed without delay to travel on CAREC corridors improved from 41km/h in 2010 to 46km/h in 2018 for road transportation. The average time taken to clear a BCP worsened, by contrast, from 6 hours in 2010 to 12 hours in 2018 <https://www.carecprogram.org/uploads/CAREC-Corridor-Performance-Measurement-Monitoring-Annual-Report-2018.pdf>

²⁴TFI includes (i) a time taken to clear a BCP; (ii) cost incurred at a BCP; (iii) cost incurred to travel a corridor sector; and (iv) speed to travel along CAREC corridors, to illustrate the overall annual performance and efficiency of the CAREC corridors

²⁵CAREC Corridor Performance Measurement and Monitoring Annual Report 2020, ADB. August 2021

²⁶<https://www.carecinstitute.org/wp-content/uploads/2020/06/CI-HH-Econ-Brief-Intra-CAREC-Trade-29-June-2020-1.pdf>

and informal sectors of the global economy. According to the United Nations Department for Economic and Social Affairs (UN DESA), the COVID-19 pandemic may have reduced the number of international migrants by around 2 million globally by mid 2020, corresponding to a decrease of around 27 percent in the growth expected from July 2019 to June 2020.²⁷ The return of migrant workers stresses the already weak job market in the CAREC region and has serious implications for remittance flows to countries heavily dependent on these, such as Pakistan, Kyrgyzstan, and Tajikistan. Remittances equal to as much as 34.7 percent of GDP in Kyrgyzstan, 30.5 percent in Tajikistan, and 11.9 percent in Georgia.²⁸

27. Low Participation in Value Chains. The COVID-19 pandemic has exposed the vulnerabilities of maintaining sustainable global supply chains. Since the mid 1990s, the trend to offshore low end production processes to low cost developing economies has gained traction. However, with its devastating impacts on production, trade, and transport, the pandemic has made it exceedingly difficult for businesses to secure the supply of critical ingredients in the production ecosystem. As we advance, to mitigate the risk of supply disruptions, companies may consider relocation and reshoring and adopt inward-looking policies consistent with government policies to reduce reliance on offshore supply, at least in critical sectors such as

health equipment and pharmaceuticals. The trend is expected to gain further traction with the onset of the fourth industrial revolution, where the automation of key industrial processes and the induction of artificial intelligence and 3D printing will enable firms to overcome price arbitrage benefits that have created global value chains. The CAREC region is not well integrated with the production process within the CAREC countries. Mongolia and Kyrgyzstan were most integrated into the CAREC production process (18.9 percent and 15.2 percent regional value chains participation index, respectively), followed by Pakistan and Tajikistan (8.8 percent and 6 percent) in 2015.²⁹ The pandemic-induced border closures, the fall in global trade, and inward policy orientation will further undermine participation in value chains, and RCI in general.

²⁷UN DESA, International Migration 2020 Highlights:

https://www.un.org/development/desa/pd/sites/www.un.org.development.desa.pd/files/undesa_pd_2020_international_migration_highlights.pdf

²⁸ADB Working Paper Series: Evaluating the impact of remittances on human capital investment in Kyrgyzstan, May 2021: <https://www.adb.org/sites/default/files/publication/703726/ewp-637-remittances-human-capital-kyrgyz-republic.pdf>

²⁹Assessing Participation of CAREC Countries in Global and Regional Value Chains, paper produced under CTTN Research Grants Program. February 2020. Yaroslava Babych, Davit Keshelava, Giorgi Mzhavanadze

IV

RECOMMENDATIONS AND STRATEGIC PRIORITIES UNTIL 2025

4.1.Vision, Mission, and Guiding Principles

28. The IGA defines the CI as an intergovernmental organization with a full legal personality under the auspices of the MC of the CAREC Program. According to the IGA, the 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.

Vision

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

Mission

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

29. The CI's long term vision is consistent with the 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.

Guiding Principles

Considering the operational principles laid out in the IGA and other CAREC strategic documents, CI's strategy 2021-2025 is defined by the following guiding principles:

- a) Alignment with CAREC program: CI will focus on issues related to achieving the goals linked with and complementary to the CAREC program.
- b) Consistency with international best practice: CI will 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 will be balanced and fair, considering the multitude of needs of CI member countries.
- e) Equitability: Services provided by CI will be distributed equitably among member countries based on their needs and initiatives.
- f) Collaboration: CI's activities will be planned and conducted in collaboration with member countries, partner organizations, think tanks, universities, research, and training centers.

30. The global and regional economic and geopolitical landscape has changed dramatically since the adoption of the CI strategy 2018-2022. The COVID-19 pandemic has brought many weaknesses of current economic and social systems into the open and has accelerated several underlying global trends, such as digitalization and the restructuring of global value chains. Many countries, including those in the CAREC region, face heightened fiscal and monetary strain. Simultaneously, there are international calls and actions for 'building back better,' especially for greener economies to mitigate climate change. The political situation in Afghanistan has added another important dimension to the regional integration efforts. The pressure has

increased on the CAREC countries to modify their economic models to live up to the changing environment.

31. The review finds that the CI's vision, mission, and guiding principles, identified in the strategy 2018-2022 results framework, remain valid and the CI's directions are largely focused on accomplishing these strategic objectives. However, to deliver its long term vision to become a leading knowledge center in the region supporting the CAREC Program, the CI needs to ramp up efforts by providing cutting edge knowledge services to member countries consistent with the strategic priorities of the CAREC Program and the evolving regional landscape. To better understand the country-specific economic context, research, and capacity constraints,

the CI needs to deepen its engagement with the CAREC Secretariat and member countries. Consistent efforts are required to establish knowledge cooperation with regional and international research institutions and think tanks, both in the public and private sector, to strengthen South–South knowledge cooperation.

4.2. Institutional Strengthening

32. Attracting and Retaining Technical Talent: To fulfill its mission, the CI must attract and retain technical staff who could serve for an extended period, ensure operational continuity, and effectively contribute towards achieving CI's long term strategic objectives. The CI has to develop a comprehensive mechanism to identify essential skill gaps—sectoral and technical, including managing outsourced consultants—and recruit the required talent transparently and efficiently to make the CI an organization that is more agile, innovative, and responsive to the evolving challenges described earlier. To avoid the frequent turnover of professional staff, the CI needs to strengthen the current career progression mechanism, nurture skills, and incentivize high performing staff without losing sight of the Institute's strategic objectives. The CI needs to set up a robust output monitoring system and a 360 degree appraisal system for staff performance against objectively measurable indicators to align goals with incentives.

33. Diversifying Financial Resources: Financial sustainability is critical to organizational growth. Since its inception,

the CI has remained heavily dependent on financial support from the PRC and the ADB. This financing structure is deemed to be unsustainable in the long run. Therefore, the CI needs to take both short term and long term measures to diversify its financial resources gradually. For the strategy period 2021-2025, the CI has to (i) negotiate with the PRC and other potential member countries to shift from an annual contribution to a multi-year replenishment cycle to ensure operational certainty; (ii) continue efforts to secure funds from member countries; (iii) develop institutional resource mobilization and partnership capacity; and (iv) ensure effective oversight of financial resource management by a well functioning budget and audit committee in the GC. By the end of the strategy period, the CI has to be able to (i) develop and implement, in collaboration with member countries, a comprehensive resource mobilization strategy that will, among other things, include an engagement roadmap with potential donors, partners, private sector companies, and research grants; (ii) reach out to potential partners and clients and proactively explore co-financing and fee for service options; and (iii) explore product-wise funding from governments and other funders for its flagship outputs, such as TTDF, CPMM, and CRIL.³⁰

34. Ensuring Conducive Working Environment: The availability of an enabling working environment is a fundamental prerequisite for innovation and creativity. The CI needs to accelerate efforts and earmark substantial resources to (i) promote and strengthen the use of ICT; (ii)

³⁰Most of the recommendations are adapted from Mr. Johannes F. Linn, ADB Consultant, TA-8301 REG: An Exploratory Assessment of the Financial Sustainability of the CAREC Institute

ensure an uninterrupted, high speed internet supply; and (iii) attain access to authentic and credible journals and databases. Further, the CI needs to intensify negotiations with interested member countries for opening satellite offices and regional hubs to (i) benefit from location advantages and (ii) promote a need-based remote working culture. The signing of the MoU between CI and the Governments of XUAR and Urumqi Municipality in November 2020 will simplify the joining and settlement procedures of international staff, accelerate the provision of an uninterrupted supply of high speed internet and access to global knowledge sources, and facilitate the CI to deepen its engagement in the region with enhanced organizational and operational efficiency. The CI needs to step up efforts for accelerated availability of the privileges of an international organization, as enshrined in the IGA and consequently reflected in the HCA.

4.3. Achieving Operational Excellence

35. Strategizing Operational Priorities. Since the adoption of the strategy 2018-2022, the CI's operations have concentrated mainly on three priority clusters—(i) economic and financial stability; (ii) trade, tourism, and economic corridors; and (iii) infrastructure and economic connectivity—with the selection of a few topics from agriculture, water, and human development clusters. Of the three clusters, the majority of the training and research activities have focused on the second and third clusters, except one research product on macroeconomic forecasting from the first cluster. However, since the adoption of the strategy

2018-2022, the global and regional economic landscape has changed significantly, owing mainly to (i) the unprecedented economic meltdown caused by the COVID-19 pandemic, (ii) a slump in global energy prices, (iii) trade friction between the world's largest economies, and (iv) the developments in Afghanistan.

36. Priority Focus: The unprecedented challenges entail that the CI deploys its limited human and financial resources judiciously to realign the CI's strategic direction to address the more imminent regional challenges faced by the member countries. Given the CI's mandate and overarching objective of becoming a reputable think tank in the region, during the strategy 2021-2025, the CI will (i) continue to abide by the principle of regionalism in its approach for delivering its mandate; (ii) build in-house technical expertise around a few core themes within five CAREC priority clusters and integrate its resources around them for producing high impact, high quality knowledge output; (iii) select relevant topics for knowledge interventions emanating from the core themes; (iv) keep the flexibility to offer demand based technical knowledge services on any country specific issues, as long as they support RCI and are within the CI's in-house technical expertise and specific CAREC priority clusters; and (v) integrate the COVID-19 pandemic as an overarching and cross cutting theme in its operations.

● **Flagship Activities:** Over the span of five years, the CI has slowly but steadily continued its progress towards finding its niche and the comparative advantages of a unique

intergovernmental think tank located in the region. The CI has hitherto managed to identify and promote the CRII, the Annual Think Tanks Forum, and CPMM as flagship activities by allocating substantive financial and human resources. In the new strategy period, the CI will improve flagship programs to enhance their impact and remain flexible to embrace one or two more flagship activities—such as an annual flagship report, trade data monitor, quarterly economic monitor (QEM), and so on—resource and expertise permitting.

● **Programmatic Approach:** The CI recognizes the benefits of an interlinked and programmatic approach to delivering its mandate, particularly in the activities envisaged under the flagship area. To this end, the CI has already established cross divisional task teams that are engaged with CPMM and digital CAREC projects, including CB activities based on CI's research outcomes. The updated strategy period will witness the CI completing this transition from a functional to a programmatic approach (for example, CB trainings based on undertaken research activities) to knowledge services.

37. Expanding Research Portfolio. The CI has to shore up the research portfolio to ensure that its research maintains its strategic relevance and effectiveness in responding to the renewed global and regional challenges and to produce good quality policy research feeding into informed policymaking in the member countries. In the wake of the COVID-19 pandemic, new attention and focus areas

have emerged where member countries need urgent research support. Among others, the research interventions are broadly grouped into five thematic areas: (i) promoting trade and FDI for increasing regional trade flows and participation in regional and global value chains; (ii) achieving 'better recovery' by supporting resilient policies, particularly in tourism, climate change, and green energy sectors; (iii) facilitating cross border financial cooperation among member countries; (iv) promoting capacities and the regulatory environment for creating and benefiting from regional public goods, particularly in the health sector; and (v) leveraging digital technologies for resilience and poverty alleviation. The CI has to pay attention to such sectors and tailor research for meeting both country specific and regional policy challenges in close consultation with member countries, depending on the magnitude of the impact of the pandemic on various sectors of the economy. The CI will continue to consider joint research proposals with full financing options related to any CAREC cluster to expand the research portfolio and develop financing streams.

38. To this end, the CI needs to increase budgetary allocations on research substantially. Since the CI's base functions are adequately funded, and any substantive reallocation may not be feasible, any additional funds for the research division will come either from competitive research grants from development partners and the private sector or from member countries other than the PRC. For instance, the CI will make concerted efforts to transform Pakistan's donation into an annual recurring contribution and initiate

negotiations with other countries, including Kazakhstan, Uzbekistan, Azerbaijan, and Mongolia. The proposed resource mobilization strategy will encapsulate all financing options to increase budgetary allocation for research and KM divisions. Similarly, the CI needs to allocate more human resources by recruiting competitive international staff and secondees from member countries. The CI must quickly acquire sector expertise around core themes (for example, energy and low carbon development, tourism, health, CPMM, transport, and so on) and develop in-house technical research capacity to minimize reliance on outsourced research consultants. Further, the CI has to accelerate efforts to enter into meaningful research partnerships with regional and global research institutes with matching interests in the region.

39. Revitalizing Capacity Building Approach.

During the review period, the CI has made commendable progress in CB. However, renewed efforts and approaches have to be adopted to fill skill gaps and navigate emerging CB challenges caused by the outbreak of the COVID-19 pandemic. The CI needs to continue realigning and transforming its approach to CB to increase sound quality training outcomes exponentially.

40. Although the CI's CB initiatives have retained strategic relevance with CAREC Program priorities, a substantial realignment in the selection of training topics is required, which is necessitated by (i) the COVID-19 outbreak and emerging CB needs; and (ii) some leftover topics which hitherto have not caught the attention of the CI's CB initiatives. The CI has to

continue responding to emerging capacity gaps, particularly in adopting new technologies and responding to health emergencies. The CI needs further work on its newly conceptualized CB approach to (i) identify core capacity gaps in member countries—such as policy, regulatory, and procedural; (ii) determine levels of capacity for various governmental tiers—such as, leadership and operational; (iii) determine stages of CB—short duration to extended period; and (iv) define measurable outcomes of CB interventions—anticipated changes in policy formulation. It is understood that determining causal links between CB activities and the capacity increase is quite challenging. However, to ensure the quality of CB interventions, the CI needs to put in place at least a minimum impact evaluation, feedback, and sustainability mechanism to make CB activities attractive to stakeholders and to reach targeted audiences.

41. The CI has already conceptualized a hybrid learning approach to CB (mixture of virtual and physical) consisting of three phases and developed an e-learning platform for CB. For the strategy period, the CI will hone and strengthen the e-learning platform to deliver sustainable and full cycle CB training. Going forward on this front, the CI will continue optimizing its e-learning capacities to intensify CB efforts by leveraging reach and resources with national CB institutions in member countries.

42. Adopting an Innovative Knowledge Management Approach. KM plays a vital role in providing cutting edge knowledge solutions and sharing best practices to meet the region's enormous challenges. In

a short period, the CI has made significant progress by adapting research products and reaching out to a multitude of stakeholders in the region and beyond. To leverage its comparative advantage of a regional intergovernmental organization and optimize the progress made, the CI needs to innovate the KM approach by emphasizing the design of user friendly knowledge products and harnessing technology for bolstering dissemination. Thus far, the CI has not sufficiently taken into account that CAREC countries are at different stages of economic development, requiring customized knowledge solutions. In the hyperconnected era, going forward, the CI needs to (i) pursue a demand-driven approach to KM by engaging with member countries to understand their specific knowledge needs; (ii) as the knowledge arm of the CAREC program, deepen engagement with the CAREC Secretariat for designing high demand, high impact knowledge products catering to regional and country specific needs for the consideration of the CAREC MC; (iii) strengthen interdivisional knowledge coordination for an integrated approach to KM; (iv) innovate 'on the go' knowledge products to serve busy senior policymakers by leveraging non-traditional digital communication channels; (v) harness technology for improving dissemination methodology and channels to reach out to relevant stakeholders; and (vi) adopt tools for organizing and indexing knowledge to ensure easier navigation for both internal and external users. The CI has to invest essential human, financial, and ICT resources in the KM division to achieve this objective.

43. Improving Partnerships and Networks.

Since its inception, the CI has worked diligently in the arena of partnerships and alliances with regional and international organizations. Over a period of five years, the CI has concluded over a dozen partnerships with both smaller and larger organizations. However, barring a few exceptions, the experiment has fallen short of yielding the intended objectives. For accruing material and sustained benefits from partnerships, the CI needs to overhaul the partnership approach substantially. The CI has to (i) undertake a thorough assessment of its current partnerships with a view to identify and articulate potential synergies; (ii) develop a framework to engage with current partners; and (iii) prepare structured criteria for future partnerships. The CI needs to consider deepening its partnership arrangements with ADB, AIIB, and other multilateral institutions and forums. The CI has to emphasize substantially upgrading the activities under the CTTN. Going forward, the CI needs to (i) diligently review the design, approach, and organization of its flagship think tanks development forum to make it a center for CAREC knowledge network organization; (ii) strengthen the CTTN grants program to improve the quality of papers produced under the program; (iii) operationalize the CTTN blog for a meaningful exchange of best practices and ideas among think tanks and universities; (iv) accelerate efforts to make the think tank talk series a regular feature, offering an attractive platform to think tanks for sharing research findings; and (v) promote South–South knowledge cooperation among think tanks. To achieve all this, the cooperation has to be much more focused on CI's research priorities.

44. The CAREC Corridor Performance Measurement and Monitoring.

In 2020, the ADB and the CI agreed to enter into a collaborative partnership for the future administration and implementation of the CPMM mechanism to draw on each other's strengths and deliver an enhanced set of CPMM products to the end clients, the CAREC member countries. While the ADB has led and financed the development and maintenance of CPMM methodology, data gathering and analysis, report production, and publication since 2009, the CI is uniquely placed to leverage its growing networks of research and knowledge institutions on a national level throughout the CAREC region to help the CPMM expand its methodology and outputs, optimize data collection and validation, and promote more effective use of CPMM data and analysis in policy related decision making, as well as in independent research. By the end of the strategy period, the CI will acquire the necessary skills, resources, tools, and techniques to complete the transition from the ADB to be in the driving seat of the CPMM.

45. Adoption of Digital Approaches. Over the previous two decades, disruptive technologies have dramatically transformed individuals, organizations, and countries to an extent never witnessed before. The CI's transition from a relatively new institution to a mature, go-to place for knowledge solutions in the region largely depends on its adaptability to embrace agile, cutting edge technologies in its operations to increase efficiency and effectiveness. In the digital era, technology serves as an enabler to substantially increase organizational efficiency. In addition to adopting an e-learning platform, the CI needs to

democratize digital/virtual approaches across the entire spectrum of knowledge solutions. By promoting digitization in its operations, the CI will be better placed to (i) shore up organizational efficiency with a view to enhancing the outcomes of its interventions significantly; (ii) inspire and lead regional, relatively smaller think tanks and research institutions to adopt digital technologies; and (iii) understand digital adoption gaps in member countries and offer suitable solutions to accelerate the bridging of digitization gaps.

46. Quality Assurance Framework. For the CI to achieve the status of a reputable, mature think tank in the region, it should dramatically enhance the quality of its products and interventions. Quality assurance needs to be embedded in all the CI's operations. The CI has already established an internal and external publication board to enhance the quality of research output. However, going forward, the CI has to develop and adopt a QAF that should encompass all activities of the CI, including research, CB, knowledge dissemination, partnerships and networking, and high level forums/events. The QAF should, at the very least, develop a peer review process to ensure the CI's output meets regional, and possibly international, best quality standards. For better financial management, the CI will establish a strong internal audit and compliance mechanism to provide assurance to stakeholders on the prudent utilization of funds.



Appendix A. Strategic Priorities and Key Actions for 2021-2025

Strategic Priorities	Key Actions
A. Mission and Guiding Principles	
1. Adherence to the Mission and Guiding Principles	<ul style="list-style-type: none"> (i) Continue strict adherence to the guiding principles for fulfilling its mission by closely engaging with the CAREC program and member countries to promote regional cooperation and integration (RCI) (ii) Support member countries in their unique knowledge and capacity requirements and allocate 25 percent of research, training, and knowledge management (KM) interventions catering to country specific needs
2. Deepening Engagement with Member Countries	<ul style="list-style-type: none"> (i) Increase the frequency of physical interaction with national focal points (NFPs) from once a year (during GC meetings) to at least twice a year (ii) Undertake annual country missions to meet NFPs and sector committees/line ministries to keep abreast with evolving country development context (iii) Request feedback on specific CI products as soon as they are disseminated
B. Institutional Strengthening	
1. Attracting and Retaining Technical Talent	<ul style="list-style-type: none"> (i) Strengthen the recruitment process by engaging a professional headhunting agency to reach out to the maximum number of potential candidates (ii) Nurture staff skills for delivering strategic objectives (iii) Design and support need-based staff trainings for honing existing skills and acquiring emerging skills (iv) Promote interdivisional learning and communication environment (v) Strengthen sectoral and technical skills for developing organizational niche (vi) Update staff compensation and benefits package once every three years, consistent with market trends (vii) Introduce a 360 degree staff appraisal mechanism

Strategic Priorities	Key Actions
B. Institutional Strengthening	
<p>2. Diversifying Financial Resources</p>	<ul style="list-style-type: none"> (i) Optimize financial sustainability working group (FSWG) platform to fast track negotiations for financial commitment (ii) Negotiate with the PRC and other potential member countries to shift from annual contribution to multi-year replenishment cycle (iii) Ensure effective oversight of financial resource management by a well functioning budget and audit committee (BAC) under the supervision of the Governing Council (iv) Establish a resource mobilization team and equip it with necessary tools and techniques (v) Develop a comprehensive resource mobilization strategy for reaching out to potential donors and partners for co-financing of activities (vi) Explore product-wise funding from governments and other funders for flagship products such as think tank forum, CPMM, and CRII
<p>3. Ensuring Conducive Working Environment</p>	<ul style="list-style-type: none"> (i) Promote the use of ICT and ensure uninterrupted supply of high bandwidth internet (ii) Obtain access to authentic and credible research journals and databases (iii) Accelerate and conclude negotiations with Kazakhstan or Uzbekistan for opening a satellite office/regional hub (iv) Intensify negotiations with local authorities to grant privileges to staff as stipulated in the intergovernmental agreement (IGA) and MoU between CI and the governments of Xinjiang Uygur Autonomous Region and Urumqi Municipality

Strategic Priorities	Key Actions
C. Achieving Operational Excellence	
<p>1. Strategizing Operational Priorities</p>	<ul style="list-style-type: none"> (i) Earmark bulk of resources around key thematic areas to promote RCI (ii) Follow the organic principle for topics selection around the thematic areas and the most relevant topics that emerged in the backdrop of COVID-19 for research and capacity building (CB) interventions (iii) Pay special attention to humandevelopment—particularly learning new technologies and CB in the health sector, and social safety nets (iv) Adopt a demand-driven approach within the CI's comparative advantages for the selection of topics for research and CB (v) Pursue fully funded projects within any cluster for ensuring financial sustainability and building research portfolio
<p>2. Enhancing Quality of Research and Expanding Research Portfolio</p>	<ul style="list-style-type: none"> (i) Augment sector expertise in research, at least in the thematic areas (ii) Recruit two international staff (IS) and two secondees with sectoral expertise in key operational areas (iii) Increase the research budget in proportion to the total operational budget (iv) Develop in-house research capacity to lessen reliance on outsourced consultants—by the end of 2025; the CI should be able to produce 50 percent of research output by deploying in-house resources (v) Ensure to tailor research output responding to country specific research needs within the CI's comparative advantages (vi) Deepen research partnerships with regional and global institutions for co-financing and co-producing research products under the CI's research focus (vii) Become a focal point of research network organization around CAREC relevant topics

Strategic Priorities	Key Actions
C. Achieving Operational Excellence	
<p>3. Revitalizing Capacity Building Approach—Developing an E-Learning Platform</p>	<ul style="list-style-type: none"> (i) Earmark necessary financial and human resources for the robustness of the e-learning platform (ii) Enhance and strengthen the cascade training model for exponentially increasing training outcomes (iii) Follow research centric approach to CB (iv) Implement a blended CB approach—combining face-to-face and online training—and increase the proportion of online training to 50 percent of total training (v) Develop impact evaluation/feedback mechanism to trace the impact of training on policymaking in member countries (vi) Ensure to tailor at least 25 percent of the training responding to country specific CB needs (vii) Venture into project management training (viii) Customize training for various levels of government officials—junior, middle, and senior (ix) Identify and collaborate with national training institutes in member countries for reaching out to a wider audience

Strategic Priorities	Key Actions
C. Achieving Operational Excellence	
<p>4. Adopting an Innovative Knowledge Management Approach</p>	<ul style="list-style-type: none"> (i) Place greater emphasis on quality assurance and more customization of knowledge products with strong engagement of CAREC region experts (ii) Adopt a demand-driven KM approach, considering country specific knowledge context within the CI's comparative advantages (iii) Deepen engagement with the CAREC Secretariat for developing high demand, high impact knowledge products for the consideration of the CAREC ministerial conference (MC) (iv) Design a mechanism for strengthening interdivisional knowledge coordination for an integrated approach to KM (v) Leverage technology to improve dissemination methodology and channels for reaching out to relevant stakeholders; use channels popular in CAREC countries (vi) Increase financial, human, and ICT resources in KM (vii) Organize KM for easier navigation (viii) Approach relevant stakeholders, the academic community, and the wider public as well as focusing on government officials

Strategic Priorities	Key Actions
C. Achieving Operational Excellence	
<p>5. Improving Partnerships and Networks</p>	<ul style="list-style-type: none"> (i) Undertake an assessment of current partnerships to identify and articulate potential synergies (ii) Prepare structured criteria for partnerships and cooperation arrangements (iii) Deepen partnership with ADB, AIIB, and other multilateral partners (iv) Make partnerships more CI research focus driven (v) Review the design, approach, and organization of the flagship think tank development forum (vi) Operationalize the CTTN blog for a meaningful exchange of best practices and ideas among think tanks and universities (vii) Fast track efforts to transform think tank talk series into an attractive platform for sharing research findings
<p>6. The CAREC Corridor Performance Measurement and Monitoring (CPMM)</p>	<ul style="list-style-type: none"> (i) Acquire financial and human resources necessary for the complete transition of CPMM from the ADB to the CI by 2025 (ii) Hone capacity of CPMM task force (iii) Deepen network and engagement with key CPMM operational partners in all member countries
<p>7. Adoption of Digital Approaches</p>	<ul style="list-style-type: none"> (i) Acquire cutting edge tools and technologies essential for delivering state of the art knowledge services (ii) Package the CI's experience with adoption of ICT tools and share with regional think tanks (iii) Identify digital adoption gaps in member countries and engage with national training institutes

Strategic Priorities	Key Actions
C. Achieving Operational Excellence	
8. Quality Assurance Framework (QAF)	<ul style="list-style-type: none">(i) Strengthen publication board and set up an external review mechanism for research output(ii) Develop and adopt a QAF that should, at the very least, include standards and guidelines(iii) Designate and empower a quality assurance committee/team(iv) Create an internal audit and compliance position for better financial management



Appendix B. First Three Years: Progress Review of Strategy 2018-2022



Background and Objectives of the Progress Review

The CI undertook a progress review of strategy 2018-2022 to measure progress during 2018-2020 against the targets enshrined in the strategy, to address emerging challenges, and to reap benefits from the new opportunities in the region. Like any other organization, the CI must evolve to maintain and augment its expanding role in the region. It is hence critical to evaluate progress, finetune implementation, and measure results for recalibrating its functions. The review measures progress made on the implementation of strategy 2022, evaluates the relevance, responsiveness, efficiency, and effectiveness of the CI's

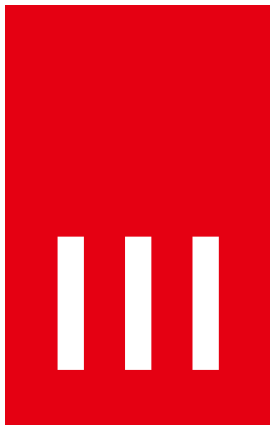
interventions, and recommends refinements in strategic priorities for the new strategy. The review aimed to evaluate the CI's institutional and operational readiness with the view to (i) improving the CI's institutional capacity by adopting innovative approaches and agile technologies in response to the COVID-19 related constraints and limitations; (ii) understanding the nature and extent of the impact of COVID-19 on regional economic cooperation and integration, and the necessary interventions to bridge emerging research and capacity gaps; and (iii) considering options for extending the implementation timeframe of



Methodology

The review of the CI strategy 2022 was initiated by the CI management in early 2020. The Strategic Planning Division (SPD) was tasked with undertaking the review and coordinating with different divisions for its preparation. In the first phase, the SPD gathered the necessary information and data at the staff level and cross referenced it with each division's annual progress reports to the GC. In order to obtain 360 degree feedback from the member countries, the CI collated candid input and feedback from member countries using multiple communication channels and methods, including a survey. The internal and external feedback was triangulated to crystalize the findings and deductions in the review. In the second phase, the draft review was shared/presented to the CI management and staff to solicit their views. This second stage process was run to finetune the findings and recommendations of the review. The review has benefited from and incorporated valuable insights and recommendations from the Asian Development Bank (ADB) supported consultants on the CI's CB and financial sustainability. In addition, the ADB has reviewed the

first draft and offered insightful comments on the structure, approach, and strategic direction of the CI. The CI management approved draft was also shared with key stakeholders for further feedback. The AC—a high level sounding board for the CI—discussed the mid term review (MTR) working paper on 21 October 2020 in a virtual meeting, where ADB presented its comments to the AC members. The AC recommended that the review adopts a forward looking approach and supported the ADB's proposal for the extension of the CI's current strategy term until 2025 to give the CI more time to respond effectively to changing regional knowledge requirements triggered by the COVID-19 pandemic. In view of the AC's recommendations, the review was modified into a forward looking strategic document, which was presented to the 11th GC meeting held on 16 July 2021 in a virtual modality. The GC advised the CI to prepare a forward looking new strategy 2021-2025 incorporating its feedback on the draft strategic document with extended implementation time horizon.



Implementation Progress of Strategy 2018-2022

The review used mainly the following three parameters to review the implementation progress of strategy 2022:

3.1. Mission and Guiding Principles

The IGA defines the CI as an intergovernmental organization with a full legal personality, effectively supporting the CAREC program implementation by providing quality knowledge services while adhering to the guiding principles. The CI has comparative advantages in the region given the committed and continued support of its member countries and development partners as well as integrated working relations. This organizational and functional complexity raises the expectation benchmarks for the CI. To meet the expectations of its multiple stakeholders, the CI must comply with the guiding principles. In the review period (2018-2020), the CI has made reasonable progress in delivering its mission while adhering to these principles. However, much remains to be

achieved in meeting all the stakeholder expectations and addressing the increasing need for coordinated regional cooperation, especially in the context of COVID-19. Having established its physical base in 2015, the CI has been growing considerably and has navigated the establishment and organizational challenges to set up an organizational structure on course for effective delivery of its mandate.

3.2. Strengthening Institutional Capacity

Institutional strengthening is envisaged as the foremost strategic objective for the CI, enabling it to provide demand-driven knowledge solutions to the CAREC program's member countries. To meet this objective, in a short span with zero baseline, the CI has operationalized

an assortment of financial, HR, and administrative and operational policies, rules, procedures, and regulations, essential for achieving institutional efficiency. Organization-wide rolling operational plans, divisional and individual work plans, annual budget cycles, and recruitment plans have been adopted as essential elements of the annual planning process. However, despite enacting a considerable number of rules and regulations, their effective implementation requires improvement. Progress on implementing clearly defined job descriptions for staff and divisions also remains slow.

Staffing has remained a significant challenge for the CI since the establishment of its physical base in 2015 owing to certain external factors. From a small team of five staff members in 2015, the institute's staff capacity continued growing, and by the end of 2020, 36 out of 39 approved positions in all divisions were filled. In the review period, the institute nearly doubled its staff capacity by recruiting staff members from across nine different countries, particularly filling key positions of a chief of research division, a senior research specialist, a chief economist, and an economist. The newly recruited international staff bring a wealth of diverse working experiences with multilateral institutions, UN agencies, academics, research institutions, and governments. This mix of experience and knowledge can be harnessed to put in place a strong mechanism for peer learning and support to achieve the institute's strategic objectives. However, concerns persist regarding the in-house availability of core sectoral competencies consistent with

CAREC priority clusters and skills in information technology, research methods, database management, consultant management, and professional editing and designing. This shortage of competencies leaves the institute's operations heavily dependent on external consultants and service contracts. While it is acceptable for a small organization to outsource some services, efforts need to be made to acquire core competencies. On the job training is at the core of staff development, and some divisions have endeavored to arrange training sessions on secondary skills to encourage peer learning; however, a standardized and structured approach to staff skill development, through in-house or external training, is yet to be adopted. In addition to providing multidimensional support to the CI's operations, the ADB has initiated a series of training sessions to hone CI staff capacity on multiple skills, including the procurement of consultants.

Since its inception, the CI has faced the challenge of diversifying its financial sources and has been vigorously pursuing the objective of diversifying its financial sources by leveraging the GC platform to open communication channels with member countries. In line with the GC's guidance, the CI developed a discussion paper and established an FSWG, drawing membership from all member countries. Besides pursuing a group approach, individual negotiations with at least one country—Pakistan—has yielded a financial contribution of US\$100,000 for the CI's operation. To advance this process further and more systematically, the ADB commissioned an exploratory analysis regarding the CI's financial sustainability. Its aim is to lay out the main issues,

options, and recommendations for possible directions going forward to assure that the CI develops in a financially sustainable way. The assessment is based on a large number of interviews with the ADB, the CI management, experts, and stakeholders; a review of documents; and the experiences of similar institutions, such as the Mekong Institute. It proposed seven recommendations on financial resource mobilization and management actions, and four complementary actions addressing other factors that determine financial sustainability. The financing options explored in the report were presented during the inaugural meeting of the FSWG, held on 10 September 2020. However, the outbreak of the COVID-19 pandemic, with its unprecedented economic impact, presents a formidable challenge to secure recurring funding, at least in the strategy period.

3.3. Delivering Knowledge Services

The CI has been striving to provide programmatic and demand-driven thematic knowledge services to CAREC member countries in the CAREC program priority areas of promoting regional economic cooperation and integration. The CI has been carrying out thematic research, including policy briefs, research based and cascading CB training, organizing forums, research conferences, and webinars. The CI has also customized and disseminated knowledge products using various approaches and channels, and forging partnerships and alliances with regional and global knowledge institutions. During this review period, the CI has been able to deliver on its mandate, given the positive feedback received from member countries.

Since its inception and until the end of 2018, the CI's knowledge services were primarily concentrated on the delivery of CB trainings in collaboration with implementing partners and the production of a few research papers. However, since 2019 the CI's knowledge output has noticeably surged. In the review period, the CI has produced 58 knowledge products that include economic briefs, CPMM briefs, policy briefs, workshop reports, and research on various topics under the institute's mandate. In addition, communications and corporate products, such as monthly e-newsletters and annual reports, became regular with the wide external distribution.

The CI's CB activities aim at filling capacity gaps of member countries by designing and delivering training on topics most relevant to the CAREC program's operational clusters. As stipulated in strategy 2022, the CI is committed to scaling up efforts to adopt numerous formats and encompass various thematic areas within priority clusters. It is encouraging to notice that the CI is progressing and transitioning towards research based, cascade training, including training of trainers (TOT), and a hybrid CB approach. In 2020, CI has been able to deliver more than 50 percent of its workshops based on its own research. The experience of developing an e-learning platform during the COVID-19 pandemic has delivered, promising immediate results. It has increased the capacity for participation significantly. In fact, target participants (whether nominated or not) can attend delivered workshops at any time on their own platform. In some of the delivered virtual workshops, there were

more than 100 participants in attendance—participating from different CAREC locations and beyond. In 2020, the CI has delivered virtual training to more than 1,500 participants. Although the virtual modality has brought about promising outcomes, it has its own limitations—such as lacking face to face networking, no opportunity of side meetings or discussions, and the added challenge of ensuring the undivided attention of the participants. Understanding such limitations, the CI is relying not only on virtual CB activities but also on blended CB programs (a mixture of both virtual and physical, depending on the pandemic containment).

The CI has responded quickly and effectively to the COVID-19 pandemic by delivering economic policy briefs to member countries on urgent policy issues that include: *The COVID-19/Economic Implications for the CAREC Region; Global Uncertainty and Potential Effects on Capital Inflows into CAREC; The COVID-19, Government Measures to Mitigate the Economic Impact; COVID-19 Prospects, Shocks, and Measures; COVID-19 Reaction Functions, Paradoxes, and Latest Economic Data; and Resurgence of the Pandemic and Economic Uncertainties: The Global Scramble for a Vaccine*. Three more studies are in the pipeline: (i) *COVID-19 and Micro, Small and Medium-Sized Enterprises (MSMEs) in the CAREC Region: Impacts and Policy Lessons*; (ii) *COVID-19 and Tourism in the CAREC Region: Harnessing the Role of Technology in Promoting Safe Tourism Destinations*; and (iii) *Analysis of Public Attitudes towards COVID-19 Vaccinations in Selected CAREC Countries*.

KM at the CI is a cross cutting key functional area mandated to (i) facilitate

knowledge creation through workshops, seminars, conferences, forums, and outsourced resource collaboration; (ii) customize information and knowledge content for specific audiences; (iii) reach out to the policymakers and promote awareness of findings and policy options; and (iv) communicate and disseminate knowledge products. In terms of facilitating knowledge creation, the CI, in addition to producing research papers and economic briefs, has produced eight country specific policy briefs drawing perspectives and lessons under the ADB administered CAREC CPMM project, and organized seven webinars on a variety of topics particularly addressing the policy challenges induced by the COVID-19 pandemic. To improve knowledge sharing and dissemination, the CI has actively used multiple channels such as think tank development forums (TTDFs), webinars, monthly e-newsletters, the LinkedIn platform, an NFP specific mailing list, its website, and the Development Asia platform. CI's e-newsletter is disseminated monthly, from an almost zero baseline to reaching nearly 3,000 professionals in governments, think tanks, research roles, universities, and multilateral development partnerships. Similarly, LinkedIn postings and followings have made huge strides in a short period. The media presence of CI's events has witnessed an improvement in both content and coverage, jumping from media coverage of just a few events two years ago to media coverage of more than 100 events in multiple languages.

To compensate for the low level of in-house research expertise, the CI has forged meaningful partnerships with renowned regional and global research institutions, including ADBI, IFPRI, Chinese Academy of

Fiscal Science (CAFS), and Shanghai National Accounting Institute (SNAI). The knowledge output has been further augmented by the research papers produced under the CAREC Think Tanks Network (CTTN) Research Grants Program and ADB-CI Visiting Fellowship Program. Under the CTTN, a TTDF is convened annually and offers an attractive platform for researchers, think tanks, academics, and governments to deliberate on critical regional economic challenges.

Despite producing considerable knowledge outputs in a short period, the CI has not lost sight of its original focus and will continue to address key challenges such as (i) governance challenges; (ii) operational constraints and limitations associated with location; (iii) quality and strategic relevance of knowledge interventions; (iv) in-house sectoral research capacity; (v) financial sustainability; (vi) transition to a digital knowledge hub; and (vii) provision of knowledge services to member countries in a fast evolving regional landscape, being shaped particularly by the COVID-19 pandemic.



Appendix C. Results Framework

Alignment with CAREC Program and Stakeholders' Engagement	Results	Outcome Indicators	Data Source/MoV
<p>Mission: To enhance the quality and effectiveness of the CAREC program by providing evidence based research and capacity building (CB) services, dissemination of knowledge products, and networking with research institutions.</p> <p>Vision: Leading knowledge centre promoting economic cooperation in the CAREC region for shared and sustainable development</p>	<p>Intermediate Outcomes</p> <ol style="list-style-type: none"> 1. Greater adherence to CAREC values and principles through strengthened knowledge based collaborations and deepening engagement with member countries. 2. Strengthened institutional capacity and enabling environment to accelerate actions through agile delivery of knowledge products focused on operational clusters. (SP2 to SP5) 3. Achieved operational excellence through producing high impact need-based research and knowledge products and adoption of digital approaches. (SP 6 to SP12) 	<p><u>By December 2025:</u></p> <ul style="list-style-type: none"> • Inclusion of CI in global ranking of government affiliated think tanks (2020 baseline: none) • The member state satisfaction on the quality and delivery of key functions (Article 4 of the IGA) (2020 baseline: N/A, target: above 80 percent) • Assessment of CI's activities in MC, SOM and NFP meetings (2020 baseline: 0) • All 5 CI's annual rolling operational plans (ROP) approved by CI's GC and implemented by 2025 (2020 baseline: 1) 	<ul style="list-style-type: none"> • Global think tank ranking • CI reports • CI presentations on MC, SOM, and NFP meetings • Client survey • CI annual report • Mid term review of CI strategy
Strategic Priorities	Outputs	Output Indicators	Source

Alignment with CAREC Program and Stakeholders' Engagement	Results	Outcome Indicators	Data Source/MoV
Outcome 1: Alignment with CAREC program and stakeholders' engagement			
SP1. Deepening Stakeholder Engagement	<p>1.1. Enhanced face to face physical interaction with national focal points (NFPs) and respective government departments</p> <p>1.2. The evolving country development context and country needs are closely followed</p> <p>1.3. The feedback mechanism on specific CI products is established and functional</p> <p>1.4. Member countries use CI output for policy making/adjustment</p> <p>1.5. CI included in working/consultative groups in member countries</p>	<p><u>By December 2025:</u></p> <p>1.1. 10 meetings held with NFPs (2020 baseline: 1 during GC, target: 10)</p> <p>1.2. 10 country missions to meet NFPs and sector committees/line ministries in the member countries (2020 baseline: 0, target: 10)</p> <p>1.3. 6 member countries using feedback mechanism.</p> <p>1.4. At least 6 member countries using CI output for some policy formulation/adjustment</p> <p>1.5. CI is included in working/consultative group in at least 3 countries</p>	<ul style="list-style-type: none"> • CI annual report • GC meeting proceedings • CI communication with NFPs and member countries

Alignment with CAREC Program and Stakeholders' Engagement	Results	Outcome Indicators	Data Source/MoV
Outcome2: Institutional Strengthening			
SP2. Attracting and Retaining Technical Talent	<p>2.1. Strengthened recruitment process with professional headhunting agency for recruitment</p> <p>2.2. Staff skills are nurtured for delivering strategic objectives through design and support need-based staff trainings for honing existing skills and acquiring emerging skills</p> <p>2.3. Strengthened technical and operational skills required for operational clusters</p> <p>2.4. A 360 degree staff appraisal mechanism adopted by member states</p>	<p><u>By December 2025:</u></p> <p>2.1. Staff hiring principles and results based job descriptions prepared and implemented (2020 baseline: in place).</p> <p>2.2. At least 80 percent of CI staff trained through appropriate skills and knowledge enhancement activities (2020 baseline: 57 percent)</p> <p>2.3. 25 percent of staff are rotated among divisions to hone their skills in key CAREC thematic clusters (2020 baseline: 0)</p> <p>2.4. Management adopted 360 degree appraisal mechanism (2020 baseline: 0)</p>	<ul style="list-style-type: none"> • CI annual reports • Progress report to GC

Alignment with CAREC Program and Stakeholders' Engagement	Results	Outcome Indicators	Data Source/MoV
Outcome2: Institutional Strengthening			
SP3. Diversifying Financial Resources	<p>3.1. Established financial sustainability working group (FSWG) to accelerate negotiations for financial commitment</p> <p>3.2. The PRC and other potential member countries negotiated to shift from annual contribution to multi-year replenishment cycle</p> <p>3.3. Effective oversight of financial resource management is ensured by a well functioning budget and audit committee (BAC) under the supervision of the GC</p> <p>3.4. A resource mobilization team established and equipped with necessary tools and techniques</p> <p>3.5. Developed resource mobilization strategy for reaching out to potential donors and partners for co-financing of activities</p> <p>3.6. Funding secured from governments and other funders for flagship products such as think tank forum, CPMM, and CRII ensured</p>	<p><u>By December 2025:</u></p> <p>3.1. FSWG is functional and meet annually. Additional CI funding sources identified (2020 baseline: 0)</p> <p>3.2. Multi-year replenishment mechanism is agreed and established by member countries</p> <p>3.3. BAC reviews mechanism of half-yearly expenditure report of the CI and annual audit report is adopted</p> <p>3.4. A functional unit in place with necessary skills to establish long term partnerships with member countries for resource mobilization (2020 baseline: 0)</p> <p>3.5. CI resource mobilization and financial sustainability strategy adopted and progressively implemented (2020 baseline: 0)</p> <p>3.6. A mechanism fee for services for CI products adopted (2020 baseline: 0)</p>	<ul style="list-style-type: none"> • FSWG meeting report • Resource mobilization strategy • Progress report to GC

Alignment with CAREC Program and Stakeholders' Engagement	Results	Outcome Indicators	Data Source/MoV
Outcome2: Institutional Strengthening			
SP4. Ensuring Conducive Working Environment	<p>4.1. Equipped CI with the best available high performance ICT infrastructure on a par with other international organisations</p> <p>4.2. Enhanced access to credible research journals and databases obtained for 5 operational clusters</p> <p>4.3. Accelerated opening of a functional satellite office/regional hub concluded</p>	<p><u>By December 2025:</u></p> <p>4.1. All staff access uninterrupted ICT services at CI offices</p> <p>4.2. Securing subscription to 10 databases for CI research activities (2020 baseline: 5)</p> <p>4.3. Satellite/suboffice is established in 1 or 2 member countries (2020 baseline: 0)</p>	<ul style="list-style-type: none"> • CI annual reports • Independent evaluation of CI in 2023 (MTR) and 2025 • Progress report to GC

Alignment with CAREC Program and Stakeholders' Engagement	Results	Outcome Indicators	Data Source/MoV
Outcome2: Institutional Strengthening			
SP5. Strategizing Operational Priorities	<p>5.1. Increased resources allocation in thematic areas to promote regional cooperation and integration (RCI)</p> <p>5.2. Follow the organic principle for topics selection around the thematic areas and the most relevant topics that emerged in the backdrop of COVID-19 for research and CB interventions</p> <p>5.3. Research and capacity development needs of member countries are better responded</p> <p>5.4. Special attention to human development is paid—particularly learning new technologies and CB in the health sector, and social safety nets</p> <p>5.5. Fully funded projects are pursued within any cluster for ensuring financial sustainability and building research portfolio</p>	<p><u>By December 2025:</u></p> <p>5.1. Putting in place a mechanism to ensure at least 75 percent of knowledge activities/products of CI are linked or promoting RCI by having regional approach or covering 2 or more CAREC countries (2020 baseline: limited)</p> <p>5.2. At least 20 percent of CI's knowledge activities/products are linked to the most emerging or need areas deemed critical by GC and AC (2020 baseline: 0)</p> <p>5.3. A demand-driven approach within the CI's comparative advantages for the selection of topics for research and CB adopted</p> <p>5.4. At least 20 percent of CI's knowledge activities/products are focused on human development cluster (2020 baseline: 10 percent)</p> <p>5.5. At least 20 percent of CI's knowledge activities/products will be conducted on fee for service principle (2020 baseline: 10 percent)</p>	<ul style="list-style-type: none"> • CI annual reports • Independent evaluation of CI in 2023 (MTR) and final evaluation in 2025 • Progress report to GC

Alignment with CAREC Program and Stakeholders' Engagement	Results	Outcome Indicators	Data Source/MoV
Outcome 3: Achieving Operational Excellence			
SP6. Enhancing Quality of Research and Expanding Research Portfolio	<p>6.1. 4 selected thematic experts [Natural resource expert (agriculture, water, climate, and energy), trade and macroeconomic experts (trade, fiscal, monetary, and finance)] capability proven in key CAREC sectors</p> <p>6.2. Improved in-house research and analytical expertise</p> <p>6.3. Increased budget for research activities</p> <p>6.4. Better quality of research outcomes are achieved</p> <p>6.5. Tailored response to country specific research needs</p> <p>6.6. Result based partnerships with reputable regional and global institutions completed</p>	<p><u>By December 2025:</u></p> <p>6.1. At least 80 percent of produced knowledge products will be related to the selected 4 CAREC thematic areas (2020 baseline: limited)</p> <p>6.2. 4 thematic experts (ISs and secondees) with necessary new sector expertise onboard by end of Year II. (2020 baseline: 0, Target: 4)</p> <p>6.3. 40 percent of CI's operational budget is allocated to research (2020 baseline: 15 percent, target 40 percent)</p> <p>6.4. At least 50 percent of research papers in priority areas independently conceptualized, produced, and quality assured, with an increasing number of downloads and professional citations, published in peer reviewed international journals (2020 baseline: 0)</p> <p>6.5. At least 20 percent of research is tailored responding to country specific research needs (2020 baseline: 0)</p> <p>6.6. At least 20 percent of research is conducted in partnership with reputable regional and global institutions (2020 baseline: 10 percent)</p>	<ul style="list-style-type: none"> • CI annual reports and website; independent evaluation of CI in 2023 (MTR) and 2025

Alignment with CAREC Program and Stakeholders' Engagement	Results	Outcome Indicators	Data Source/MoV
Outcome 3: Achieving Operational Excellence			
SP7. Revitalizing Capacity Building Approach—Developing an E-Learning Platform	<p>7.1. Necessary financial and human resources earmarked for the robustness of the e-learning platform</p> <p>7.2. Enhanced and strengthened the cascade training model for exponentially increasing training outcomes</p> <p>7.3. Research centric approach to CB</p> <p>7.4. A blended CB approach—combining face to face and online training in place</p> <p>7.5. Developed mechanism of impact evaluation/feedback to trace the impact of training on policymaking in member countries</p> <p>7.6. At least 25 percent of the training tailored in responding to country specific needs of an individual member country</p> <p>7.7. Project leadership and management training for CI staff and partners</p> <p>7.8. Leading think tanks and national institutions collaborated in member countries for reaching out to a wider audience</p>	<p><u>By December 2025:</u></p> <p>7.1. CI e-learning platform is widely used regional platform in CAREC (2020 baseline: 10 percent)</p> <p>7.2. 50 percent of CI training activities are provided in cascade mode</p> <p>7.3. At least 60 percent of CI training activities are based on the CI's own research and database (2020 baseline: 20 percent)</p> <p>7.4. 50 percent of training conducted online (2020 baseline: 100 percent)</p> <p>7.5. 90 percent of respondents participate in the feedback session (2020 baseline: 70 percent).</p> <p>7.6. 80 percent of training participants confirmed their satisfaction on the training in line with their country specific CB needs (2020 baseline: 0)</p> <p>7.7. 48 digital learning modules (DLMs) in and around CAREC program priority clusters produced to impact RCI policies through enhancing member countries' capacity in CAREC region (2020 baseline: 16)</p>	<ul style="list-style-type: none"> • Member state survey report • CI annual reports and website • Independent evaluation of CI in 2023 (MTR) and 2025

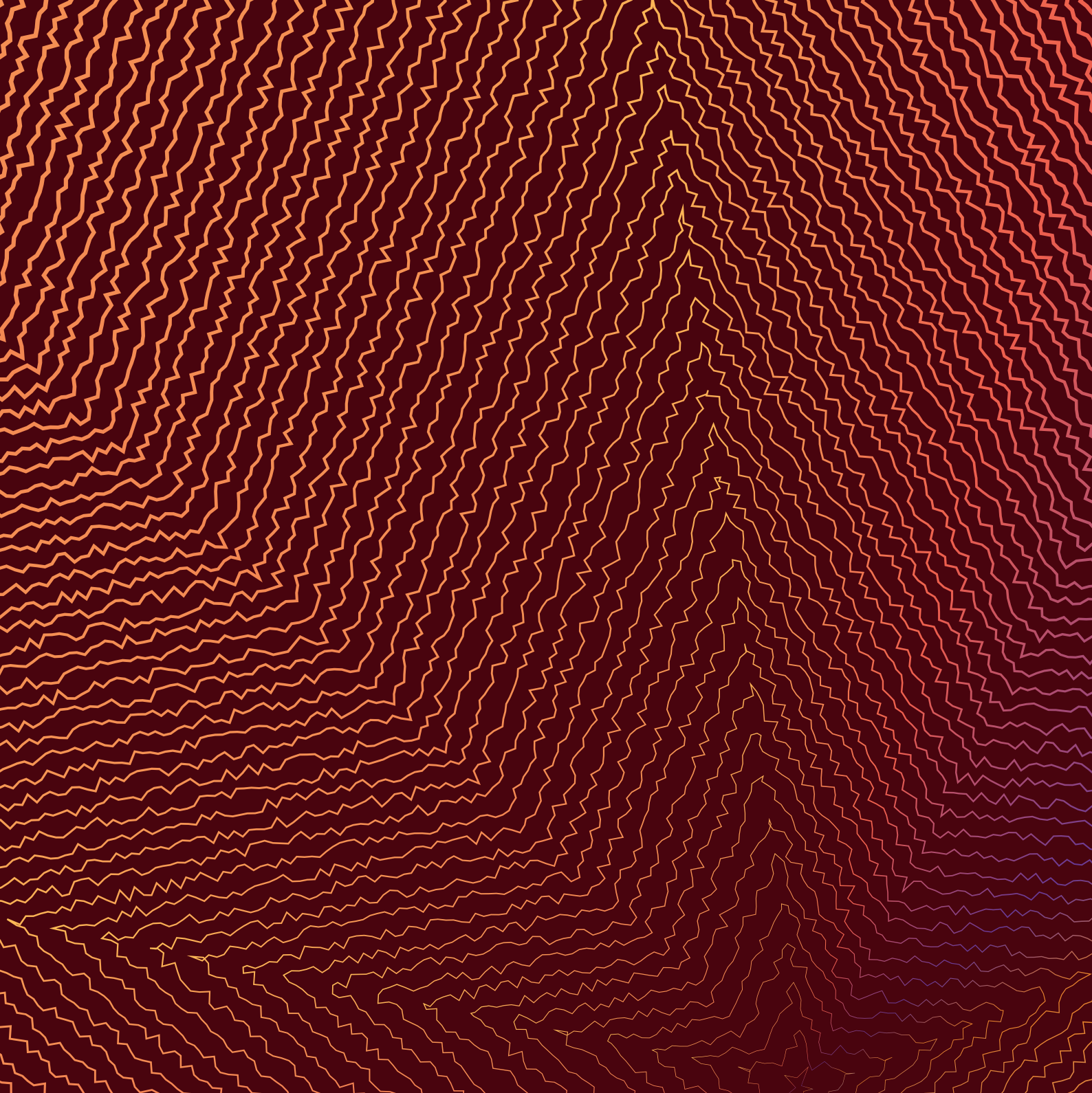
Alignment with CAREC Program and Stakeholders' Engagement	Results	Outcome Indicators	Data Source/MoV
Outcome 3: Achieving Operational Excellence			
SP 8: Adopting an Innovative KM Approach	<p>8.1. Strengthened CI developed high demand, high impact global good knowledge products for the consideration of the CAREC ministerial conference (MC)</p> <p>8.2. Technology leveraged to improve dissemination methodology and channels for reaching out to relevant stakeholders; use channels popular in CAREC countries</p> <p>8.3. Financial, human, and ICT resources in KM increased</p> <p>8.4. Knowledge services produced jointly with leading think tanks, with demonstrated impact on RCI policies in CAREC region</p>	<p><u>By December 2025:</u></p> <p>8.1. 100 percent of knowledge products support CAREC program activities and support policy deliberations in sector committees, SOM, NFP and MC (2020 baseline: limited)</p> <p>8.2. At least 1 digital channel updated annually; at least 4 promotional materials shared through digital platforms (2020 baseline: 0)</p> <p>8.3. CI KMD staff are equipped with modern KM, communication, outreach, media and design skills and resources. CI's operational budget for KM needs to be increased to 20 percent (2020 baseline: 09 percent)</p> <p>8.4. 100 No of CI knowledge products are designed, disseminated, and used in user friendly way (2020 baseline: limited)</p>	<ul style="list-style-type: none"> • CI annual reports and website; independent evaluation of CI in 2023 (MTR) and 2025 • CI communication and outreach strategy • Monthly newsletters

Alignment with CAREC Program and Stakeholders' Engagement	Results	Outcome Indicators	Data Source/MoV
Outcome 3: Achieving Operational Excellence			
SP 9. Improving Partnerships and Networks	<p>9.1. Structured criteria for partnerships and cooperation arrangements in place</p> <p>9.2. Deepened partnership with ADB, AIIB, IsDB, WEF, private companies, chambers of commerce, and other multilateral partners</p> <p>9.3. The design, approach, and organization of the flagship think tank development forum reviewed</p> <p>9.4. Improved exchange of best practices and ideas among research and academic institutions</p> <p>9.5. Strengthened exchange of best practices and knowledge among regional think tanks and universities</p>	<p><u>By December 2025:</u></p> <p>9.1. Partnership policy is in place and 100 percent CI official cooperation resulted in meaningful and productive partnership (2020 baseline: 60 percent).</p> <p>9.2. At least 6 partnerships signed with CI with research focus.</p> <p>9.3. At least 60 percent of CI's partnerships focused on research, database, data gathering, and policy analysis (2020 baseline: 20 percent)</p> <p>9.4. The scope, design, and participation in the annual CTTDF is improved and expanded (2020 baseline: Fourm held: 4)</p> <p>9.5. No of blogs (24 per year), think tank talk series (4 per year) and other CTTN activities (2020 baseline: Blogs: 0, Think Tank Talk Series: 0)</p>	<ul style="list-style-type: none"> • CI annual report • CI partnership policy • Number and content of MoUs • CTTDF report

Alignment with CAREC Program and Stakeholders' Engagement	Results	Outcome Indicators	Data Source/MoV
Outcome 3: Achieving Operational Excellence			
SP 10. Adoption of Digital Approaches	<p>10.1. The CI equipped with the best available high performance ICT infrastructure on a par with other international organizations</p> <p>10.2. The CI's experience with adoption of ICT tools packaged and shared with regional think tanks</p> <p>10.3. Digital adoption gaps in member countries identified and with national training institutes engaged accordingly</p>	<p><u>By December 2025:</u></p> <p>10.1. Secure ICT and internet with limited access to some website obtained (2020 baseline: 0)</p> <p>10.2. At least 6 regional think tanks reported change in adoption of ICT tools and e-learning materials (2020 baseline: 0)</p> <p>10.3. 5 member countries adopted e-learning resources/solutions (2020 baseline: 0)</p>	<ul style="list-style-type: none"> • CI annual report

Alignment with CAREC Program and Stakeholders' Engagement	Results	Outcome Indicators	Data Source/MoV
Outcome 3: Achieving Operational Excellence			
SP 11. The CAREC Corridor Performance Measurement and Monitoring (CPMM)	<p>11.1. Successfully completed the transition of CPMM from the ADB to the CI by 2025</p> <p>11.2. Honed capacity of CPMM task force</p> <p>11.3. Deepened network and engagement with key CPMM operational partners in all member countries</p>	<p><u>By December 2025:</u></p> <p>11.1. The CI equipped with necessary financial (at least 80 percent) and human resource capacity for conducting CPMM (2020 baseline: Financial: 0, HR: limited)</p> <p>11.2. 5 specialised trainings conducted by CPMM task force (2020 baseline: 0)</p> <p>11.3. 55 briefs produced after each CPMM report (2020 baseline: 8, target 11)</p>	<ul style="list-style-type: none"> • CPMM report • Country briefs • Country consultations • CI annual report

Alignment with CAREC Program and Stakeholders' Engagement	Results	Outcome Indicators	Data Source/MoV
Outcome 3: Achieving Operational Excellence			
SP 12. Quality Assurance Framework (QAF)	<p>12.1. Improved mechanisms to assure the quality of research outcomes devised</p> <p>12.2. Designed and implemented QAF standards and guidelines for member state activities</p> <p>12.3. Designated and empowered quality assurance committee/team</p> <p>12.4. Improved internal audit and compliance in place for better financial management</p>	<p><u>By December 2025:</u></p> <p>12.1. Strengthened publication board (PB) and set up an external review mechanism for research output</p> <p>12.1a. 100 percent of publications and outputs approved by PB and external review board (2020 baseline: 50 percent)</p> <p>12.2. M&E framework and quality assurance standards and guidelines are formulated and implemented in all key functions and activities (2020 baseline: 0)</p> <p>12.3. 30 approved activities completed by the quality assurance committee/team (2020 baseline: 0)</p> <p>12.4. IA and compliance position is established (2020 baseline: 0)</p>	<ul style="list-style-type: none"> • CI annual report • Number of downloads • Citation rate • Percentage of knowledge products cited • Number of books/book chapters published by internationally recognized publishers



CAREC INSTITUTE

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