



Technical Assistance Report

Project Number: 39507
December 2005

Technical Assistance for Capacity Building for Regional Cooperation in Central Asia (Financed by the People's Republic of China Poverty Reduction and Regional Cooperation Fund)

Asian Development Bank

ABBREVIATIONS

ADB	–	Asian Development Bank
ASEAN	–	Association of Southeast Asian Nations
CAREC	–	Central Asia Regional Economic Cooperation
DMC	–	developing member country
GMS	–	Greater Mekong Subregion
MC	–	ministerial conference
NFP	–	national focal point
OIF	–	overall institutional framework
PRC Fund	–	People's Republic of China Poverty Reduction and Regional Cooperation Fund
PRS	–	poverty reduction strategy
RCSP	–	regional cooperation strategy and program
SOM	–	senior officials' meeting
TA	–	technical assistance

TECHNICAL ASSISTANCE CLASSIFICATION

Targeting Classification	–	General intervention
Sectors	–	Multisector (transport and communications, energy, industry and trade)
Subsectors	–	Multimodal transport and sector development, energy sector development, trade
Themes	–	Capacity development, regional cooperation
Subthemes	–	Institutional development; client relations, network, and partnership development

NOTE

In this report, "\$" refers to US dollars.

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I. INTRODUCTION

1. The Asian Development Bank (ADB) initiated the Central Asia Regional Economic Cooperation (CAREC) Program in 1997. The countries participating in the Program currently consist of Afghanistan, Azerbaijan, People's Republic of China, Kazakhstan, Kyrgyz Republic, Mongolia, Tajikistan, and Uzbekistan. ADB has a strong relationship with each of these countries and serves as program Secretariat for CAREC.¹

2. In October 2004, the Senior Officials' Meeting (SOM) of CAREC highlighted in its progress report to the third Ministerial Conference (MC) the importance of capacity-building to enhance country ownership of the CAREC Program, and welcomed ADB's support in this area. Ministers at the fourth MC in November 2005 further indicated that capacity-building should focus on strengthening the national focal points (NFPs), conducting training workshops and study tours concerning international best practices for regional cooperation, and information exchange and research networks.²

3. ADB recognized in its CAREC Regional Cooperation Strategy and Program the need to increase technical assistance (TA) for capacity-building in CAREC participating countries.³ This position goes along with the thrust of the enhanced poverty reduction strategy (PRS), which elevated capacity development to one of the five priority themes of the PRS.⁴

4. On 25 March 2005, the People's Republic of China Poverty Reduction and Regional Cooperation Fund (PRC Fund) was established, with a view, among others, to strengthening the capacity of developing member countries (DMCs) to reduce poverty through regional cooperation.⁵ This TA was proposed by ADB's Regional Cooperation Committee⁶ for financing by the PRC Fund, which has endorsed the proposal and earmarked for it the amount of \$400,000. The TA design and monitoring framework is in Appendix 1.⁷

II. ISSUES

5. The CAREC Program operates through its overall institutional framework (OIF), which consists of (i) an annual MC that provides overall guidance and directions, (ii) SOM that coordinates cross-sectoral issues and prepares for the MC, (iii) sectoral coordinating committees at the operational level that coordinate sectorwide issues and implementation, and (iv) a NFP in each participating country to ensure effective coordination among government agencies and other concerned parties. The capacity of government officials involved in the OIF was found critical to the success of regional initiatives under the CAREC Program.⁸

¹ Apart from ADB, five other multilateral institutions also provide assistance to regional cooperation in Central Asia with CAREC as a platform: (i) European Bank for Reconstruction and Development, (ii) International Monetary Fund, (iii) Islamic Development Bank, (iv) United Nations Development Programme, and (v) World Bank.

² Fourth Ministerial Conference on CAREC. 2005. *Joint Ministerial Statement*. Bishkek (para. 12).

³ ADB. 2004. *Central Asia Regional Economic Cooperation Member Countries Regional Cooperation Strategy and Program (2005–2007)*. Manila (IN.158-04, para. 92).

⁴ ADB. 2004. *Review of the Asian Development Bank's Poverty Reduction Strategy*. Manila (R95-04, paras. 79–80, and 118).

⁵ ADB. 2005. *People's Republic of China Regional Cooperation and Poverty Reduction Fund*. Manila (R78-05).

⁶ Acting as the PRC Fund Committee in accordance with Appendix 1, R78-05 (footnote 5).

⁷ The TA first appeared in *ADB Business Opportunities* (internet edition) on 19 July 2005.

⁸ This has been one of the major lessons learned from a TA completed under the CAREC Program. (ADB. 2004. *Technical Assistance Completion Report on Regional Economic Cooperation in Central Asia [Phase II]*. Manila [IN.128-04]).

6. Currently, there is an ongoing TA, i.e. TA 6158,⁹ focusing on capacity-building under the CAREC Program. Major reasons that underlay TA 6158 are as follows: (i) preparation of intercountry projects and programs is inherently more complex and requires a multicountry perspective; (ii) progress and success in regional cooperation hinge on the capacity of officials of the participating countries to identify and address cross-country policy issues and integrate these into the domestic development strategy; (iii) high-level forum and networking are important in fostering dialogue and sustaining mutual trust on regional cooperation; and (iv) in view of the vital role of the NFPs in coordinating and championing the regional cooperation initiatives within the administrations, they need to be given targeted and individually tailored training. The purpose of TA 6158 was to strengthen the capacity for regional cooperation so that participating countries can assume greater roles and responsibilities in planning, implementing, and coordinating the CAREC Program. To this end, TA 6158 is set to finance the development of a comprehensive capacity-building assessment plan and to support a series of activities under the following core components: (i) strengthening the NFPs, (ii) training national officials involved in regional cooperation, and (iii) enhancing information exchange and understanding of the benefits of regional cooperation.

7. The needs assessment undertaken under TA 6158 was presented to the SOM in April 2005. Major findings based on consultations with CAREC countries included (i) common priorities identified for capacity-building;¹⁰ (ii) special interests or priorities of individual countries, and (iii) possible themes/actions of capacity-building. As noted in the needs assessment note, the wish list of capacity-building themes and actions could not be fully accommodated by TA 6158 with its limited resources of \$950,000. Using a "building-block" approach, some of the capacity-building components will clearly have to be financed by additional resources.

8. The PRC Fund provides an opportunity to scale up and complement TA 6158 and to contribute to full achievement of its purpose for CAREC capacity-building. In fact, complementary but distinct use of the PRC Fund from ADB's core financing sources has also been one of the requirements of the Fund. Apart from this, other basic principles as set forth in the Board paper on the PRC Fund will be followed in the design and implementation of the TA: (i) alignment of the programs with the Regional Cooperation Strategy and Program and its update; (ii) use of DMC expertise to the extent possible; and (iii) the requirement that the PRC Fund be used in the most cost-effective way possible.

III. THE TECHNICAL ASSISTANCE

A. Impact and Outcome

9. In view of the complementary nature of this project, the impact of the TA will continue to be strengthening the capacity of the participating countries to assume greater roles and responsibilities in planning, implementing, and coordinating the CAREC Program. Because of the importance and primary role of NFPs and other senior officials in coordinating and implementing regional cooperation initiatives at the country level, and taking into account specific requirements of the PRC Fund (para. 8), the outcome of the TA will focus on enhancing the capabilities and functions of NFPs. The outcome will be achieved by the following major outputs: (i) further development of the skills in policy planning and strategic management for regional cooperation of NFPs and other senior officials responsible for the CAREC Program, (ii)

⁹ ADB. 2004. *Technical Assistance for Capacity Building for Regional Cooperation in Central Asia*. Manila (R9-04).

¹⁰ Including (i) strengthening interest in and commitment to cooperation, (ii) strengthening national focal points (NFPs), (iii) mechanism for sharing regional cooperation experience and international best practices, and (iv) mechanisms for intersector coordination. (CAREC. 2005. *Background Note on Capacity Building for Regional Cooperation in Central Asia*. Manila.)

experience learned from other regional cooperation programs, (iii) process to be instituted to coordinate regional initiatives at the country level, and (iv) research networks developed in support of the decision-making process and subsequent implementation of regional cooperation initiatives.

B. Methodology and Key Activities

10. The approach of the TA is to complement TA 6158, focusing on strengthening NFPs, which have a central place in coordinating and taking forward the CAREC Program at the country level. To ensure high impact, relevance, and coherence of the programs, the TA will include the following features: (i) the capacity-building events and topics will be determined based on a survey of NFPs in the participating countries; (ii) as an integral part of the TA, an appropriate measurement mechanism will be developed by a training specialist to assess competencies achieved and guide further improvement of the succeeding programs; (iii) the resource speakers will be selected from leading scholars in the relevant areas, with the assistance of the regional cooperation specialists/coordinators based in ADB's field offices; (iv) presentations, background notes, and other reading materials for each capacity development event will be compiled in CD-ROM for future reference by the participants and wide dissemination to their colleagues and other stakeholders, as appropriate, in the participating countries; and (v) resource speakers are expected to also contribute to establishing research and knowledge dissemination networks in support of the decision-making process and subsequent implementation of regional cooperation. Key activities that will be funded by the TA will include the following.

11. **High-Level Learning Program.** Training and workshops will be organized on policy planning and strategic management for regional cooperation. Training modules may comprise principles, methodologies, and process of programming for regional cooperation; national versus regional project identification; judging the relative benefits of and mobilizing resources for regional cooperation; strategic management and team building for regional cooperation; case studies of regional cooperation in South Asia, Greater Mekong Subregion (GMS), and/or Association of Southeast Asian Nations (ASEAN), etc. Final selection of the topics will be based on a survey or other forms of consultation with NFPs of the participating countries. The learning program will be high-impact events, targeting NFPs and other senior officials in charge of policy planning and strategic management for the CAREC Program in the participating countries.

12. **Cross-Learning and Networking.** Cross-learning and networking programs will provide NFPs and concerned senior officials with an opportunity to discuss, network, and interact with their peers working on other regional cooperation programs. These events are expected to reinforce confidence in the benefits of and commitment to regional cooperation, provide insights and firsthand information on experiences and lessons learned from other regional initiatives, inspire new ideas and approaches, and establish useful contacts for continuing exchange of information and knowledge sharing in the future.

13. **Instituting a Process to Coordinate Regional Initiatives at the Country Level.** Coordinating regional initiatives at the country level is the core function of the NFP. The fact is coordination among different administrations may turn out to be inefficient and ineffective. Thus, a suitable coordinating process must be instituted to minimize sporadic courses of action. Brainstorming and experience sharing on the process will be undertaken at the training and cross-learning events. Research and proposals for more systematic solutions will also be commissioned by engaging appropriate consulting services.

14. **Developing Research and Knowledge Dissemination Networks in Support of the Decision-Making Process and Subsequent Implementation of Regional Cooperation Initiatives.** The capacity of NFPs to coordinate and make decisions on regional cooperation also depends on whether they can have prompt access to pertinent analysis, advice, and information. To this end, the TA will help develop a research and knowledge dissemination network in each participating country (including a record of first-rate outputs), with resource speakers and leading scholars on regional cooperation in the DMC concerned as the backbone and key players.

C. Cost and Financing

15. The TA is estimated to cost \$450,000 equivalent, of which \$400,000 will be financed on a grant basis by the PRC Poverty Reduction and Regional Cooperation Fund and administered by ADB. The participating governments will provide the remaining \$50,000 equivalent, equal to the imputed value of staff time and use of government facilities for activities under the TA. The detailed cost estimates and financing plan are in Appendix 2.

D. Implementation Arrangements

16. The TA will be implemented over 18 months, from February 2006 to July 2007. ADB will be the Executing Agency for the TA. ADB's CAREC Unit in the Operations Coordination Division will be responsible for overall implementation of TA activities, and the CAREC regional cooperation coordinators in ADB's field offices will provide proactive assistance in determining details of the training topics/capacity-building events, selecting domestic consultants and resource speakers, and making meeting and other necessary arrangements. There will be close coordination with NFPs of the CAREC countries, as well as with the ongoing capacity development activities financed by TA 6158.

17. For implementation of the TA, domestic consultants will be engaged, for 4 person-months on intermittent basis, to (i) develop a measurement mechanism and conduct performance assessment; (ii) develop criteria, process, and procedures for selecting participants in the capacity-building events and determining the topics; (iii) assist with instituting a process to coordinate regional initiatives at the country level; and (iv) help develop research and knowledge dissemination networks. In addition, up to 24 resource speakers will be required, to lecture or lead discussions at the capacity-building events. ADB will engage the consultants and resource speakers in accordance with its *Guidelines on the Use of Consultants* and other arrangements satisfactory to ADB for engaging domestic consultants. An outline of the terms of reference for consultants and resource speakers is in Appendix 3. One desktop computer (PC) is budgeted under the TA for the project secretariat. The PC will be procured in accordance with ADB's *Guidelines for Procurement* and will be left with ADB at the completion of the TA.

IV. THE PRESIDENT'S DECISION

18. The President, acting under the authority delegated by the Board, has approved ADB administering technical assistance not exceeding the equivalent of \$400,000 to be financed on a grant basis by the People's Republic of China Poverty Reduction and Regional Cooperation Fund for Capacity Building for Regional Cooperation in Central Asia, and hereby reports this action to the Board.

DESIGN AND MONITORING FRAMEWORK

Design Summary	Performance Targets/Indicators	Data Sources/ Reporting Mechanisms	Assumptions and Risks
<p>Impact To strengthen the capacity of participating countries to assume greater roles and responsibilities in planning, implementing, and coordinating the CAREC Program</p>	<p>Country ownership of the CAREC Program and progress in implementation of regional projects</p>	<ul style="list-style-type: none"> • Joint ministerial statement • SOM summary of proceedings 	
<p>Outcome Enhanced capabilities and functions of NFPs</p>	<ul style="list-style-type: none"> • Improvement/preparation and implementation of governments' strategy and/or national plans on regional cooperation • Progress in implementing regional projects as planned in the lending and non-lending assistance pipelines in the RCSP and its update 	<ul style="list-style-type: none"> • Governments' strategy/national plans on regional cooperation • RCSP update • PPIS 	<p>Assumption</p> <ul style="list-style-type: none"> • Willingness and preparedness of the participating countries for capacity-building for regional cooperation <p>Risk</p> <ul style="list-style-type: none"> • Possible reshuffling of high-level government officials in charge of regional cooperation
<p>Outputs</p> <ol style="list-style-type: none"> 1. Skills on policy planning and strategic management for regional cooperation of NFPs and other senior officials responsible for the CAREC Program to be further developed 2. Experience learned from other regional cooperation programs 3. Process to be instituted to coordinate regional initiatives at the country level 4. Research networks developed in support of decision-making process and subsequent 	<ul style="list-style-type: none"> • NFPs and senior officials concerned to master major tools, methodology, and process of policy planning and strategic management for the CAREC Program • NFPs and concerned senior officials to obtain firsthand information on experience and lessons learned from other regional initiatives • Networking and continued exchange of information and knowledge sharing in the future • More efficient and effective coordination of regional initiatives at the country level • Coherent progress of the CAREC Program in its priority areas • Prompt access of NFPs to analysis, advice, and other pertinent information during the decision-making process and at the 	<ul style="list-style-type: none"> • Evaluation through the measurement mechanism that will be designed as part of the TA • ADB mission reports • Evaluation through the measurement mechanism that will be designed as part of the TA • ADB mission reports • Feedback from stakeholders • Consultant report • ADB mission reports • Feedback from stakeholders • Consultant report • ADB mission reports 	<p>Assumptions</p> <ul style="list-style-type: none"> • Willingness and availability of time of the NFPs and other senior officials concerned to attend and actively contribute to the capacity development events • Selection of appropriate consultants and resource speakers • Proactive assistance of CAREC regional cooperation specialists/coordinators based in ADB field offices <p>Risks</p> <ul style="list-style-type: none"> • Lack of comprehension of the purpose of the capacity development event as a precious occasion for building knowledge and experience, and requiring proper preparation and active participation • Insufficient preparedness of the participants prior to the holding of capacity development events • Lack of sustained interest of NFPs and other senior officials • Inadequate design and/or use of the measurement mechanism to assess competencies achieved and guide further

Design Summary	Performance Targets/Indicators	Data Sources/ Reporting Mechanisms	Assumptions and Risks
implementation of regional cooperation initiatives	subsequent implementation stage <ul style="list-style-type: none"> • More interaction between academia and senior officials on regional cooperation 	<ul style="list-style-type: none"> • Feedback from NFPs, resource speakers, and other stakeholders 	improvement of the succeeding programs
Activities with Milestones <ol style="list-style-type: none"> 1.1 Develop an appropriate measurement mechanism to assess competencies achieved and guide further improvement of the succeeding programs 1.2 Develop criteria, process, and procedures with a whole set of user-friendly forms, questionnaires, and other relevant tools, for selecting participants in the capacity-building events and determination of the topics 1.3 Conduct surveys or other forms of consultation with NFPs of CAREC participating countries on proposed training topics 1.4 Select topics for high-level training and workshops 1.5 Select resource speakers among leading scholars in the areas concerned, with the assistance of the CAREC regional cooperation specialists/coordinators based in ADB's field offices 1.6 Hold high-level training workshops 1.7 Evaluate training workshop through the measurement mechanism <ol style="list-style-type: none"> 2.1 Conduct surveys or other forms of consultation with NFPs of CAREC participating countries on proposed cross-learning and networking programs 2.2 Finalize the cross-learning and networking programs 2.3 Select resource speakers/leads for the cross-learning and networking events 2.4 Hold cross-learning and networking events 2.5 Evaluate cross-learning and networking events through the measurement mechanism <ol style="list-style-type: none"> 3.1. Brainstorm and share experiences on coordinating regional initiatives at the country level at the training and cross-learning events 3.2. Engage consulting services for proposal on more systematic solutions <ol style="list-style-type: none"> 4.1 Develop a research and knowledge dissemination network in each participating country, with the resource speakers and other leading scholars on regional cooperation in the DMC concerned as the backbone and key players 		Inputs PRC Fund administered by ADB: \$400,000 (grant) <ul style="list-style-type: none"> • 4 person-months of domestic consulting services and up to 24 resource speakers – \$72,600 • Support for capacity development events – \$246,900 • Translation, interpretation, and materials – \$14,000 • Administration, survey and other costs – \$26,500 • Contingencies – \$40,000 Government: \$50,000 <ul style="list-style-type: none"> • Counterpart staff – \$35,000 • Workshops/meetings – \$10,000 • Local communication and other support – \$5,000 	

ADB = Asian Development Bank, CAREC = Central Asia Regional Economic Cooperation, DMC = developing member country, NFP = national focal point, PPIS = Project Processing Information System, PRC Fund = People's Republic of China Poverty Reduction and Regional Cooperation Fund, RCSP = regional cooperation strategy and program, SOM = senior officials' meeting, TA = technical assistance.

COST ESTIMATES AND FINANCING PLAN
(\$'000)

Item	Foreign Exchange	Local Currency	Total Cost
A. People's Republic of China Poverty Reduction and Regional Cooperation Fund^a			
1. Consultants			
a. Remuneration	12.00	0.00	12.00
b. International or Local Travel	5.60	0.00	5.60
c. Reports and Communications	3.00	0.00	3.00
2. Equipment	1.50	0.00	1.50
3. Resource Persons and/or Speaker	52.00	0.00	52.00
4. High-Level Learning Program	133.90	0.00	133.90
5. Cross-Learning Study Events to GMS, ASEAN, or Other Regional Initiatives	113.00	0.00	113.00
6. Surveys	5.00	0.00	5.00
7. Administration and Support Costs			
a. Support Staff for Project Secretariat	11.10	0.00	11.10
b. Materials	5.00	0.00	5.00
c. Translation and Interpretation	9.00	0.00	9.00
d. Administrative Expenses ^c	8.90	0.00	8.90
8. Contingencies	40.00	0.00	40.00
Subtotal (A)	400.00	0.00	400.00
B. Government Financing^b			
1. Counterpart Staff	0.00	35.00	35.00
2. Workshops/Meetings	0.00	10.00	10.00
3. Report, Local Communication, and Other Support Services	0.00	5.00	5.00
Subtotal (B)	0.00	50.00	50.00
Total	400.00	50.00	450.00

ASEAN = Association of Southeast Asian Nations, GMS = Greater Mekong Subregion.

^a Administered by the Asian Development Bank (ADB).

^b Imputed value of staff time, use of government facilities, and other contribution in kind.

Source: ADB estimates.

OUTLINE TERMS OF REFERENCE FOR CONSULTANTS

1. Domestic consulting services totaling 4 person-months and up to 24 resource speakers will be required in the technical assistance (TA). Given that the TA will support a range of capacity development activities for the Central Asia Regional Economic Cooperation (CAREC) Program, whose modules or topics will be finally determined in consultation with the national focal points (NFPs) of the participating countries, detailed terms of reference for specific tasks may be revised and supplemented at a later stage.

A. Training Specialists (domestic, 2 person-months)

2. Two training specialists will be engaged as independent individual consultants for a total of 2 person-months to undertake the following:

- (i) Develop a measurement mechanism, including performance indicators, to assess competencies achieved in the training and cross-learning/networking activities.
- (ii) Ensure user-friendliness and suitability of the proposed measurement mechanism for high-level training and cross-learning/networking of senior government officials in the context of the CAREC Program.
- (iii) Deliver a report that presents the measurement mechanism, including (a) the objectives and principles of measuring performance in capacity development activities, (b) major measurement tools and indicators, (c) how to use the measurement tools to achieve the intended objectives, (d) a whole set of forms or matrices required, (e) a detailed example that shows all steps in the process of assessing training and cross-learning/networking activities; and (f) a list of reading materials or publications on the internet, for further study of the subject.
- (iv) Deliver a report on a proposed methodology for selecting the participants and determining the topics in the capacity-building events, including criteria, process, and procedures to be taken, together with a whole set of user-friendly forms, questionnaires, and other relevant tools.

3. The reports will be submitted to the Asian Development Bank (ADB), Executing Agency of the TA, to help ensure high impact, relevance, and coherence of the programs.

B. Institution/Organization Specialists (domestic, 2 person-months)

4. Two independent individual consultants will be engaged for a total of 2 person-months to undertake the following:

- (i) Deliver a report on instituting a process to coordinate regional initiatives at the country level, including (a) major patterns of coordination among ministries or between the central and provincial governments; (b) major constraints and problems in coordination among administrations; (c) possible options to solve problems faced in the context of regional cooperation in Central Asia; (d) how to implement the proposed options; (e) presentation of a real case on instituting the process of coordination among administrations, with a summary of major

experiences and lessons learned; and (f) a list of reading materials or publications on the internet, to further study the subject.

- (ii) Advise on developing a research and knowledge dissemination network in each participating country (including a record of first-rate outputs) to increase interaction between the Government and the academia (including the resource speakers and other leading scholars), and support the NFP in the decision-making process and subsequent implementation of regional cooperation initiatives. The output will include delivering a report that identifies major issues and proposes different options for suitable solution.

5. The reports will be submitted to ADB, and shared with NFPs and concerned stakeholders.

C. Resource Speakers (up to 24 persons)

6. The resource speakers will be engaged from leading scholars or experienced practitioners specializing in the topics selected for the capacity-building events, such as (i) principles, methodologies, and process of programming for regional cooperation; (ii) national versus regional project identification; (iii) judging the relative benefits of and mobilizing resources for regional cooperation; (iv) strategic management and team building for regional cooperation; or (v) major initiatives for regional cooperation in Central Asia, South Asia, Greater Mekong Subregion and/or Association of Southeast Asian Nations.

7. Major responsibilities of each resource speaker are the following:

- (i) Prepare the training and reading materials for the topic under his/her responsibility.
- (ii) Prepare a detailed schedule for the session under his/her responsibility at the training workshop or cross-learning/networking event.
- (iii) Present and lead discussion at the relevant session of the training workshop or cross-learning/networking event.
- (iv) Compile the presentation, background notes and other reading materials on the topic under his/her responsibility in a CD-ROM, and give full authorization to ADB as the Executing Agency of the TA to post the CD-ROM on the CAREC website and/or reproduce it and disseminate the copies to government officials and other stakeholders in the participating countries, as appropriate.
- (v) Contribute to establishing research and knowledge dissemination networks in support of the decision-making process and subsequent implementation of regional cooperation.