



Capacity Building Programme

In FY2016 the Capacity Building Programme (CBP), building on foundations established in 2015, branched out into new fields. This reflected the increasing and positive engagement between government officials and the CBP, and a growing awareness about the benefits a robust programme can bring. ERIA is well placed to deliver capacity building support around its research, specialist fields of interest, network of experts, and strong relations with governments in the region.

Over the last year, 126 government officials participated in 10 ERIA CBP activities. Participants came from 31 ministries and state institutions in Cambodia, the Lao PDR, Myanmar, and Viet Nam (CLMV).

Generous funding from the Government of Australia continued to make the programme possible.

Component 1: Capacity Building through Participation in Research

Integrating government officials in research alongside national and international academics allows officials to gain a strong understanding of the complexity of issues, exchange data, promote a policy focus to the study, and

network with their peers. In FY2016–2017, officials participated in four new ERIA studies alongside two ongoing studies from 2015 to 2016.

Ongoing Studies

- **SME Participation in ASEAN and East Asian Regional Integration**
Commencing in August 2015, this study looks at participation of small and medium-sized enterprises (SMEs) in regional trade, production networks, enabling factors for SMEs, and policy imperatives to promote participation in an increasingly integrated region.
- **Reducing Unnecessary Regulatory Burdens**
In an increasingly integrated region, states must foster a conducive business and investment environment, and improve economic performance and productivity. Reducing unnecessary regulatory burdens (RURB) is an important way to do both; this study focuses on RURB for priority exports. The participation of government officials has raised awareness about RURB in ministries and engendered an appreciation for informed regulatory conversations.



New Studies

- **Industry 4.0: Empowering ASEAN for Circular Economy**

The transition to a circular economy is a unique opportunity for economies to become resource efficient, competitive, and innovative, and to eradicate wasteful use of raw materials. A public–private dialogue was organised to discuss the challenges of how countries and corporations can strike a balance between growth and resource efficiency. Senior officials from CLMV countries participated in the dialogue, sharing their insights on current policy approaches.

- **Global Production Value Chain, Cities and Urban Amenities: Implications for Services Trade Liberalisation in East Asia and ASEAN**

A 12-country study, this research looks at the relationship between the growth of cities, trade and global production value chain, key to understanding how cities can become the focal point for trade and investment, and the services liberalisation required to support this. Government officials commented on the country presentations covering issues that included country sectoral development, trade links, infrastructure and industrial parks.



- **21st Century Regionalism, Mega FTAs, and Asian Regional Integration**

The Trans-Pacific Partnership and the Regional Comprehensive Economic Partnership are mega-free trade agreements. New rules and regulations are expected to have an economic impact on all Asian economies, with many states looking at the potential impact on state-owned enterprises, intellectual property, and investment. Government officials from CLMV countries participated in these discussions, commenting on papers presented.

- **Distributional Effects of Disasters and Climate Change on Food Security**

Concerted efforts are needed to address the issue of climate change-induced disasters and their impact on socio-economic development, health, and the environment. This study, in which CLMV government officials are participating, is designed to understand the distributional effects of disasters and climate change, and the related food security challenges. It also analyses the required actions taken by policymakers to address the risks, share experiences on adjusting key planning instruments, with cost-benefit analysis of structural and non-structural measures that could contribute to ASEAN resilience.

Component 2: Increasing Understanding of Technical Issues: Pushing PPPs Forward

On 27–28 June 2016, government representatives from CLMV countries spent 2 days learning about different models of public–private partnership (PPP) with a focus on complex issues affecting their feasibility, including financial viability, economic viability, and efficient risk allocation. Participants came from a mix of ministries from their respective countries, reflecting the importance of officials from a wide range of ministries understanding the issue.

Component 3: Increased Research Capacity

Following the successful completion of a ‘Trade, Growth, and Policy Modelling’ workshop series for the Ministry of Economy and Finance and the National Bank of Cambodia (November 2015–May 2016), a similar workshop series is being implemented in the Lao PDR for officials from nine ministries. ERIA is partnering with the Asian Growth Research Centre, Ngee-Ann Adelaide Education Centre to implement this.

In the workshop series, participants learn how to apply advanced modelling techniques to their work. Participants are divided into teams to carry out research applying these methodologies, with prizes awarded for the best research papers. The first prize winner in Cambodia went to a team of five young economists for their research paper, ‘Potential Output and Growth Scenarios in the Medium and Long-Run for Cambodia’.

Component 4: National Policy Dialogue

On 31 October 2016, a National Policy Dialogue, ‘Benefits and Challenges for Reducing Unnecessary Regulatory Burden’, was held in Yangon, Myanmar, to raise awareness about RURB in general and the findings of the preliminary report for Myanmar (see Component 1) in particular. Over 200 participants attended this event, including senior government officials, leading businessmen, members of national and international business associations, international organisations, and academics. In the afternoon session, participants were divided into two groups to discuss and get feedback on two issues for the Myanmar fishery sector study.

Component 5: The Executive Leaders' Initiative

Each year ERIA holds a 3-day Executive Leaders' Initiative for Deputy Directors General (DDGs) from ministries covering agriculture, trade and commerce, and transportation. This meeting gives DDGs a unique opportunity to think about a common issue from their own institutional perspectives.

Following the December 2015 meeting, the DDGs met again in September 2016 to discuss developing domestic and export markets for tropical fruits, an area of great economic potential for the region. The event was co-hosted by the Department of International Trade Promotion, Ministry of Commerce, Thailand.

See Annex K for the complete list of ERIA CBP activities.