



# CAREC INSTITUTE ANNUAL REPORT 2019

CAREC INSTITUTE





# CAREC Institute

## Annual Report 2019

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## Abbreviations

AC	Advisory Council
ACCA	Association of Chartered Certified Accountants
ADB	Asian Development Bank
ADB I	Asian Development Bank Institute
AIIB	Asian Infrastructure Investment Bank
BRI	Belt and Road Initiative
CAFS	Chinese Academic of Fiscal Sciences
CAREC	Central Asia Regional Economic Cooperation
CCC	Customs Cooperation Committee
CITA	CAREC Integrated Trade Agenda
CPMM	Corridor Performance Measurement and Monitoring
CRII	CAREC Regional Integration Index
CTTDF	CAREC Think Tanks Development Forum
CTTN	CAREC Think Tanks Network
DRR	Disaster Risk Reduction
EIAS	European Institute of Asian Studies
EU	European Union
GC	Governing Council
GDP	Gross Domestic Product
GEF	Global Environmental Facility
GVC	Global value Chain
IEFI	International Economics and Finance Institute (under the PRC MOF)
IFPRI	International Food and Policy Research Institute
IGA	Inter-Governmental Agreement
IMF	International Monetary Fund
IsDB	Islamic Development Bank
ITTLDC	International Think Tank on Landlocked Developing Countries
MOU	Memorandum of Understanding
OECD	Organization for Economic Cooperation and Development
PRC	People's Republic of China
RKSI	Regional Knowledge Sharing Initiative (under the ADB PRC mission)
ROP	Rolling Operational Plan
RVC	Regional Value Chain
SASEC	South Asia Sub-Regional Economic Cooperation
SCO	Shanghai Cooperation Organization
SDG	Sustainable Development Goal
SEZ	Special Economic Zone
SME	Small and Medium Enterprise
SNA	System of National Accounts
SNAI	Shanghai National Accounting Institute
SOE	State-Owned Enterprise
SOM	Senior Officials Meeting
SPS	Sanitary Phyto-Sanitary
TFA	Trade Facilitation Agreement
TRACECA	Transport Corridor Europe-Caucasus-Asia
TVET	Technical Vocational Education and Training
UN	United Nations
VAT	Value Added Tax
WTO	World Trade Organization

## 1) Director's Message

From its inception in October 2006 till entry into force of the Inter-Governmental Agreement (IGA) on 24 August 2017, the CAREC Institute has traversed a complex journey which included such important milestones as establishment of the physical base in 2015 and completion of the first recruitment cycle in 2016. With strong support from the IGA member countries through its Governing Council, the Institute has now emerged as an important forum for policy dialogue and facilitation of reforms among 11 CAREC members. To enhance the benefits of infrastructure investments and regional integration, the Institute focused on providing knowledge generation, capacity building and knowledge management services to the governments for promotion of benefits of collective and collaborative activities through economies of scale, more vigorous intra-regional trade, expansion of markets, shared information platforms for knowledge and experience exchange, and harmonized frameworks for social and economic interaction and development.

The World Bank's Doing Business report of 2020 reassured the Institute and its partners that our efforts have contributed to the right cause. Three economies of CAREC - Tajikistan, Pakistan, and the PRC - were ranked as the most active in reforming their regulatory frameworks in 2018/19, substantially improving business regulations. The region had its frontrunner - Georgia who was featured on the list of 10 top improvers for three consecutive Doing Business cycles - to share lessons and best practices with CAREC. The Economist magazine named Uzbekistan the country of the year for significant improvements throughout 2019. Similar progress was recorded in the tourism sector according to the Travel & Tourism Competitiveness Report 2019 by the World Economic Forum where Georgia, Azerbaijan, Tajikistan, Pakistan, the PRC, Kazakhstan, and Mongolia improved their rankings and advanced on numerous indicators. The policymakers in the regional governments designed and drove these reforms, while the CAREC Institute and other development partners supported and facilitated the process.

In 2019, the CAREC Institute has prioritized its activities according to the CAREC 2030 document, CAREC Integrated Trade Agenda (CITA), regional road safety strategy, and the newly adopted transport and energy strategies. We have partnered with numerous international and regional institutions to conduct eleven workshops and one policy dialogue for around 300 CAREC governmental officials in areas of trade facilitation, customs modernization, economic diversification, economic statistics, energy security, reform of state-owned enterprises, accounting infrastructure, disaster risk reduction, and road safety. With policy recommendations derived from our research and workshops, we engaged in regular consultations with the senior CAREC officials through CAREC platforms, also participated in over 25 regional and partner events as panelists, keynote speakers, and content providers to advance the issues of regional cooperation and integration.

The Institute has obtained the observer status to annual meetings of ADB, IMF, and the World Bank, and formalized three more partnerships, including the International Think Tank on Landlocked Developing Countries based in Ulaanbaatar, European Institute of Asian Studies based in Brussels, and Shenzhen University in the PRC.

The fourth CAREC Think Tank Development Forum was held successfully in Xi'an, the PRC, with 130 participants from 20 countries, and the Research Grants Program under the CAREC Think Tanks Network has supported five research institutions who added valuable insights to the body of knowledge on regional cooperation in CAREC. The Institute's own research focused on the CAREC integration index, SPS e-certification, e-commerce, climate change, and the PRC experience sharing. Jointly with the ADB, the Institute has announced the Visiting Fellow Program and selected two finalists who will start research on regional topics in 2020.

In 2019, the CAREC Institute has revitalized its knowledge management function and produced over 25 knowledge and communication products with some 800 pages released in the form of working papers, workshop proceedings, policy briefs, and communication materials. In order to increase visibility of its activities and enhance dialogue with stakeholders, the CAREC Institute intensified public relations and media coverage of its work in 2019. The Institute's events were covered by over 100 print, TV, radio, and online media agencies and partner institutions in the PRC, Uzbekistan, Turkmenistan, Kazakhstan, Kyrgyzstan, Georgia, Pakistan, and Mongolia.

The Governing and Advisory Councils helped steer the Institute's work. The National Focal Point Advisors proved exceptionally helpful throughout the year. The Ministry of Finance of the PRC, CAREC Program Secretariat, Asian Development Bank and Institute, and other contributing entities stood by us, inspired, and encouraged us to continue serving the region.

As a token of trust, the Asian Development Bank initiated the process of handover of the Corridor Performance Measurement and Monitoring (CPMM) mechanism to the CAREC Institute at the end of 2019 to strengthen ownership of the product by CAREC members and enhance advocacy of policy issues derived from the CPMM data.

The senior CAREC stakeholders expressed their appreciation to the Institute in a joint statement at the 18<sup>th</sup> CAREC Ministerial. Furthermore, the former Director of the CAREC Institute Mr. Sanjaasuren Bayaraa was awarded the Tianshan Award by the Government of Xinjiang Uygur Autonomous Region of the PRC in November 2019 in recognition of the Institute's contribution to regional development.

My heartfelt gratitude goes to the CAREC Institute staff for their commitment and hard work, and I must also acknowledge the services of the outgoing Director Sanjaasuren Bayaraa who led the institute for better part of the year.

For 2020, we remain committed to achieve organizational excellence and meet expectations of our partners as the knowledge support arm of the CAREC Program.



Syed Shakeel Shah  
CAREC Institute Director



## 2) CAREC Institute's Management

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### **Mr. Syed Shakeel Shah**

Director



Mr. Shah is a career civil servant under the Pakistan's Customs Service with extensive experience in public policy, international trade, and regional cooperation, spanning over two decades.

He played a leading role in a collaborative engagement with the World Bank in developing the reform vision and a plan for Pakistan Customs through a Technical Assistance funded by the Trust Fund for Accelerated Growth in Revenue.

Being a focal person for the World Bank's Ease of Doing Business report, he has led reforms in Pakistani Customs to enhance efficiency and reduce cost and time of border compliance. In another governmental capacity, he has contributed to negotiations regarding Free and Preferential Trade Agreements with Turkey, Thailand, and the PRC. Mr. Shah coordinated complex assignments across the government, private sector, and development partners as the Head of Economic Affairs Wing in the Prime Minister's Office, including activities pertaining to the China-Pakistan Economic Corridor, Prime Minister's Delivery Unit and the Youth Development Program. He also served as a Community Welfare Attaché at the Consulate General of Pakistan in Barcelona, Spain.

Mr. Shah holds MA in International Trade Law and Economics from the World Trade Institute, Bern (Switzerland), and MSc in International Relations from Quaid-e-Azam University, Islamabad (Pakistan).

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### **Mr. Liang Ziqian, Ph.D.**

Deputy Director One (DD1)



Mr. Liang has been a senior official of the PRC Ministry of Finance since 1992 until 2015. After serving as a senior advisor to the board of the World Bank in 1992-2001, Mr. Liang took the Board Member post for the China Development Bank in 2008. Since then, he has been engaged as a Council and Committee member and Vice Chair of high-profile funds and boards including the Global Environmental Facility and the Green Climate Fund.

Mr. Liang holds a Diploma in Civil Engineering from the Taiyuan Industrial University, MBA from Zhongnan University, and Ph.D. in Economics from the Chinese Academy of Agricultural Sciences. He is a distinguished fellow of H.J. Heinz scholarship under the University of Pittsburgh (USA).

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### **Mr. Iskandar Abdullaev, Ph.D.**

Deputy Director Two (DD2)



Mr. Abdullaev has over 25 years of experience in the field of water and environmental management. His academic and professional experience include Central Asia, Sri Lanka, Iran, Pakistan, Thailand, Israel, USA, Germany, and Netherlands. Mr. Abdullaev held various advisory, editorial, research, and senior posts with GIZ, ZEF Center of Bonn, CCICED, NGOs, boards, and associations.

Mr. Abdullaev is well linked with the academic circles. He is a member of editorial boards of several internationally peer reviewed journals. He himself authored three monographs, over 30 peer reviewed articles, and over 150 conference papers.

Mr. Abdullaev holds MSc and Ph.D. degrees from the Tashkent Institute of Irrigation and Agriculture Mechanization Engineers where he also taught classes during 1992-1999. He continues teaching at the German-Kazakh University (2013-present).

### 3) Governance

#### a) 2019 Governing Council Members

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##### **Mr. Zahid Hamdard**

Deputy Minister of Finance, Afghanistan



Mr. Hamdard comes with 13 years of development experience in Afghanistan. He has worked with private firms, International organizations, the Afghan Government, and the President's Office.

After joining the Ministry in December 2017, Mr. Hamdard has launched significant reforms in the national budget which included reducing operational expenses and increasing the development budget. During these reforms, Mr. Hamdard worked closely with ADB to conduct the economic review of infrastructure projects funded through the national budget, and funds.

Currently, as the Deputy Minister, he is leading the investment management and financial planning of the Ministry.

Mr. Hamdard earned his academic degree in Natural Resources Management (Economics, Policy, Law) from Yale University (USA).

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##### **Mr. Sahib Mammadov**

Deputy Minister of Economy, Azerbaijan



Mr. Mammadov started his career in 2001 in the European Union TACIS project, later to move to the IOM office in Azerbaijan to work on migration issues, followed by work at the European Commission in Azerbaijan. Mr. Sahib Mammadov joined the government in 2004 as a Chief Adviser and Head of Department at the Ministry of Economic Development, later to be appointed as a Deputy Minister of Economy and Industry of Azerbaijan in 2014. In 2016, he was appointed as a Deputy Minister of Economy of Azerbaijan.

Mr. Mammadov holds BA and MA in international law from the Kiev State University, a Diploma in Finance from the Azerbaijan State Economic University, and Ph.D. in Public Administration from the University of Water and Environmental Engineering in Ukraine.

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##### **Mr. Liu Weihua**

Deputy Director General, Ministry of Finance, the PRC



Mr. Liu serves as the Deputy Director General of the Department of International Economic and Financial Cooperation of the Ministry of Finance (MOF) of the People's Republic of China (PRC). Simultaneously, he acts as the Executive Director of IFAD for PRC.

Mr. Liu has been engaged in international economic and financial cooperation for more than 20 years. He held the position of Director in various divisions of the International Department, as well as the Department of International Economic and Financial Cooperation of MOF. He also worked as the Senior Advisor to the Executive Director of the World Bank Group PRC office for several years.



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**Mr. Genadi Arveladze**

Deputy Minister of Economy & Sustainable Development, Georgia



After the private sector experience in Georgia and USA during 2007-10, Mr. Arveladze joined the Tbilisi City Hall to head the Department of EU Programs and International Cooperation until 2012, to embark on a governmental career as the Head of Foreign Trade and International Economic Relations in 2012.

Mr. Arveladze represented Georgia in WTO. He was Georgia's chief negotiator on the Free Trade Agreement with China and the European Free Trade Association Agreement. Currently, he is in charge of implementation of the Deep and Comprehensive Free Trade Area stipulated by the EU-Georgia Association Agreement.

Mr. Genadi Arveladze holds an MA in Liberal Studies from the City University of New York (USA).

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**Mr. Zhaslan Madiyev**

Vice Minister, Ministry of National Economy, Kazakhstan



Mr. Madiyev started his career in 2004 as a Chief Specialist to become the Head of Debt Securities Department of Alliance Bank JSC. He then moved to managerial roles in Morgan Stanley in 2007, and Kazyna JSC until 2009. He held membership of the Board of Directors and performed the Deputy Chairman duties of the Board of JSC "Development Bank of Kazakhstan" until 2014.

Afterwards, he was the Deputy Director for Monetary Operations and Asset Management of the National Bank of Kazakhstan and advised the Prime Minister of Kazakhstan in 2016. From 2017 to 2019, Mr. Madiyev worked as the Vice-President for Finance of the JSC "NC" Kazakhstan Temir Zholy" until the current appointment.

Mr. Madiyev holds Diploma in World Economy and International Finance from Al-Farabi Kazakh National University, MA in International Relations from Columbia University (USA), and MBA from the Massachusetts Institute of Technology (USA).

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**Mr. Sultan Akhmatov**

Deputy Minister, Ministry of Economy, Kyrgyzstan



In the 1990s, Mr. Akhmatov worked in the state committee for development grants and loans to move to the Ministry of Finance to monitor state investments during 2001-5. Later, he was part of the City Transport project working group before taking up the job of the Head of State Aid Department under the Ministry of Economic Development and Trade where he became Deputy Minister in 2009.

Since 2013 until 2019, he had posts of the Director of Inspection and Standardization, Counselor to the reformed Ministry of Economy, and Head of Strategic Aid Department.

Mr. Akhmatov holds Diploma in aeronautics engineering, MA in international Law, and a course certificate in Economics.



**Mr. Batkhoo Idesh**

Director-General, Ministry of Finance, Mongolia

Mr. Batkhoo Idesh serves as a Director-General of Development Financing Department in the Ministry of Finance of Mongolia. In his previous capacity, he worked as the Head of Projects and Cooperation Unit of Capital City Ulaanbaatar's Governor's Office.

Mr. Batkhoo holds MA in Economics from Seoul National University and BA in Economics from Inha University, Republic of Korea.



**Mr. Syed Mujtaba Hussain**

Joint Secretary, Economic Affairs Division, Pakistan

Mr. Hussain has been a lead negotiator for Pakistan in climate change negotiations under the UNFCCC. He has 23 years of professional experience in project and portfolio management for development interventions of the United Nations agencies, ADB, USAID, DFID, JICA, and other donors in the sectors of environment, energy, transport, agriculture, water, infrastructure, including urban management. He has implemented projects in remote areas of the country organizing local communities and building their resilience.

Mr. Hussain holds Diploma in Engineering and Technology from the Lahore University, MSc in Environmental Engineering from the Queens University of Belfast. He is a recipient of a Hubert H. Humphrey Fellowship in Environmental Planning, Natural Resource Management and Climate Change under Cornell University (USA).



**Mr. Nematullo Hikmatullozoda**

Minister of Economic Development and Trade, Tajikistan

Mr. Hikmatullozoda started his career in 1992 as a Chief Expert and later the Head of Economic Department in the Ministry of Communications of the Republic of Tajikistan.

From 2001 till 2007 he was assigned as the Head of the Department of Economic Reforms and Investments in the Executive Office of the President of Tajikistan and during 2007-2012 he was a Senior Adviser to the President of Tajikistan on Economic Policy.

In 2012, Mr. Hikmatullozoda was assigned as the First Deputy Minister and in 2015 as Minister of Economic Development and Trade of Tajikistan.

Mr. Hikmatullozoda holds Diploma in Economics from the Moscow Institute of National Economy named after Plekhanov and another Diploma in Economics from the Russian Academy of Civil Service under the President of Russia.

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**Mr. Batyr Bazarov**

Minister of Finance and Economy, Turkmenistan



Mr. Bazarov started his career as an Accountant at the State Commercial Bank “Turkmenistan” in 1997. Starting from 2001, he worked as the Head of Budget Division at the holding company of the Lebap province.

Since 2002, Mr. Bazarov held a job of a Senior Economist at the Municipal Administration of the Lebap province, where he worked until 2010. From 2010 through 2014, he was the Head of General Directorate of the Ministry of Economy and Development of the Lebap province.

In 2014, he was appointed as the Director of Agency for Protection from Economic Risks at the Ministry of Economy and Development of Turkmenistan. In 2016, he was appointed as the Minister of Economy and Development of Turkmenistan, which became the Ministry of Finance and Economy in 2017.

Mr. Bazarov holds a Diploma in Mathematics and Data Engineering from the Turkmen State Pedagogical Institute, and a Diploma in Economics from the Moscow Commercial Institute. Mr. Bazarov took a training course at the Civil Service Academy under the President of Turkmenistan.

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**Mr. Shukhrat Vafaev**

Deputy Minister of Investments and Foreign Trade, Uzbekistan



In 1991, Mr. Vafaev joined the Tashkent Architectural Institute as Assistant Professor, and moved to the banking sector in 1996 until 1999. In 2000, Mr. Vafaev embarked on his governmental career under the Cabinet of Ministers of Uzbekistan. He served as an Advisor to the IMF and the World Bank Group during 2002-2007, to join the Ministry of Finance in 2007, and then become an Executive Director of the Fund for Reconstruction and Development of Uzbekistan in 2010, followed by the post of the Deputy Chairman of State Investment Committee in 2018.

Mr. Vafaev holds a Diploma in Civil Engineering from Moscow Institute, M.Sc. in Banking from Tashkent State Economics University, and MIPP in Development Economics from John Hopkins University (USA).



## b) Governing Council Meeting

Picture 1: The CAREC Institute's 9th Governing Council meeting in Almaty in November 2019.



The ninth Governing Council (GC) of the CAREC Institute convened on 28 November 2019 in Almaty, Kazakhstan. The Council, as the oversight and highest decision-making body of the Institute, deliberated on the eighth GC meeting proceedings, the Institute's 2019 progress report, the 2020 program and work plan, priorities, recruitment plan, budget and funding issues, recommendations of the second Advisory Council meeting of June 2019, the Institute's UN Observer Status acquisition process, the intra-CAREC partnership with other regional initiatives, etc.

The CAREC Institute sought guidance, advice on improvement measures, decisions, and approvals from its governing body.

The GC tasked the Institute to prepare a proposal for results-based HR management system, revise the intergovernmental agreement (IGA) and the HR policy to include the CAREC Institute Director in the recruitment process of Deputy Directors, exercise strict controls of the travel budget and submit the 2019 audit report timely, improve the substance of the rolling operational plan (ROP) and introduce the mechanism of risk and issue escalation to the GC in case of deviations from the plan.

The GC also advised to improve reporting on the ROP to delineate clearly the achieved and pending activities. The necessity of a shift from quantity to quality was particularly emphasized. The GC advised the Institute to explore continuity of research activities and adopt more sequenced and systemized approach in capacity building.

Afghanistan chaired the Council in 2019 and handed over chairmanship to Azerbaijan for 2020.

### c) Policy Dialogue on Fostering Regional Cooperation in Capacity Building

The ninth GC held a policy dialogue on the topic of fostering regional cooperation in capacity building. The dialogue aimed to highlight the importance of capacity building in the context of the CAREC Program. The CAREC Institute sought guidance on critical areas of regional cooperation. This included advice on engaging national capacity building institutions of CAREC members and other relevant partners in capacity building efforts.

The CAREC Institute's topical workshop histories go back to 2012 when the Institute existed as a virtual entity. The initial capacity building efforts focused on public-private partnership (PPP) models and infrastructure contract management. As the initial CAREC Program infrastructure projects approached completion, the Institute's focus shifted to World Trade Organization (WTO) trade facilitation agreements (TFA), system of national accounts (SNA), corridor performance measurement and monitoring (CPMM), and border management. These workshop topics became regular in every following year.

After the establishment of the Institute's physical base in Urumqi in 2015, the Institute's capacity to conduct workshops grew from four (in 2015) to 12 (in 2019) annually. The workshop topics got diversified to include small and medium enterprise (SME) development, agricultural value chains, sanitary phyto-sanitary (SPS) controls, road safety, e-commerce, special economic zones, etc.

All these years, the CAREC Institute's Capacity Building Division benefited from close cooperation with the ADB sector committees, CAREC Secretariat, and ADB Institute (ADBI) in terms of knowledge and resource person provision.

Throughout these years, the workshops pursued the following objectives: (i) deepen awareness and understanding in CAREC priority areas; (ii) share country experiences, lessons learned and best practices; (iii) discuss key challenges and needs for research and capacity building in relevant fields; and (iv) facilitate space and expertise for thematic knowledge sharing. In four years, some 45 workshops have been conducted where over 900 government officials participated (nominated by member countries through the offices of respective National Focal Points). Workshops followed the lecture-discussion format with experts delivering lectures and participants listening and asking questions.

In 2019, the CAREC Institute realized the need to gauge the capacity building interventions more precisely, extract lessons from their implementation, provide recommendations for improvement including introduction of new approaches to achieve capacity building objectives, process improvements, introduce tools for follow-up and impact assessment, etc.

The NFP policy dialogue in Almaty identified the following five sets of challenges to overcome in order to improve the capacity building efforts:

- 1) Establish a robust monitoring and evaluation system. The Institute shall know exactly what kind of capacity it tries to enhance and how it measures the impact.
- 2) There is a need to achieve some kind of scale. The CAREC member government apparatus are big. The current workshop approach cannot reach all. The cascade training might not be a solution as quality might deteriorate significantly. It needs to be determined how many people need to be reached, why, and what needs to be achieved.
- 3) How to maintain focus and continuity in a few selected areas to have required impact.
- 4) How to upscale and maintain quality, and how to be useful to clients/members.

- 5) How to involve local institutions effectively in topics of regional integration, and in knowledge promulgation.

Expectations were articulated towards the Governing Council as well. The Council is expected to play an important role in gap identification, facilitation of knowledge application, provision of in-kind and technical support to implement the CAREC Institute activities. The Institute, on the other hand, was encouraged to enhance workshop reporting and coverage, stakeholder ownership, thorough analysis of relevant topics, and provision of timely policy notes.

Specific recommendations for improvement of capacity building efforts included:

- 1) Base all interventions on CAREC strategy, and sector strategies (e.g. recently adopted transport and energy strategies at the 18<sup>th</sup> Ministerial), and country development priorities.
- 2) CAREC needs are immense. The needs assessment might not add value. Focus more on regional cooperation bottleneck analysis, and gap identification. Address gaps.
- 3) CAREC Institute needs to refocus its business model from products to services. Facilitate connections and help clients find the right knowledge. It is important to know how clients learn and broker knowledge which is available.
- 4) The CAREC Institute needs to look at regional integration challenges, find where there is energy, clogged issues, and try to broker solutions to complex regional issues, foster coalitions and collaborations, unclog regional cooperation issues.
- 5) Improve the workshop participant selection and targeting mechanism. Consider significant language barrier.
- 6) Pay close attention at high quality instruction design and quality of resource persons.
- 7) Enable the workshop alumni network.
- 8) Establish a post-course performance tracking mechanism.
- 9) Cooperate more closely with national institutions, engage their resource persons, their perspective, their facilities, and their content. Also, utilize their bases for knowledge promulgation.
- 10) Resume the Executive Leadership Development Program.
- 11) Improve cross-regional learning. It would be beneficial to organize and mediate sector and topic specific working groups among member countries. Provide options for solutions. Provide analysis of strengths of members who have advanced in certain areas. Conduct demand-driven research.

#### d) Advisory Council Meeting

The CAREC Institute Advisory Council (AC) continued counselling the Institute on 28 June 2019 in Tashkent, Uzbekistan on matters of strengthening the institutional capacity, and collaboration options with the global green initiatives for enhancing abilities of CAREC countries in climate change financing.

The Advisory Council meeting participants included the CAREC Institute representatives, five prominent experts from Turkmenistan, Tajikistan, Mongolia, Pakistan, and Uzbekistan, and special guests from the Asian Development Bank (ADB), Nazarbayev University of Kazakhstan, Asia Pacific Development Finance Institute of the PRC, European Institute of Asian Studies of Belgium, and Tashkent Institute of Irrigation and Agricultural Mechanization Engineers (TIAME) of Uzbekistan. The AC noted that the Institute needed to enhance its policy influence, and adoption of impact evaluation methodology. Suggestions were extended on strengthening the appeal of the institute to attract top professionals. The AC advised the Institute to form relevant, meaningful, and mutually beneficial partnerships, develop a network of experts and research institutions to leverage its



research activities. Moreover, the Institute was encouraged to embark on regular flagship product development and deliver substantive research presentations at every ministerial and senior officials' meeting. The AC advice also covered the topic of the budget structure, its priorities, and how systems and processes influence organization's delivery capacity. The Institute was further advised to work on the issue of financial sustainability.

The discussions on the topic of the climate change resulted in recommendations to focus on renewable energy, connect renewable energy options to national grids, low-carbon transportation, river basins, and facilitating dialogue among regional entities.

Picture 2: CAREC Institute Advisory Council meeting participants in Tashkent in June 2019.



## 4) Financial Highlights

Table 1: CAREC Institute 2019 Budget Utilization Summary<sup>1</sup>, 000, \$

	Item	Plan	Actual	Rate
<b>A.</b>	<b>Operational Activities</b>	<b>823</b>	<b>614</b>	<b>75%</b>
a.	Governing Council Meeting	120	120	100%
b.	Fourth Think Tanks Development Forum	250	204	82%
c.	CAREC-BRI Cooperation	35	3	9%
d.	Regional Forums	100	-	0%
e.	Consultants for Operational Activities	30	29	97%
f.	Legal Services	40	30	75%
g.	Publications	8	7	88%
h.	Secondment and Capacity Building	30	20	67%
i.	Advisory Council Meeting	40	42	105%
j.	External Audit	40	29	73%
k.	Financial Sustainability Working Group Activities	80	80	100%
l.	Institutional Development Event	50	50	100%
<b>B.</b>	<b>Operational Program</b>	<b>566</b>	<b>482</b>	<b>85%</b>
a.	Capacity Building	365	355	97%
b.	Research	161	97	60%
c.	Consultants for Operational Program	40	30	75%
<b>C.</b>	<b>Non-Operational Expenditure</b>	<b>3,520</b>	<b>3,145</b>	<b>89%</b>
a.	Staff Salary and Benefits	2,310	2,051	89%
b.	Benefits for Secondes	220	139	63%
c.	Administrative Expenses	350	315	90%
d.	Office Rent	640	640	100%
<b>D.</b>	<b>Capital Expenditure</b>	<b>80</b>	<b>71</b>	<b>89%</b>
a.	Website Maintenance	40	31	78%
b.	Equipment, Hardware	40	40	100%
<b>Grand Total</b>		<b>4,989</b>	<b>4,312</b>	<b>86%</b>

Table 2: Partner Contribution in 2019<sup>2</sup>, 000, \$

Activity	Partner	Amount
Fourth CAREC Think Tanks Development Forum	RKSI	28
	IEFI	3
Workshop on Comparison of Economic Integration in Asia and Europe	ADB	198
Workshop on Achieving Energy Security in Asia		
Workshop on Application of Technology in Disaster Risk Reduction	Xinjiang Institute of Ecology and Geography	120
China-Central Asia Accounting Elites Exchange Program	SNAI	64
<b>Total:</b>		<b>413</b>

<sup>1</sup> The preliminary financial statement is subject to audit in Q2 2020.

<sup>2</sup> Preliminary numbers

Table 3: The ADB Technical Assistance 2019 Utilization Summary<sup>3</sup>, 000, \$

Activity	Amount
a) Workshop on WTO Trade Facilitation Agreement Implementation	23
b) Workshop on Enhancing the Quality of Key Economic Indicators	54
c) Workshop on Economic Globalization Statistics (National Accounts)	39
d) Workshop on Comparison of Economic Integration in Asia and Europe	49
e) Workshop on Improving Road Safety in CAREC Countries	25
f) Workshop on Reforming State-Owned Enterprises in Central Asia	17
g) Policy Workshop on Achieving Energy Security in Asia	26
h) CAREC Institute's Advisory Council Meeting	42
i) The Fourth CAREC Think Tanks Development Forum	88
j) The Silk Road Knowledge Forum	29
k) Consultancy for research on agriculture and CAREC integration index	276
l) Consultancy in capacity building and change design	51
<b>Total:</b>	<b>719</b>

Table 4: Contributions by Entities in 2019<sup>4</sup>, 000, \$

Governments and Partners	Amount
People's Republic of China	4,000
Asian Development Bank	719
Asian Development Bank Institute	198
Xinjiang Institute of Ecology and Geography	120
Shanghai National Accounting Institute	64
Regional Knowledge Sharing Institute under ADB PRCM	28
International Economics and Finance Institute	3
<b>Total:</b>	<b>5,132</b>

<sup>3</sup> Preliminary numbers

<sup>4</sup> The Institute received \$4 million from the PRC in 2019, also direct financial support from other entities. Not all of this contribution is fully disbursed. The Government of Mongolia has committed the financial support in 2019 and the contribution is under process to be finalized in 2020.

## 5) Building Partnerships

### a) Institutional Arrangements

In 2019, led by the former Director Mr. Sanjaasuren Bayaraa, the CAREC Institute has obtained the observer status with the ADB, WB, and IMF and has been invited to their annual meetings. The conversations focused on conducting policy dialogues around the CAREC priority topics, provision of resource persons for capacity building activities, coordination of workshops, and participation in CAREC Institute's Advisory Council. Additionally, the Institute has initiated knowledge partnership discussions with the UNDP, GEF, IFPRI, and SCO with the aim to exchange information and conduct joint research.

The Institute continued work on acquisition of the UN observer status.

The 2019 has been marked with three new Memoranda of Understanding (MOU) with the International Think Tank on Landlocked Developing Countries (ITLDC) based in Ulaanbaatar, European Institute of Asian Studies (EIAS) based in Brussels, and Shenzhen University in the PRC. The MOUs focused on joint capacity building, exchange of experts, and cooperation in policy research.

Throughout the year, with the aim to understand and prioritize the needs of its member countries, the CAREC Institute engaged in regular consultations with the senior CAREC officials through official CAREC platforms, such as the Ministerial Conference, Senior Officials Meeting (SOM), and the National Focal Points (NFP) meeting.

The joint ministerial statement of the 18<sup>th</sup> CAREC Ministerial Conference of November 2019 lauded the Institute on its work in the following passage:

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*"We commended the CAREC Institute (CI) on its progress in implementing its Strategy 2018-2022 and its two-year rolling operational program 2019-2020. We welcomed the CI's organization of the Fourth Think Tanks Forum in Xi'an under the theme of "Trading for Shared Prosperity". We encouraged CI to continue strengthening partnerships with institutes in CAREC countries for joint research and capacity building, knowledge management and dissemination. We strongly support, recognize and will utilize CI as the main knowledge arm of the CAREC Program. To this end, we are committed to continue supporting the development of CI and consider possible financial contributions by each member country on a voluntary basis."*

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## b) Participation in Regional Events and Interaction with Stakeholders

In 2019, the CAREC Institute representatives participated in over 25 regional and partner events as panelists, keynote speakers, and content providers to advance the issues of regional cooperation and integration.

### Meetings with Officials in CAREC Member Countries

To discuss the strategic direction, partnerships, sustainability framework, demand-driven knowledge products, institutional development issues, and the matters of regional cooperation and integration, the CAREC Institute delegation led by the Director Mr. Syed Shakeel Shah held a series of meetings with partners during 17-19 December 2019 in Beijing, the PRC. A meeting with the PRC Vice Finance Minister Ms. Zou Jiayi was followed by meetings with the National Development and Reform Commission, Ministry of Commerce, Asian Infrastructure Investment Bank (AIIB), the Silk Road Fund, and the Asian Development Bank (ADB) country mission in the PRC.

Picture 3: The Vice Finance Minister of the PRC Ms. Zou Jiayi and the CAREC Institute Director Mr. Syed Shakeel Shah in Beijing



The Beijing talks focused on establishing a consultation and research mechanism. The Institute was offered several workshop topics, such as the debt management and sustainability under the debt management framework developed by the Ministry of Finance and the IMF; infrastructure project preparation, risk assessment, compliance, environmental safeguards, and accessing AIIB funds for project financing. The perception surveys of various regional initiatives, such as the SCO and the Belt and Road Initiative (BRI), among others, were offered as one of the activity areas to explore risks and opportunities.

The CAREC Institute was proposed to get engaged in the BRI Think Tanks Alliance and attend the AIIB annual meetings as an observer. The Ministry of Commerce offered partnership with the Academy of International Trade and Economic Cooperation and showed interest in the Institute's research on e-commerce. The Chengdu Hitech Industrial Zone as a future model of knowledge-based growth was discussed, and promulgation of best practices was offered as one of the activity areas.

In September 2019, a delegation headed by Mr. Shi Yaobin, Vice Chairman of the Financial and Economic Committee of the National People's Congress of the PRC visited the CAREC Institute in Urumqi, the PRC. And a delegation headed Mr. Zhang Wencai, Director General (DG) of the Department of International Economic and Financial Cooperation of the MOF of the PRC, visited the CAREC Institute on 24 July 2019 in Urumqi. During these visits, issues of organizational development and the strategic direction of the Institute were discussed. The parties highlighted the importance of cooperation with the CAREC countries and all development partners, forming new partnerships, development of demand-driven knowledge products, finding the niche for value-added high-quality products, and shaping the Institute's competitive edge.

The CAREC Institute's Deputy Director Two Dr. Iskandar Abdullaev has attended the scientific conference on agriculture organized by the Cabinet of Ministers of Turkmenistan and the C5+1 program workshop organized by the Ministries of Agriculture and Environmental Protection, and the State Committee for Water Management of Turkmenistan during 9-14 July 2019 in Ashgabat. Dr. Abdullaev held meetings with senior governmental officials of Turkmenistan and discussed areas of cooperation. The topics of common interest included measures which the Government of Turkmenistan is taking on climate adaptation in the form of provision of incentives for saving water, introduction of modern equipment and drought tolerant seeds, preparation of climate change adaptation laws, and design of a Climate Technologies Regional Center. The Government of Turkmenistan showed keen interest in application of digital systems in agriculture, trade, and other branches of economy.

At the first Caspian Economic Forum in Turkmenistan during 10-12 August 2019, the CAREC Institute delegation held meetings with the Deputy Minister of Finance and Economy of Turkmenistan Mr. Ezizgeldi Annamuhammedov to discuss governmental staff secondment to the CAREC Institute, ratification of the IGA, and support in acquisition of the UN observer status. The Institute's delegation met the President of the Academy of Sciences of Turkmenistan Dr. Sapardurdy Toylyev to discuss joint research and capacity building activities with the focus on macro-economic topics, road safety, and national accounts. The Institute also participated in plenary sessions presented by UNECE Secretary-General, SCO Secretary-General, Commonwealth of Independent States Secretary General, and the President of Association of International Freight Forwarders. Dr. Iskandar Abdullaev made a speech on the potential of the regional Caspian transport corridors, need for economic diversification and regional cooperation for industrial development. The Institute's representatives visited the Turkmenbashi International Seaport and the Caspian International Exhibition on Innovative Technology. They attended a side event organized by the UN Turkmenistan on Financing Implementation of SDGs and gave interviews to the Turkmenistan media.

The CAREC Institute placed emphasis on eco-energy, transport, tourism, and logistical potential of the pre-Aral zone and the related knowledge corridors at the high-level international conference titled the "Aral Sea Region – Zone of Environmental Innovations and Technologies" organized by the Government in Uzbekistan in cooperation with the UN agencies during 24-25 October 2019 in Nukus, Uzbekistan. During the round table on water cooperation in Central Asia, CAREC Institute Deputy Director Two Dr. Abdullaev presented the Institute's recent research on "Climate Insurance, Infrastructure, and Governance in CAREC" which was found highly relevant and timely.



Conversations focused on economic costs of the climate change and potential options for adaptation and adoption.

Picture 4: Deputy Director Two Dr. Iskandar Abdullaev delivering a keynote address at the Aral Sea conference



To establish new modes of cooperation with national partners, the CAREC Institute delegation held high-level meetings in Uzbekistan in October and November 2019. The Institute for Strategic and Regional Studies, which is an advisory body to the President of Uzbekistan, has welcomed the potential partnership between the two Institutes. Areas of joint research, high-level advocacy, support to the capacity building events, round tables, joint events, co-financing, and other topics were discussed. The Head of the Centre of Public Diplomacy of SCO in Uzbekistan, Mr. Rakhmatulla Nazarov, who is also a member of the Upper House of the Parliament of Uzbekistan, expressed interest in cultural and knowledge exchange among SCO and CAREC. The Minister of Agriculture of Uzbekistan Mr. Jamshid Khodjaev, who is leading transformational reforms in his field, expressed interest in research and capacity building activities jointly with the CAREC Institute. Support was requested in expanding cooperation with the counterpart Ministry in the PRC. Conversations focused on agricultural value chains, technology transfer, innovation and infrastructure in agricultural development in CAREC, SPS e-certification, and food security.

In November 2019, the CAREC Institute Director Sayed Shakeel Shah held a series of meetings in Uzbekistan which involved Dr. Ashraf Khodjaev at the Directorate General for Foreign Economic Cooperation of the Ministry of Foreign Affairs of Uzbekistan, Mr. Uligbek Kasimkhodjaev from the State Committee for Development of Tourism of Uzbekistan, and Rector Prof. Ukram Umurzakov of the TIAME. The Director also visited the International Trade Fair on Silk Road Tourism, and the Innovations and Scientific Research Cluster who partnered with the CAREC Institute on climate change research in 2019. Discussions focused on joint research, capacity building, co-financing, information exchange, and joint events.

In cooperation with the ADB, the CAREC Institute has organized the Silk Road Knowledge Dialogue session in the framework of the Tbilisi Silk Road Forum which was held under the patronage of the Prime Minister of Georgia, H.E. Giorgi Gakharia, during 22-23 October 2019 in Tbilisi, Georgia. The session aimed to generate a dialogue on the role of knowledge corridors in strengthening economic corridors along the Silk Road. The high-level panel from Governments, think tanks, private sector, and academia discussed importance and role of knowledge cooperation; roles of each of the

stakeholders in making knowledge a valuable commodity; and necessary steps to strengthen regional economic cooperation.

### Participation in Events to Enhance Cooperation

Picture 5: The CAREC Institute Deputy Director One Mr. Liang Ziqian answering questions as a panelist in the SEZ forum



At the 52nd Asian Development Bank (ADB) annual meeting during 1-4 May 2019 in Nadi, Fiji, the CAREC Institute, led by the former Director Sanjaasuren Bayaraa, held dialogues and high-level meetings with the ADB, ADB Institute, United Nations Development Programme, Islamic Development Bank, New Development Bank, ASEAN+3 Macroeconomic Research Office, Ministers, ADB Governors, and senior government officials from CAREC countries. The CAREC Institute attended seminars and policy dialogues on macroeconomic policy, financial stability, connectivity, sustainable infrastructure, infrastructure financing, sustainable tourism, energy and development effectiveness, to feed new ideas and approaches into the relevant knowledge products.

The CAREC Institute's Deputy Director One Dr. Liang Ziqian participated in the workshop titled "The Future of Eurasia: Mapping out Concepts and Practices for Possible EU-Russia-China Cooperation" initiated by the Robert Bosch Center for Central and Eastern Europe and Deutsche Gesellschaft fuer Auswaertige Politik with support of Germany's Federal Foreign Ministry on 4 December 2019 in Moscow, Russia. The workshop participants deliberated on the fragmented system of multiple regional orders emerging in Eurasia; growing economic ties; lack of an overarching institutional and normative framework; and variations among the EU's rule-based liberal model, Russia's Greater Eurasia idea, and the PRC's Belt and Road Initiative.

While visiting the Shanghai Cooperation Organization (SCO) headquarters in Beijing on 19 April 2019, the Institute's representatives had a dialogue with the Secretary-General Vladimir Norov. Out of eleven CAREC members, Kazakhstan, the PRC, Kyrgyzstan, Tajikistan, Uzbekistan, and Pakistan are full members of the SCO, Afghanistan and Mongolia are observing members, and Azerbaijan is a

dialogue partner. The CAREC Institute and the SCO discussed their respective roles and activities, regional development issues and opportunities in CAREC.

The CAREC Institute's Deputy Director One Dr. Liang Ziqian delivered a keynote speech at the sixth China-ASEAN Fiscal and Taxation Cooperation Forum during 1-3 November 2019 in Nanning, Guangxi Zhuang Autonomous Region, the PRC. The forum was organized by the China International Taxation Research Association and Chinese Academy of Fiscal Science. It continued the momentum of the 16th China-ASEAN Expo held in Nanning City. Renowned scholars, government officials, and international partners discussed innovations in international tax dispute settlement mechanism, tax reforms in different Belt and Road cooperation countries, the comparative research on VAT, influence of tax-related factors on investments, comparative study on bilateral tax treaties, research on optimizing tax and business environment of free trade zones during the tax system reform, impact of digital economy on international tax jurisdiction, study on cross-border taxation collection, etc. The CAREC Institute explored opportunities for cross-border cooperation among various regional initiatives and for establishment of new modes of partnerships.

At the conference titled "Connecting the World and the Future - 2019. Global Governance and China" organized by the Shanghai Academy of Global Governance and Area Studies which is promoting the growth of area studies and global governance as a discipline, Deputy Director Two Dr. Abdullaev spoke about water cooperation in CAREC highlighting that climate change impact and adaptation measures need to be seen as strategic issues. He argued that the Aral Sea problem has not yet been internalized, and the region was not immune to similar environmental disasters.

### **Participation in Events to Advance Sustainability in Infrastructure & Corridor Development**

The CAREC Institute, represented by the former Director Sanjaasuren Bayaraa and Deputy Director One Mr. Liang, attended the Boao Forum for Asia on 26-29 March 2019 in Hainan province, the PRC, and co-authored a joint publication: Asian Financial Development Report on Infrastructure Finance. The theme of the forum was common destiny, and joint action. The CAREC Institute's Deputy Director One Mr. Liang Ziqian spoke at the forum stressing unique challenges and opportunities in Central Asia and highlighted the contribution that the BRI can make to infrastructure connectivity.

At the 18th CAREC Transport Sector Coordinating Committee meeting on 25-26 April 2019 in Tashkent, Uzbekistan, the CAREC Institute representatives met with the CAREC member country and development partner representatives, participated in presentation discussions, and commented on the draft CAREC Transport Strategy 2030.

The CAREC Institute Director Mr. Syed Shakeel Shah delivered a speech at the international conference dedicated to the 20th anniversary of signing the Europe-Caucasus-Asia corridor (TRACECA) development agreement and the XIV meeting of the Intergovernmental Commission of TRACECA on 4 December 2019 in Baku, Azerbaijan. The Director highlighted synergies among ongoing regional initiatives, such as the CAREC Program, TRACECA, etc. which resulted in significant investments in rail, road, and water transportation infrastructure yielding concrete results demonstrated e.g. in sharp increase in container movement through multi-modal transport corridors. The CAREC Institute expressed its commitment to continue enhancing the "software" that runs these trade nodes through capacity building and policy dialogue in trade regulation reforms, improvements in customs procedures, establishment of region-wide electronic data exchange, and national and regional trade-related single windows.

The CAREC Institute participated in the Euro-Asia Economic Forum which addressed the theme of "Co-Building the Belt and Road: High-Level Cooperation and High-Quality Development" in Xi'an, the PRC, during 10-11 September 2019. The forum aimed to grasp new trends in the world economy,

build up a new consensus among European and Asian countries, and encourage these countries to expand trade and open their markets for high quality economic development and pragmatic cooperation. Dr. Liang, CAREC Institute Deputy Director One, spoke about capitalizing on synergies between CAREC and BRI, knowledge corridors, and environmental aspects for sustainable cooperation in Central Asia under the BRI.

The Chair and an Advisor of the ADB's Compliance Review Panel Mr. Tang Dingding and Mr. Munawar Alam visited the CAREC Institute in Urumqi on 17 July 2019 to deliver a seminar on the ADB's accountability mechanism and deliberated together with the Institute staff how the knowledge about accountability, social and environmental safeguards and associated issues could be promulgated throughout the CAREC region and the BRI projects. The guests presented accountability and compliance guidebooks which aim to aid comprehension of the compliance review and its processes, particularly to address needs of different stakeholders to understand their roles in its proceedings. The parties discussed possible areas of cooperation in the CAREC region regarding networking with international accountability bodies, awareness raising and capacity building among BRI investors, governments, and general population.

The CAREC Institute's Deputy Director One Mr. Liang Ziqian participated in the forum on World Special Economic Zones (SEZ) during 12-14 December 2019 in Shenzhen, Guangdong province, the PRC. The forum was organized by the China Center for SEZ Research, Shenzhen University, and Belt and Road International Cooperation Development Research Institute. Renowned scholars, government officials, and international partners discussed innovations in deepening economic system reform and high-quality development construction, urban civilization construction and sustainable development frameworks, theories, and practices under the BRI, financial innovations and their application, and international cooperation development.

### Participation in Events to Promote Regional Tourism

The CAREC Institute, represented by the former Director Sanjaasuren Bayaraa and Deputy Director One Mr. Liang, attended the forum on sustainable tourism development in CAREC on 1 May 2019 in Nadi, Fiji, hosted by the ADB, where participants suggested identifying concrete regional investment projects and initiatives to unlock the untapped tourism potential of the region. The forum deliberated that coordinated efforts were required to build on opportunities, namely: improving connectivity within the region and with other countries including issue of visa regimes, developing high quality tourism infrastructure and services, enabling business environment to support SME participation in regional tourism value chains, investing in tourism education programs, and coordinated and integrated destination planning and management among all entities involved.

Further, in October 2019, the CAREC Institute, represented by the Chief of Knowledge Management Division Mr. Dang Haipeng, attended the China Tourism and Aviation Forum organized jointly by Travel Link, G&W Consulting, and the Civil Aviation Administration of China in Beijing, the PRC. The Industry experts deliberated how airlines develop new routes, airports prepare for the Chinese market, destinations attract Chinese travelers and provide better services, and how all these entities in the system work together. Participants gained insights into the specifics of the Chinese airlines and airports, their policies, and needs.

In December 2019, the CAREC Institute joined the tourism focal points from CAREC countries, private sector representatives, and development partners at the regional inception workshop and the first expert group meeting in Almaty, Kazakhstan, hosted by the ADB, to identify challenges and regional initiatives to foster partnerships and strengthen the competitiveness of the region in the tourism



sector. The participants started discussions about formulating the CAREC Tourism Strategy 2030 which is scheduled to be finalized in Q4 2020.

### Participation in Asian Think Tank Events

The CAREC Institute's staff and the CAREC Think Tanks Network Research Grants Program finalist - ISET Policy Institute - participated in the ADB-Asian Think Tank Development Forum during 22-23 October 2019 in Yangon, Myanmar. The forum discussed main characteristics of the global value chains (GVC) in Asia, how GVC patterns change, which factors multinational companies and SME have in common and in what aspects they differ when it comes to GVC and RVC participation, development impacts of GVC at country and regional levels, how various service sectors become embedded into GVC networks, etc. The forum reasoned that with services accounting for an increasing portion of economic growth and becoming embedded into manufacturing activities as an essential value-added component, the role of the service sector in deepening the GVC shall draw more attention from policy makers to come up with effective policy responses.

Further, in December 2019, the CAREC Institute attended the 22nd conference of its longtime CAREC Think Tanks Network Partner Sustainable Development Policy Institute (SDPI) in Islamabad, Pakistan. The conference was titled "Sustainable Development in a Digital Society" and convened over 1,000 scholars, researchers, policymakers, and members of the civil society from 19 countries to discuss impacts of digital technologies on societies, economies, and regional stability. Over 30 plenary sessions involved 22 partner organizations to discuss broader aspects of sustainable development including financial inclusion, poverty, health, education, climate change, water, energy, environment, gender equality, social justice, and many more.

Picture 6: Mr. Khalid Umar of the CAREC Institute at the Asian Think Tanks Development Forum in Myanmar



## 6) CAREC Think Tanks Network

In 2017, the leading think tanks from the CAREC member countries agreed to establish the CAREC Think Tanks Network (CTTN) during the second CAREC Think Tanks Development Forum (CTTDF) in Urumqi, the PRC, to provide innovative solutions for promoting economic cooperation by recognizing importance of regional perspectives.

The “Urumqi Declaration” became the founding document of the CTTN. As of now, numerous prominent think tank and university representatives from 11 CAREC countries are members. The CTTN promotes the regional economic cooperation by enhancing systemic regional knowledge sharing and integration; fostering policy research and knowledge solutions to support governments; enabling better policy advice; reducing gaps between research and policy; and enhancing collective intelligence to consolidate development resources for effective cooperation, better services, and improved performance.

The CTTDF is organized annually under the auspices of the CTTN. From a modest beginning, the CTTDF has grown in size and appeal. The forum has become an attractive destination for think tanks, academia, and governments from the CAREC region and beyond to exchange views and knowledge on evolving regional and global policy challenges.

The CAREC Institute hosted the first CTTDF in June 2016 in Astana, Kazakhstan, with the theme of “Promoting Economic Cooperation for an Integrated Central Asia.” The second CTTDF was held in Urumqi, PRC, in September 2017, with the theme of “Exploring Knowledge Solutions for Regional Cooperation and Integration.” The third forum was held in Bishkek, Kyrgyzstan, in July 2018, under the theme of “Building Knowledge Corridors along the Silk Road.”

The fourth CTTDF was organized under the topic of “Trading for Shared Prosperity” during 28-29 August 2019 in Xian, Shaanxi province, the PRC. The forum partnered with the ADB PRC’s Regional Knowledge Sharing Initiative (RKSII) and International Economics and Finance Institute (IEFE) of the PRC MOF. It hosted 130 participants representing governments, think tanks, research institutions and development partners from 20 countries.

In addition, the CTTN Advisory Panel, consisting of 14 members who provide strategic guidance and advice in strengthening the CTTN, convened on the sidelines of the fourth CTTDF and nominated the former First Deputy Prime Minister of Mongolia as the Chair for a three-year term.

### a) The 4th CAREC Think Tanks Development Forum

The fourth CTTDF discussed regional integration, ongoing trade disputes, standardizing logistics along the Silk Road, technological interventions, e-commerce and their impacts on the regional economy, and preliminary findings of the CTTN research grants program.

The CAREC Institute shared country-level recommendations based on the rankings under the CAREC Regional Integration Index (CRII). The proposal grouped 11 members in three categories: outliers, moderately integrated, and rather integrated, and suggested measures for each group to deepen integration. Recommendations included the growth triangle approach promoted by the ADB in the early 90s to regroup countries along geographical lines or around sectors with complementarities to reduce intra-regional competition and overlapping interests, enhance cooperation, and provide differentiated strategies for sub-regions.



Picture 7: Mr. Davaadorj Ganbold of Mongolia, Shaanxi Deputy Governor Mr. Xu Datong, Mr. Syed Shakeel Shah of CAREC Institute



Preliminary findings of the CTTN Research Grants Program were presented to draw lessons from policy interventions and adjustments that have shown limited results, but have the possibility of policy changes, innovations, reversals, and readjustments. Researchers assessed the topics of CAREC country participation in regional and global value chains, impact of quality standards on trade flows, evaluation of tourism value chain, agricultural food trade opportunities and challenges, and adoption of trust-based approaches to existing methods of interaction to enhance the enterprise of regional cooperation and integration.

Further, the forum participants discussed the US-PRC trade war and reasoned that the crisis which the rule-based global trading system faces today due to departure from multilateralism and unilateral use of higher tariffs by the US is predicted to affect the global economy, namely through disruption of global and regional supply chains, intensification of China's activities under the Belt and Road Initiative (BRI), and establishment of Asia-wide free trade zone. To restore the rule-based international trading order, it was argued as a necessary measure for the US to return to multilateralism, the PRC to shift to true market economy, and the World Trade Organization (WTO) to reform its current system.

Presentations were made about the CAREC Integrated Trade Agenda (CITA) 2030 which aims to assist CAREC members to integrate further into the global economy. It seeks to enhance the growth potential of CAREC members and improve the living standards of its people through reforms across the following three pillars: 1) trade expansion from increased market access, 2) greater diversification, and 3) stronger institutions for trade.

In conjunction with the CITA, discussions were held about cross-border economic corridors which represent integrated economic regions that span two or more countries. Typically, they include several big cities and territories around and between these cities. They are characterized by superior

connectivity (including transport and digital connectivity), seamless movement of goods and people across borders, and extensive cross-border trade and investment flows. They involve cross-border value-chains and clusters of economic activity. The forum discussed the Almaty-Bishkek and Shymkent-Tashkent-Khujand cross-border economic corridors, and the rationale, major challenges, and favorable factors for development of such corridors in Central Asia.

The forum proceeded to look into e-commerce penetration rate in the PRC and Pinduoduo's innovative e-commerce platform which revamped the agricultural product supply chain distribution layers in the PRC, reducing them from eight to two, connecting farmers directly to millions of Pinduoduo's buyers online. Pinduoduo also introduced their talent retention approach and told the forum participants how they returned 62,000 youth residing in big cities back to rural areas to become local businessmen and help modernize their enterprises. Pinduoduo introduced their poverty alleviation and rural area revitalization programs, and social responsibility promotion software "DuoDuo Orchard." In just four years, Pinduoduo reported 3.6 million active vendors, 65.3 billion Yuan worth of agricultural product sales in 2018 alone (233% annual growth rate), where over 140,000 vendors residing in poverty-stricken areas of the PRC sold 16.2 billion Yuan worth of agricultural products.

Discussions continued to look into complications of international trade transactions where reportedly, on average, 30 different parties are involved in a single transaction from the commercial, logistics, financial, and regulatory sectors which operate in silo business processes and rely on conflicting standards developed by sector-centric bodies. Further, no standard has effectively addressed all four sectors of international trade, with particular disconnect existing between finance and the other three sectors: commercial, logistical, and regulatory. This obstructs end-to-end supply chain transparency and visibility, trade finance, insurance, asset efficiency, and regulatory compliance. The participants discussed the necessity of an open micro-services architecture that implements international standards-based semantics to derive actionable insights from disparate data. The latter requires understanding its context within the agreed trading pattern. This is only possible by linking collaboration processes and semantically understanding data across the four sectors of international trade.

A representative from the United Nations Economic and Social Commission for Asia and the Pacific (UNESCAP) reviewed three dimensions which affect development of e-marketplace: 1) economic factors and conditions which affect accessibility and viability of e-commerce activities, 2) legal and institutional environment which legitimize e-commerce-related activities, 3) social acceptance and awareness which affect behavior of individuals and organizational decision-makers. The CAREC countries were reported at a nascent stage in terms of e-commerce and cross-border e-commerce legislation development. To unlock the potential of digital trade and e-commerce, it is imperative to: 1) enhance affordability of and access to ICT, 2) introduce legal, regulatory and institutional reforms, 3) improve logistics and delivery infrastructure, 4) intensify regional efforts to modernize and harmonize regulations, and 5) broaden the e-payment availability and options.

The outcomes of the forum were broadcasted through various communication channels and brought to the attention of CAREC senior officials at inter-governmental platforms.

## b) Research Grants Program

Under the CAREC Think Tanks Network (CTTN), the CAREC Institute has launched the Research Grants Program in May 2019 to support scholars and researchers from members of the CTTN to produce targeted knowledge products which would add to the body of knowledge on regional cooperation in CAREC.

Scholars from member think tanks were encouraged to research CAREC integration topics and undertake comparative analysis to draw lessons for promoting and deepening regional integration among CAREC members particularly as anticipated in the CAREC 2030 strategy.

The 2019 research grants have been awarded to five researchers who presented their preliminary findings during the August 2019 Think Tanks Forum in Xi'an, the PRC.

Picture 8: The CTTN Research Grants Program 2019 finalists at the think tanks forum in Xi'an.



### Participation of CAREC Countries in Global and Regional Value Chains

Researchers from the ISET Policy Institute of Georgia studied the level of integration of the CAREC countries in each other's value chain production processes (RVC) as compared with their participation in the global value chains (GVC), how these trends may or may not have changed over time, and what RVC opportunities existed.

At the first stage of the study, researchers concluded that CAREC countries are not well integrated into regional or global value chains. At the second stage, the team examined existing value chain linkages between Georgia and other CAREC countries at the industry level and used a diagnostic method to identify the economically significant sectors with the highest RVC potential.

As a result, six industries have been identified: electricity, gas and water, hotels and restaurants, post and telecommunications, financial intermediation and business activities, mining and quarrying, textiles and wearing apparel.

Additionally, researchers identified industries with significantly higher RVC participation and a demonstrated capacity for RVC trade: transport, wholesale trade, wood and paper.

The study concludes with two case studies in textile & apparel and wood & paper sectors of Georgia and recommends use of this methodology for the industry/sector level identification and analysis for each of the CAREC countries to locate potential areas for value-chain cooperation.

### **Impact of SPS and Quality Standards on Trade Flows**

Researchers from the ISET Policy Institute of Georgia explored the impact of Georgia's food safety, veterinary, and phytosanitary regulations and standards on the country's agricultural trade with the CAREC countries. Based on the statistical analysis of 2014-18 years, the research focused on Georgia's major CAREC trade partners, by volume of exports and imports - Azerbaijan, Kazakhstan, and the PRC – and major export-import agricultural commodities with these countries: live animals, wheat, and wine.

The study assessed the effect of the sanitary phytosanitary (SPS) and quality-related standards (SPSQ) regulations on trade of each respective product. It was found that quality standards are the most problematic to deal with and the most restrictive for trade.

As part of its obligations under the Association Agreement with the EU (including the Deep and Comprehensive Free Trade Area (DCFTA)), Georgia has to ensure high degree of food safety and animal and plant health within the country, and has to harmonize its food safety legislation with the EU standards. The DCFTA will, therefore, have consequences not only on Georgia's trade with the EU, but also with the CAREC region. The increased stringency on SPSQ standards might affect agricultural trade in the coming years. Thus, government agencies and sector associations are expected to tailor their policies to develop capacities to comply with the requirements to reduce the possible negative effects of the regulations.

### **Cooperation in Tourism between Uzbekistan and Kyrgyzstan**

A researcher from the Westminster International University in Uzbekistan looked into the question of building improved regional value chains to deliver a better cross-border tourism experience between Uzbekistan and Kyrgyzstan. The work employed case studies, secondary data analysis, and key informant interview methods.

Both Kyrgyzstan and Uzbekistan have opened up to tourism recently. During 2016-2019, Uzbekistan initiated major reforms in the tourism sector by introducing e-visa and visa-free regimes for a limited period of stay for over 70 countries. Kyrgyzstan liberalized its visa regime for citizens of 45 countries. Other important steps in tourism promotion included destination promotion, differentiation of tourism packages, cooperation agreements, free exchange of foreign currency, and transport connectivity improvements.

The study looked into the following cross-border value chain elements: accommodation, border, entertainment, cooperation, legislation, marketing, partnerships, and transport.



## Agricultural Food Trade between Kyrgyzstan and Pakistan

Researchers from the Lahore University of Management Sciences and the University of Central Asia employed the secondary data analysis and individual interviews to assess opportunities and barriers which affect agricultural trade between Kyrgyzstan and Pakistan and have investigated the means to make better use of existing trade agreements including the Quadrilateral Transit Trade Agreement originally between Pakistan, Kyrgyzstan, Kazakhstan, and the PRC.

The paper concludes that the lack of market information, absence of a policy promoting regional trade, unpredictability, poor conditions for doing business, lack of incentives for traders, dysfunctional transit agreements, and high cost at border crossings (including informal payments) constitute some of the major impediments to trade.

## Building Bankable and Viable Programs Based on Trust

The Afghanistan Research and Evaluation Unit (AREU) undertook a study on trust-building approaches to existing regional economic engagements that might have a potential to deepen regional economic cooperation and integration. The researcher argues that adopting a trust-based approach to existing methods of interaction is timely as the CAREC 2030 strategic framework unrolls. It should be explored to what extent these approaches can be employed in the current climate of political uncertainty.

The author concludes that without the political route for ending the protracted conflict, the proposed economic glue in the form of regional economic cooperation and integration cannot gain traction. Although the regional initiatives are well-intentioned, without the necessary political and security pillars, the economic pillar is unlikely to be viable.

Picture 9: Mr. Hamidullah Farooqi, Kabul University Chancellor, and Ms. Enkhbaigali Byambasuren, Director of Mongolian Institute of Strategic Studies at the forum



## 7) Research

### a) CAREC Regional Integration Index Policy Perspective

The CAREC Institute continued work on the CAREC Regional Integration Index (CRII) to provide policy perspectives to its member government focal points.

The 2019 working paper defines regional integration as a strategy that promotes the benefits of collective and collaborative activities among member countries through economies of scale, more vigorous intra-regional trade, expansion of markets, shared information platforms for exchange, and harmonized frameworks for social and economic interaction, and proposes three growth areas and five knowledge corridors in CAREC.

The proposed growth areas include 1) Azerbaijan-Georgia-Turkmenistan-Afghanistan-Pakistan growth area to connect the seaports of Azerbaijan and Georgia with the proposed Turkmenistan rail network, and with the Gwadar and Karachi ports of Pakistan; 2) regional value chain growth area for the middle and far-west portions of CAREC to stimulate regional production systems primarily in agriculture whose outputs can move through the railway network in Turkmenistan and into the port outlets of Georgia and Azerbaijan, connecting the sub-region to Europe, as well as through the port outlets of Pakistan and into South Asia and the Middle East; and 3) cross-border tourism growth area involving all CAREC countries and the Silk Road branding.

The knowledge corridors include: the energy corridor, tourism, regional value chains, transport and logistics, and finance.

From 2020 onwards, the CAREC Institute plans updating the CRII on an annual basis and organizing discussions among CAREC stakeholders to find policy measures to foster regional cooperation and integration.

### b) Developing Framework for Mutual Recognition of SPS e-Certificates

In 2019, the CAREC Institute, in cooperation with the ADB, conducted a feasibility study for developing a framework for mutual recognition and electronic exchange of phytosanitary certificates in CAREC. The study examines the institutional, regulatory, and policy frameworks to identify accompanying challenges in the issuance of phytosanitary certificates by National Plant Protection Organizations (NPPOs). It provides an assessment of the CAREC member capacity to digitize certification procedures and develop mutual recognition agreements for trade facilitation.

The agricultural trade costs in the region are particularly high as compared with manufactured goods, mainly due to tariffs, non-tariff barriers, trade procedures, and logistics. Half of the regional population relies on agricultural production making it central to sustainable development and poverty reduction. Access to global markets is therefore essential to ensure sustainable livelihoods and food for all.

The analysis of manual trade documentation reveals major drawbacks, including double data entry, clearance delays, safety risks, and high administrative costs. On the other hand, digital trade facilitation is a means of reducing non-tariff barriers to trade, reducing trade costs by optimizing regulatory trade procedures, and increasing access to international trade avenues.

Preliminary findings identify, *inter alia*, necessity for significantly improved reporting systems on plants and plant pests across CAREC, establishing standards for evaluation of cross-border trade



facilitation to identify gaps at both policy and technology levels, a comprehensive national strategy for implementation of a digitized system of electronic phytosanitary certification, legislative reform, capacity building measures for technical staff, and scoping documents for implementation of an International Plant Protection Convention (IPPC) hub to standardize processes.

The study suggests using the model of the e-Phyto certification system of the PRC for inception of a harmonized system in CAREC.

### c) Feasibility Study on Regulatory Framework for e-Commerce Development

The CAREC Institute, in cooperation with the ADB, conducted analysis of a regulatory framework for e-commerce development in CAREC. The study examines the state of legislation and regulation of e-commerce in eleven member states and recommends ways to modernize and harmonize them.

Firstly, it considers the type of challenges that electronic documents present for traditional legal systems, notably the invisibility and mutability of digital communications. It then reviews how the legal world has responded to these challenges, with particular attention to the work of the United Nations Commission on International Trade Law (UNCITRAL) and several other intergovernmental and non-governmental organizations.

The analysis elaborates on electronic transactions, both electronic documents and electronic signatures. It discusses the principal methods that legal systems, in particular CAREC member systems, use to deal with them. It also gives an overview of rules for electronic payments, privacy, cybercrime, and consumer protection in an electronic age.

One part of the analysis focuses on the international dimension: which treaties are available for countries to resolve issues of cross-border paperless trade. It touches on the use of free-trade agreements to drive e-commerce law reform, as well as the usefulness of conventions that deal only indirectly with electronic communications. There is a particular focus on developing rules for mutual recognition of authentication systems. The report then analyses the e-commerce laws, as defined broadly, of the CAREC member states, and recommends a number of ways for bringing them in line with the current international best practices.

### d) Climate Insurance, Infrastructure, and Governance

In response to recommendations issued by the Advisory Council, the CAREC Institute, in partnership with the Innovations and Scientific Research Cluster of Uzbekistan, IAMO-Halle, and Humboldt University, has conducted a study on climate insurance, infrastructure, and governance in CAREC region. The study aims to fulfil research gap and provide overview of the current realities of the climate change in 11 countries through the prism of water, energy, and food nexus, economic and financial aspects, and governance.

The paper provides an overview of the changing climate and weather patterns in the region and analysis of most climate-vulnerable sectors, and geographic areas. It examines three important sectors of water-agriculture-food as part of resources and policy nexus approach, reflecting on water and energy efficiency, footprint and greenhouse emissions. Further on, the paper reviews economics and financing of climate change adaptation, where authors examine existing financial instruments for adaptation and mitigation measures. It also discusses comprehensively governance systems, legal policies, collaborative stakeholder mechanisms and institutions on national levels, linkages between Intended Nationally Determined Contributions (INDC) and SDGs for climate change adaptation and mitigation efforts.

Some of the preliminary findings include the following: grain yields will be adversely affected by increases in evaporation rates and temperatures surpassing conditions favorable for the crop, where Kazakhstan might see a decrease in grain yields by 14-45% by 2050 (wheat is also used for livestock and poultry sectors, on average 26% of the total agricultural lands are allocated under wheat (i.e. ca. 51 million ha) in the region); the yields of non-grain crops in the Caucasus are expected to decrease by 3–28% by 2040; pasture productivity is expected to decline in Mongolia, Kazakhstan, and Kyrgyzstan due to decline in summer precipitation coupled with increase in seasonal temperatures; the intensity of droughts followed by harsh winters is expected to increase in Mongolia resulting in increase in the livestock losses by about 50% by the middle of the century in comparison to losses observed in the past; climate change may disturb the operation of the existing pump-lifted hydraulic infrastructure due to the lower water levels in waterways and irrigation canals. This may increase demand for the electricity to sustainably run and operate pump-lifted irrigation infrastructure (Azerbaijan, the PRC, Georgia, Pakistan, Tajikistan, and Uzbekistan irrigate more than 20% of their lands with electric pumped schemes); Uzbekistan, Pakistan, Kazakhstan, Turkmenistan, and the PRC shall re-think their allocation of strategic crops under reduced water availability for production of wheat, rice, and cotton; Afghanistan, Kyrgyzstan, and Pakistan shall prioritize designing energy efficiency programs for residential sector as it consumes more than 50% of total electricity, whereas industry and construction sector of the PRC, Mongolia, and Kazakhstan use more than 60%; water and energy are closely linked as energy cost is usually the greatest expenditure for water and wastewater utilities, thus measures to identify and reduce water and energy losses and enhance efficiency can result in substantial energy and financial savings.

The CAREC Institute plans to expand this research in 2020 to explore the climate change and water scarcity – a framework for an integrated regional approach, design the climate adaptation index, and research feasibility of deployment of renewables on a large scale in CAREC.

#### e) Forty Years of Chinese Reforms: Experience Sharing

In 2019, the Chinese Academy of Fiscal Science (CAFS) and the CAREC Institute concluded a joint work to mark 40 years of the reforms of the People's Republic of China (PRC), and share knowledge about the PRC's policies and practices across a range of sectors including: public private partnerships, state owned enterprises, small and medium enterprises, e-commerce, fiscal policies, public sector reform, urbanization and municipal services, poverty alleviation policies, trade policy, and trade facilitation reforms.

The Chinese reform experience proved unique - an undertaking never accomplished by other socialist countries. It was a progressive reform path where various systems interacted, influenced, promoted, and governed one another. Metaphorically, the reform journey was compared with "crossing the river while feeling the stones," meaning that policy makers were engaged in a continuous cycle of learning, reflection, adjustment, and issue-focused targeted implementation. Adjustments were timely and adequate to maintain a dynamic balance.

These reforms resulted in the government function optimization, improvements in public service capabilities which ultimately lifted hundreds of million out of poverty, and improved people's living standards substantially. As a result, by 2019, the PRC has graduated as the second largest economy in the world, second largest contributor to the UN, and a significant investor around the globe.

The summary volume of the English translation describes the context of policy decisions for all mentioned sectors, elaborates on stages of development, and aspects of particular policies. The original version of the book has been published in Chinese in August 2019.

## 8) Capacity Building

In response to the newly adopted CAREC transport strategy, energy strategy, and integrated trade agenda, with an aim to improve capacity of the CAREC member countries to plan, manage, and implement projects that contribute to the goals and objectives of CAREC 2030 agreed priorities, the CAREC Institute partnered with the ADB, ADBI, WTO, WCO, UNCTAD, UNIDO, and numerous regional institutions to conduct eleven workshops for 285 CAREC governmental officials in 2019.

While acknowledging the need for better gap identification and impact assessment, the Institute balanced between the “skills training” and “policy process facilitation” during workshops.

The novel approaches in the 2019 CAREC Institute workshop activities included production and external promulgation of four workshop proceedings and three policy briefs which emerged from the workshop contents.

The need for the workshop format improvement triggered recruitment of the external capacity building consultant and a GC level policy dialogue at the end of 2019 (covered in Chapter 3c of this report). The consultancy continues into 2020. The preliminary proposals to the CAREC Institute include the shift from a service provider to development entrepreneur to facilitate knowledge solutions for its stakeholders.

### a) WTO TFA Implementation

Picture 10: The WTO TFA workshop participants in January 2019 in Baku.



With participation of delegates from the State Customs and Revenue Services of the CAREC member countries, and with resource persons from the World Trade Organization (WTO), World Customs Organization, UNCTAD, General Administration of China Customs, and the Asian Development Bank, the CAREC Institute organized the WTO Trade Facilitation Agreement (TFA) implementation workshop during 15-16 January 2019 in Baku, Azerbaijan.

The workshop aimed to accelerate implementation of the WTO TFA provisions with a focus on introducing specific features and provisions of the TFA, harmonization of legislative and regulatory frameworks, formulation of relevant preliminary action plans, and experience-sharing regarding the vitality of interagency cooperation at the border-crossing points.

The workshop built on results of the December 2017 workshop held in Bangkok where CAREC countries indicated the need to prepare action plans to implement immediate commitments (category A) and prioritize their capacity building needs, and October 2018 workshop titled “World Trade Organization Trade Facilitation Agreement: Roadmap for CAREC Countries” where member representatives learned new approaches to overcome the implementation challenges, and shared knowledge on the TFA implementation both at the national and regional levels.

## b) Knowledge Sharing in Trade Facilitation and Customs Modernization

The ADB, in collaboration with the CAREC Institute, CAREC Customs Cooperation Committee (CCC), the South Asia Sub-Regional Economic Cooperation (SASEC) Program and the Ministry of Finance of Georgia have organized an Inter-Sub-Regional Knowledge Sharing Forum on Trade Facilitation and Customs Modernization during 31 October - 2 November 2019 in Tbilisi, Georgia.

The forum aimed to share knowledge, experiences, and best practices on challenging aspects of trade facilitation reform and modernization facing CAREC and SASEC customs administrations, with special emphasis on overland trade, including areas such as transit systems and facilitation, joint border controls, regional improvement of border services, and private sector involvement. The participants deliberated about critical success factors of trade facilitation measures for efficient trade flow, resource allocation, and improved regional cooperation.

In addition to the forum, the SASEC held its annual meeting while the CAREC CCC conducted an inter-sessional meeting to (i) discuss pending follow-up actions to the 18th meeting of the CCC, and finalize the CCC action plan; (ii) discuss monitoring schemes/framework for updating progress in CCC priority areas and implementation of the provisions of the WTO TFA; and (iii) agree on plans to showcase the work of the CCC to mark the 20th anniversary of the CAREC Program.

Dr. Iskandar Abdullaev, CAREC Institute Deputy Director Two, presented the Institute’s ongoing and planned research on e-commerce and SPS e-certification as it relates to customs cooperation. In addition, he presented the transition plan for the CAREC Corridor Performance Measurement and Monitoring (CPMM) mechanism from the ADB to CAREC Institute for 2020-2021.

## c) Promoting Economic Diversification

The CAREC Institute has partnered with UNIDO and leading academic institutions in the region to deliver a workshop on economic diversification aimed at deepening the understanding of characteristics of resource-dependent economies, importance of industrial development strategies, particularly export oriented industries, to achieve economic diversification, and enhance capacity of the CAREC countries to improve their competitiveness. The workshop was held during 16-17 May 2019 in Ulaanbaatar, Mongolia.

The workshop was organized in response to the policy advice, issued at the 17th Ministerial Conference of CAREC, held on 15 November 2018 in Ashgabat, to increase export diversification through promotion of conducive environment for the private sector, and identification of measures to advance industrial and investment policy for specific sectors based on best practices in the Asian countries.



#### d) Enhancing Quality of Key Economic Indicators

In collaboration with the ADB, the CAREC Institute held a workshop on enhancing quality of the system of national accounts and key economic indicators during 20-25 May 2019 in Nursultan, Kazakhstan. The workshop built on results of the “2008 System of National Accounts” training held in September 2018 in Almaty, Kazakhstan.

This workshop provided detailed, rigorous, hands-on training in the 2008 System of National Accounts (SNA) concepts, definitions, standards, and recommendations that have proven to be a challenge for many countries to implement; sources and methods related to quarterly accounts, and GDP benchmarking; compilation and analysis of supply-use tables, input-output tables (IOT), sub-national and inter-country IOTs, and trade-in-value added statistics; solutions to specific conceptual, data and statistical issues related to subject matter areas such as FISIM, gross fixed capital formation (GFCF), household expenditures, housing services, inventories, trade, taxes, subsidies, and government’s collective expenditure.

The workshop aimed to enhance the capacity of the CAREC member country National Statistics Offices (NSO) to develop standard approaches, and support policy dialogue with evidence, and track progress towards Sustainable Development Goals (SDG).

#### e) Economic Globalization Statistics

Picture 11: The workshop participants in June in Jakarta.



With the aim to bridge critical data and analytical gaps in the economic information systems in the CAREC region, the CAREC Institute organized a workshop in partnership with the ADB and the Islamic



Development Bank (IsDB) on the economic globalization statistics, paired with a conference on mapping the value chains during 10-15 June 2019 in Jakarta, Indonesia.

The principal objective of this workshop was to facilitate evidence-based policy making and monitoring of the progress towards economic and social milestones, including SDGs.

The ADB Vice-President Mr. Bambang Susantono spoke at the workshop highlighting data management as critical for development given its important role in promoting evidence-based policymaking.

More than 70 statistics and economics experts from government and private institutions from 15 countries participated. The workshop provided rigorous hands-on training on the compilation and analysis of supply-use tables (SUTs), input-output tables (IOTs), sub-national and inter-country IOTs, extended IOTs, social accounting matrices (SAMs), and trade-in-value added (TiVA) statistics. Further, conceptual, methodological, and data issues related to FISIM, production accounts, capitalization, inventories, subsidies, taxes, housing services, public expenditures, and household expenditures were discussed comprehensively through case studies.

In addition, the ADB-IsDB-CAREC Institute coordination team guided each country delegation to develop and commit to a viable project implementation plan under the knowledge support and technical assistance (KSTA) facility with clear milestones and concrete outputs.

#### f) Achieving Energy Security in Asia

The CAREC Institute and the ADBI have organized a joint workshop on achieving energy security in Asia during 22-23 October 2019 in Almaty, Kazakhstan.

Renowned scholars and authors of the book titled “Achieving Energy Security in Asia: Diversification, Integration, and Policy Implications,” and CAREC government officials deliberated on the status of energy consumption, energy supply, import, export, energy cooperation with neighboring countries, strategies for increasing share of renewable energy, and on analyzing the energy security levels in their respective countries.

In recent years, the issue of energy security has been identified as an overriding challenge facing Asia, particularly the developing countries who display more vulnerability due to volatilities and fluctuations in energy prices, high import dependency, lack of financial subsidies or incentives, and limited access to proper technologies and skilled manpower.

A major concern for energy policy makers in developing countries is to secure affordable, clean, and sustainable energy sources at the household and national levels.

The discussions focused on analysis of regional cooperation and energy trade; case studies in diversification, cooperation, and integration of energy market and deployment of renewable energy; energy security and insecurity in CAREC; and collaboration options for the region’s academia, practitioners, and policy makers.

The policy recommendations which emerged from the workshop included: simultaneous increase in all four dimensions of energy security - availability, applicability, acceptability and affordability – to improve the national energy security in CAREC counties, establishing a unified legal energy framework, and building a common energy market in CAREC region to improve the regional energy security.

## g) Reforming State-Owned Enterprises

Picture 12: The SOE reform workshop participants in September in Bishkek.



In cooperation with the ADBI and the American University of Central Asia, the CAREC Institute has organized a workshop for senior personnel of state bodies in charge of managing state-owned enterprises (SOE) and public-private partnerships (PPP) to discuss existing SOE practices and reform strategies in Bishkek, Kyrgyzstan, during 26-27 September 2019.

The participants shared new research, country experiences, best practices, risks, information about ongoing reforms, SOE impact on economy, current policy issues in SOE management, global trends, role of governance, legal framework, performance evaluation models, and many more.

The 17th Ministerial Conference of the CAREC countries highlighted the issue of the SOE functionality and the public sector reform as a priority in November 2018. This workshop was arranged to respond to the priority agenda of the CAREC Ministerial Conference.

It was discussed how SOEs address certain types of market failures, that they account for 15% of GDP in OECD countries and 20-30% of GDP in transition economies, for 20% of investment and 5% of employment globally. In 2017, 102 of the world's largest 500 enterprises were owned by sovereign governments. However, the participants also highlighted transparency and performance issues in relation with SOEs. Research was shared where low productivity SOEs make business environment more severe for the private sector due to non-performing loans, influence on collateral requirements for the business, and make their access to finance more difficult. A comprehensive evaluation framework was proposed for SOEs which can help improve policy decision-making.

The policy recommendations which emerged from the workshop included placing the primary focus on small-scale privatization, consideration of the local context and lessons, establishment of a synergy between privatization and capital market development, among others.

## h) China-Central Asia Accounting Elites Exchange Program

Picture 13: The SNAI workshop participants in December in Shanghai.



The CAREC Institute, and the Shanghai National Accounting Institute (SNAI) of the PRC, in partnership with the Association of Chartered Certified Accountants (ACCA) have launched a capacity building and knowledge sharing program titled “China-Central Asia Accounting Elites Exchange Program” on 16 December 2019.

The program convened senior accounting professionals from CAREC policy and regulatory bodies, academia, and the private sector to foster development and harmonization of the “accounting infrastructure” in the region. It intends to contribute to strengthening CAREC accounting systems in terms of institutional arrangements, human resource development, and regulatory mechanism; build a network of the PRC and Central Asia accounting elites to promote cooperation; build a foundation for unimpeded trade and financial integration; and promote discussions on accounting and related issues as well as explore potential solutions for various challenges.

Due to the discrepancy in accounting standards, regulations, and human development levels in the accounting sector among different economies, accounting data cannot be easily communicated, and related risks cannot be effectively managed. As a result, such business language barrier increases cross-border transaction costs, hampering trade and economic cooperation at multiple levels.

The program consists of four workshops in two years, to conclude in 2021. Through regular exchange and visits, and the use of virtual communities, in-depth discussions will be conducted on topics such as the accounting system development, talent cultivation, accounting regulatory development, accounting service system establishment, and accounting technology changes. The participants who complete all program requirements will receive the certificate of completion co-issued by all partners.



## i) Comparison of Economic Integration in Asia and Europe

Picture 14: Mr. Rovashan Mahmudov of CAREC Institute, Prof. Tapan Sarker of Griffith University, Prof. Youngho Chang of Singapore University of Social Science, and Prof. Farhad Taghizadeh-Hesary of Waseda University at the workshop in Tbilisi



The CAREC Institute and the ADBI held a joint workshop together with the Ministry of Economy and Sustainable Development of Georgia and the International School of Economics at Tbilisi State University on the topic of comparison of economic integration in Asia and Europe during 30-31 July 2019 in Tbilisi, Georgia.

The participants included CAREC member country government representatives, and renowned authors and practitioners from Asia and Europe as resource persons. The workshop aimed to achieve a better understanding on legal approaches to integration; aspects of fiscal and monetary integration; integration in energy and environment sectors; possibility of de-integration; best practices, lessons learned, and case studies from Europe and Asia which took different approaches to economic integration.

“In the modern world, the level of economic, political and cultural interdependence of countries of the region is increasing continuously. The opportunities and challenges are becoming more and more intertwined. Development of infrastructure, trade and transportation links between countries will reduce transaction costs for businesses, facilitate investments and will significantly contribute to economic integration... At the same time, economic integration [...] is a positive source of knowledge, experience sharing and cultural interaction among countries,” said the Deputy Minister of Economy and Sustainable Development of the host country Ms. Ekaterine Mikabadze at the workshop.

“The benefits of economic and financial integration are many... [they] include realizing comparative advantage, reaping economies of scale, transferring technology, and reallocating physical and financial investment to areas of higher returns... The concept of regional public goods (RPGs) provides some insight into the issues posed by regional integration. RPGs such as cross-border infrastructure, sustainable management of shared natural resources, and cross-border disease surveillance and control offer benefits beyond a single nation’s territory,” added Mr. Peter Morgan of ADBI.

The workshop participants also discussed side effects and the “problem of collective action” accompanying integration. They deliberated which lessons could be learned from various integration processes and how to avoid negative reactions and their political consequences.

The policy recommendations which emerged from the workshop included creation of effective and efficient system for policy coordination, for infrastructure development and infrastructure financing, also reduction of non-tariff measures, and establishment of effective intra-CAREC energy trade.

## j) Application of Technology in Disaster Risk Reduction

The CAREC Institute in cooperation with the Xinjiang Institute for Ecology and Geography has delivered a workshop on “Application of Technology in Disaster Risk Reduction (DRR) in Central Asia” during 16-26 October 2019 in Urumqi, Xinjiang, the PRC.

The workshop brought together leading experts, decision makers, policy makers, and policy influencers to engage in regional knowledge sharing, policy dialogue, and explore a collective way forward to tackle issues of natural disasters using available technologies. The audience included mid- to senior-level government officials, experts and professionals associated with the Ministries of Emergency Situations, Hydro-Meteorological Bureaus and Civil Affairs Agencies as well as academics and researchers from relevant research institutions and university faculties.

The CAREC countries comprise a large mass of mountain ranges, from Pamir to Hindu Kush to the Caucasus. The area is prone to earthquakes, landslides, drought, and floods aggravated by the climate change. As a result, the CAREC countries face increasing challenges of natural disasters collectively. To reduce the risks of natural disasters, there is a need not only for stronger regional cooperation but also for enhanced technical and technological capabilities.

The participants were introduced to the role of technology application in DRR with the focus on types of areas prone to natural disasters and regional mechanism of analysis; establishment of effective DRR systems; evaluation and standardization of DRR capabilities; remote sensing monitoring technology and its application in hazard assessment and early warning; application of satellite technologies and unmanned aerial vehicles (UAV); disaster data processing and analysis; model and simulation of floods, droughts and debris flow; disaster risk assessment; construction of DRR information system; early warning systems; and possible measures to prevent and reduce disasters.

The workshop aimed at setting up a platform for exchange of technical knowledge, lessons learned, and best practices on disaster risk reduction in CAREC; developing further capacity; and strengthening cooperation among experts and policy makers on disaster risk management issues.

## k) Improving Road Safety

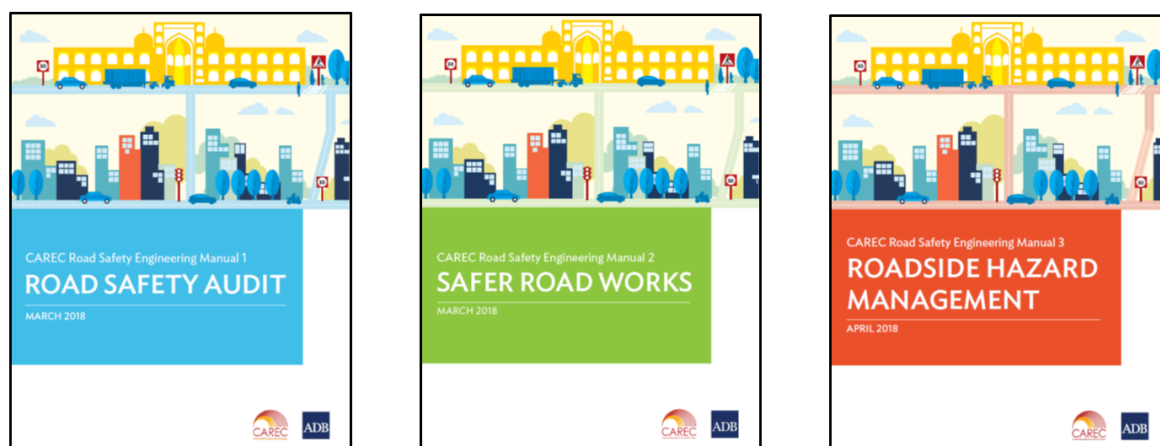
The CAREC Institute held a road safety workshop in collaboration with the CAREC Program and the ADB during 2-6 September 2019 in Inner Mongolia, the PRC.

The workshop aimed at sharing the best practices in road safety engineering, including treating hazardous road locations (black spots), road safety audits, roadside hazard management, and safety at road work sites. It equipped participants with necessary resources to advocate for changes in policies and practices that may be required at the national level.



This event continued the series of road safety workshops targeting relevant senior governmental officials that started in Dushanbe in 2017, followed by manuals in 2018 on road safety audit, safer road works, roadside hazard management, and another workshop in Bishkek in 2019.

Picture 15: The first three CAREC road safety engineering manuals (2018)



The CAREC countries made the road safety a collective regional priority at the 15th CAREC Ministerial Conference in October 2016 when they adopted the regional road safety strategy 2017–2030. The strategy aims to reduce fatalities on CAREC roads by 50% by 2030, as compared with 2010. The goal is to save 23,000 lives and avoid 250,000 serious injuries annually equaling the estimated savings of \$16 billion a year.

According to the WHO estimate of 2018, road crashes ranked as the 8th leading cause of death globally. Further analysis showed that road crashes are the 6th cause of death in Central Asia. Majority of the CAREC countries rely on roads and railways for transportation, only three of them have access to maritime routes. The CAREC Program entails expanding the road corridor network for better connectivity, thus road safety plays a major role in operating the corridors at their optimal capacity.

The policy recommendations which emerged from the workshop included: strengthening connections with national technical universities to assist the staff to be better equipped to teach road safety engineering; the network of national technical universities to become a platform for knowledge sharing and mentoring in road safety audits (including cross-border audits) for national road authorities; establishment of the national road auditor registration schemes; and enactment of national road audit policies. Development of the fourth manual on pedestrians was also proposed to complement the set of CAREC road safety manuals.

## 9) Knowledge Management

The CAREC Institute has revitalized its knowledge management function in April 2019 and, throughout the year, produced over 25 knowledge and communication products with some 800 pages released in the form of working papers, workshop proceedings, policy briefs, and communication materials including the e-newsletters, organizational brochure, the annual report, strategy document, and media release reports.

The Institute used the workshop, e-newsletter, LinkedIn, website, think tanks forum, and senior officials' meeting platforms to promulgate its knowledge and communication materials. Some selected products were escalated to the NFP group separately with relevant translations.

Table 5: The CAREC Institute knowledge products in 2019

Knowledge Products	Release Date
<b>Policy Briefs</b>	
CAREC Regional Integration Index (CRII) Country-Level Recommendations	August 2019
Achieving Energy Security in Asia: Policy Implications for CAREC	December 2019
Comparison of Regional Economic Integration in Europe and Asia	December 2019
Reforming State-Owned Enterprises in Central Asia	December 2019
<b>Workshop Proceedings</b>	
Comparison of Regional Economic Integration in Europe and Asia	September 2019
Reforming State-Owned Enterprises in Central Asia	November 2019
Workshop Report with Recommendations on Road Safety Engineering	November 2019
Achieving Energy Security in Asia	December 2019
<b>Policy Dialogue Proceedings</b>	
The Silk Road Knowledge Corridors	December 2019
Fostering Regional Cooperation in Capacity Building	December 2019
<b>Research</b>	
Forty Years of Chinese Reforms: Experience Sharing	October 2019
CAREC Regional Integration Index (CRII) Policy Perspective	December 2019
Regional Value Chains in CAREC: Case of the Kyrgyz Garment Industry	November 2019
Trends, Challenges, and Opportunities for Agricultural Development in CAREC	December 2019
<b>CAREC Think Tanks Network</b>	
The 3rd Think Tanks Development Forum Report	July 2019
Think Tanks Network Research Grants: Synopsis of Preliminary Findings	August 2019
Research on Assessing Participation of CAREC Countries in RVC and GVC	December 2019
The 4th Think Tanks Development Forum Report	December 2019

## 10) Public Relations and Media Coverage

In order to increase visibility of its activities and enhance dialogue with stakeholders, the CAREC Institute intensified public relations and media coverage of its work in 2019. The Beijing reception for CAREC diplomats, the Advisory Council meeting, the think tanks forum, four workshops, Silk Road forum knowledge dialogue, and participation in the Caspian Economic Forum was covered by over 100 print, TV, radio, and online media agencies and partner institutions in the PRC, Uzbekistan, Turkmenistan, Kazakhstan, Kyrgyzstan, Georgia, Pakistan, and Mongolia.

The CAREC Institute opened its LinkedIn account mid-June 2019 and created a 2,000-member external email distribution list to communicate its news, knowledge products, and concise policy messages.

### Beijing Reception

Picture 16: The CAREC Institute former Director Mr. Sanjaasuren Bayaraa (middle) with CAREC diplomats in Beijing



The reception in Beijing was held in conjunction with the Belt and Road Development Forum on 21 June 2019 to host distinguished guests represented by Ambassadors of CAREC member countries in the PRC, representatives of international development organizations and think tanks, and prominent government and public officials of the PRC, including Ms. Zou Jiayi, Vice Minister of Finance of the PRC.

Keynote speeches were delivered by Excellences Ambassadors of Azerbaijan and Georgia, diplomats from Pakistan and Uzbekistan, Vice Minister of Finance of the PRC, and representatives of the Xinjiang Uygur and Inner Mongolia Autonomous Regions of the PRC.

The Diplomats emphasized deepening strategic partnerships among their countries and the PRC, favorable geostrategic location of CAREC countries, and the importance of the Belt and Road Initiative which the guests viewed not only as a platform for cooperation that brings economic dividends but also an important mechanism to enhance cultural exchange, and serve the cause of stability, security, and peace in Eurasia.

The guests remembered the great Confucius - "when the paths are different, people don't make plans together" - however, in the CAREC region, "we have joint plans and projects as the path to sustainable development is one."

### **Interaction with the PRC Media**

The CAREC Institute leadership, represented by the former Director Mr. Sanjaasuren Bayaraa and Deputy Director One Mr. Liang, spoke with the PRC media represented by the People's Daily, Xinhua News Agency, Economic Daily, China Daily, China Radio International, Global Times, and china.org.cn on 10 June 2019 in Beijing, PRC.

The media inquired about the CAREC Institute's mandate and its work, characteristics of CAREC economies, competing trade interests of dominant global economies, globalization, BRI, and more.

The CAREC Institute's leadership elaborated on importance of knowledge corridors along with economic corridors. To continue the tradition of the Silk Road which contributed to the development of the region and the world not only through trade, but primarily through knowledge exchange, the CAREC Institute is invested in the knowledge corridor development where thoughts and ideas of knowledge enablers (government), knowledge articulators (think tanks), knowledge generators (universities), and transformers (business sector) interact to develop directional frameworks and translate knowledge into tangible gains.

As for the BRI, the leadership responded that the CAREC Institute sees importance of coordinating the CAREC agenda with the BRI and other regional initiatives as these platforms complement one another.

### **Interaction with the Regional Media**

The CAREC Institute and its partners continued interaction with the CAREC regional media throughout the year. Some of the notable media quotes highlighted the importance of cooperation, harmonization, inter-dependence, and innovation.

At the Silk Road Forum in Georgia in October 2019, the ADB Vice President Mr. Chen Shixin said: "As per the vision shared in the second Belt and Road Forum, it is important to keep up with the trend of the Fourth Industrial Revolution, foster new growth drivers and explore new development pathways, build the digital Silk Road and the Silk Road of innovation, and continue carrying out cooperation in innovation, science, and technology... The CAREC region lies at the heart of the Silk Road Economic Belt and traverses the Belt and Road Initiative (BRI) space providing further impetus for close coordination to build resilient and sustainable regional infrastructure jointly."

The Deputy Minister of Economy and Sustainable Development of Georgia Ms. Ekaterine Mikabadze shared her regional perspective at the Tbilisi workshop in July 2019 and during an interview with the local TV media: "In the modern world, the level of economic, political and cultural interdependence of countries of the region is increasing continuously, the opportunities and challenges are becoming more and more intertwined. Development of infrastructure, trade and transportation links between

countries will reduce transaction costs for businesses, facilitate investments and will significantly contribute to economic integration... At the same time, economic integration ... is a positive source of knowledge, experience sharing and cultural interaction among countries.”

The CAREC Institute Director Mr. Syed Shakeel Shah addressed the CAREC Think Tanks Development Forum (CTTDF) in Xi'an in August 2019 with the following words, and was later quoted by Global Times China publication: “The CTTDF provides a powerful platform to think tanks to augment the policy making for improving lives of millions through evidence-based research for planning and implementation of CAREC projects and initiatives. The CAREC Institute brings these perspectives to high-level platforms, such as the CAREC Ministerial Conference and Senior Official Meetings to facilitate related decision-making.”

In a subsequent interaction with Global Times of the PRC, Director Syed Shakeel Shah said that escalating US-China trade war was bringing significant challenges for regional economic entities. Regional countries need to improve cooperation and move ahead with more regional trade integration. He further emphasized that economic slowdown in the PRC will result in significant economic downward pressure in the whole region.

The Uzbekistan Daily quoted the former Director Mr. Sanjaasuren Bayaraa in its July 2019 publication that the climate change is a cross-cutting issue which influences energy, water, agriculture, and other sectors, and CAREC Institute plays a coordinating role among member governments and different development initiatives, such as the Belt and Road, CAREC, and others to promote harmonization of the normative base and rules.

In December 2019, the Pakistan Observer and Kazakhstan Business Life publications quoted the President of SNAI Mr. Li Kouqing in the context of a joint accounting workshop with the CAREC Institute and ACCA that harmonization of the accounting infrastructure is vital for improving economic development, and it can promote growth and stability in CAREC.

### **Selected Media Links**

[China Daily on interaction with the CAREC Institute leadership](#)

[People's Daily on interaction with the CAREC Institute leadership](#)

[Xinhua News on interaction with the CAREC Institute leadership](#)

[Advisory Council coverage by Uzbekistan Daily](#)

[Advisory Council coverage by Pravda Vostoka](#)

[Coverage of the integration comparison workshop in Tbilisi by the Griffith University](#)

[AUCA of Kyrgyzstan on the SOE reform workshop](#)

[Government of Turkmenistan on CAREC Institute's participation in the climate change dialogue](#)

[Mongolia's Montsame about the workshop on promoting economic diversification](#)

[Global Times about the 4th CAREC Think Tanks Development Forum](#)

[Participation in the Silk Road Forum in Georgia](#)

[ACCA Global on the CAREC Accounting Elites Exchange Program](#)

[China Daily on the CAREC Accounting Elites Exchange Program](#)

[The Belt and Road News on the CAREC Accounting Elites Exchange Program](#)

[Pakistan Observer on the CAREC Accounting Elites Exchange Program](#)

[Kazakhstan Business Life on the CAREC Accounting Elites Exchange Program](#)



## 11) Strengthening Operations, Policies, and Processes

### Staffing

The CAREC Institute has completed eight recruitment processes in 2019 including the recruitment of the new Director and the Deputy Director Two (led by the GC), Chief Economist (non-CAREC national hired at the decision of the GC), Senior Research Specialist, Chief of Research Division, and two national staff. One international staff was promoted to a higher position, and two national staff were moved to new positions to enhance cross-divisional learning.

In 2019, the Institute counted three staff in the management, 11 international staff, 16 national staff, and three secondees. The staff were represented by seven CAREC countries (AFG, AZE, PRC, GEO, MON, PAK, UZB). The Institute intensified its work to promote recruitment of secondees.

Furthermore, the CAREC Institute has launched the Internship and the Visiting Fellow Programs. One intern started work at the end of 2019, and three fellows have been selected in the first round of the Visiting Fellows Program. The fellowship applies to all ADB member countries, has a three-month duration, and requires one visit to a selected CAREC country.

### The Staff Association

In consultation with the staff and the GC, the CAREC Institute has established the staff association in 2019 to handle the issues of staff welfare, representation, professional development, work-life balance, etc. The association is independent and voluntary with an elected chairperson.

### Financial Management and Audit

After obtaining the independent legal and financial status, the Institute opened its own bank account in 2018 and managed the financial resources directly throughout 2019. The financial accounting system was de-coupled from the PRC MOF, and the Institute introduced its own policies, standards, and procedures for internal controls and reporting. As per the IGA requirement, the Institute's 2019 financial statements will be audited by Deloitte China and submitted to the GC in Q2 2020.

The financial sustainability working group has been established to devise a mechanism for the member country voluntary contributions to the Institute's operations.

### Administrative Management

The Administration Division continued handling necessary immigration issues with local authorities to support the international staff to comply with their PRC entry-exit requirements. The same division introduced stricter measures for non-operational procurement and transport arrangements. The Microsoft Office 365, STATA software, iThenticate and online survey subscriptions were procured, and a reliable local area network, the cloud server, and the video conferencing equipment were installed. The staff was trained to enable more creative and value-added application of resources.

### The Host City Agreement

The CAREC Institute made a substantial progress in negotiating the Host City Agreement with the PRC's Xinjiang Uygur Autonomous Region (XUAR). The negotiations are scheduled to continue in 2020 to achieve the level of cooperation as committed in IGA and other framework documents.

## 12) The 2020 Outlook

The CAREC Institute starts year 2020 with the Chief Economist and international research personnel on board. While developing its 2020 plan, the Institute considered the stakeholder feedback, the World Bank-administered survey on CAREC client satisfaction of September 2019, and consultations with development partners.

The Institute will continue shaping the change process it started in 2019 to reposition the organization from a service provider to development entrepreneur to facilitate knowledge solutions for its stakeholders. While the change project takes shape, the Institute will build on the results of its past activities and hold workshops on the following topics in 2020: input-output economic analysis, harmonization of accounting standards, CAREC Regional Integration Index, improving border-crossing services, e-commerce, SPS e-certification, infrastructure investments, road safety, road asset management, disaster risk reduction, climate change and clean energy financing.

The research topics will focus on operationalization of the CAREC Regional Integration Index, the second phase of e-commerce and SPS e-certification research, renewable energy, climate adaptation index, fintech for trade financing, high value crops, and regional tourism. For the purpose of knowledge sharing and networking, the Institute plans a research forum devoted to the 20th anniversary of the CAREC Program.

The CAREC Institute also plans to expand and revitalize its academic network, and, in consultation with partners, standardize and institutionalize certain subjects to increase depth of research and scale of coverage. In addition to this, under the Visiting Fellow Program, the Institute will host researchers to expand the body of knowledge on cross-border issues and propose options for policy challenges under the CAREC 2030 operational priorities. The 2019 finalists of the Visiting Fellow Program will work on (1) regional cooperation for human capital development, and (2) analysis of economic structures and the impact of economic resources on macroeconomic development.

Further, the CAREC Institute will support the ADB PRC mission to launch knowledge sharing project on technical and vocational education and training (TVET) to harvest and share ADB's and other development partners' operational knowledge and policy lessons accumulated and learned in the PRC, the PRC's domestic policy interventions, TVET-related innovations, and assessment of CAREC member country needs. The research results and ensuing policy recommendations will aim at improving sector reforms in TVET and strengthening institutional capacities of key ministries of CAREC member countries.

Additionally, the Institute will explore options how to network with international accountability bodies, and conduct awareness raising in social and environmental safeguard compliance and accountability mechanism among BRI investors, governments, and general population.

In 2020, the CAREC Institute will start the Corridor Performance Measurement and Monitoring (CPMM) mechanism takeover process, currently managed by the ADB. The CPMM is an annual publication which assesses and tracks the time and cost of moving goods across borders and along the six CAREC corridors, spanning the 11 participating countries. The CPMM report identifies country-level developments and challenges to assist national policy makers in determining the necessary focus of national strategies to address both national and regional transport, trade, and trade facilitation issues. The CAREC Institute plans to enhance ownership of the CPMM mechanism and advocacy of policy issues derived from the CPMM data.

The CAREC Think Tanks Network Development Forum (CTTDF) will cover the topic of economic corridors in 2020. The CTTN Research Grants Program will target five researchers from member think tanks to offer new perspectives on cross-border regional economic corridor issues.

In conclusion, to add value to the global efforts through the evidence-based research, capacity building services to its member countries, and networking with the research institutions, the Institute will continue acquiring the observer status with the United Nations.

In light of the busy year ahead, the CAREC Institute will continue organizational improvements, participation in regional events, policy dialogues (among them hydro diplomacy), communication with the media, and provision of knowledge products to its respective audiences to contribute to regional integration and economic prosperity.

Central Asia Regional Economic Cooperation (CAREC) Institute  
No. 376 Nanchang Road, Sha Yi Ba Ke District, Urumqi  
Xinjiang Uygur Autonomous Region, People's Republic of China  
f: +86-991-8891151

[km@carecinstitute.org](mailto:km@carecinstitute.org)

[LinkedIn](#)

[www.carecinstitute.org](http://www.carecinstitute.org)



# CAREC INSTITUTE

Central Asia Regional Economic Cooperation (CAREC) Institute  
No. 376 Nanchang Road, Sha Yi Ba Ke District, Urumqi  
Xinjiang Uygur Autonomous Region, the People's Republic of China  
t: +86.991.8891151  
[km@carecinstitute.org](mailto:km@carecinstitute.org)  
[www.carecinstitute.org](http://www.carecinstitute.org)