



CAREC Institute Newsletter

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Covid-19: Economic Implications for CAREC

In a preliminary analysis of the impact of Covid-19 on the CAREC region, our Chief Economist Hans Holzhaecker [writes](#) that the Covid-19 epidemic will re-enforce current trends in globalization such as reducing disruption risks by relocation of value chains closer to the main global demand and production centers. This will contribute to advancing the build-up of the Asian economic cluster. To be successful participants of this cluster, CAREC countries will have to work harder on improving their export performance, especially in the Asian direction. Situations, such as the current one, highlight the desirability of region-wide emergency arrangements for travel and trade, not only from the economic standpoint, but also for further improvement of human relations and avoidance of unnecessary hardship.

Moreover, the economies of net commodity exporters might suffer from lower commodity prices as Chinese demand weakens while CAREC's export to the People's Republic of China (PRC) is highly concentrated on commodities, especially oil, natural gas, copper, and coal. Namely, Kazakhstan owes about 70% of its global exports to proceeds from exports of mineral fuels, Turkmenistan - more than 90%, Mongolia - about 45%; while net importers, such as Pakistan, might gain.

Current events underline that CAREC members have to mitigate commodity price volatility through prudent resource management and rainy-day funds, including sovereign wealth funds. Besides,

intra-regional CAREC trade should be enhanced, including through trade facilitation measures, to allow better resilience and mutual support. Read more [here](#).

Meeting with the Pakistan National Focal Point

The CAREC Institute Director Mr. Syed Shakeel Shah met the National Focal Point (NFP) for Pakistan, the Governing Council member, Mr. Syed Mujtaba Hussain who serves as a Joint Secretary of the Economic Affairs Division at the Government of Pakistan on 19 January 2020 in Islamabad.

The parties discussed cooperation issues, relevance and utility of the Institute's research products and capacity building activities, staff and consultant recruitment process and results, possibility of Pakistan's financial contribution to the Institute, the upcoming country needs assessment, and activation of the Financial Sustainability Working Group.

Mr. Hussain gave assurance to lend all possible support in consultative process for exploring Pakistan's financial commitment towards the Institute as per provisions of the Inter-Governmental Agreement. He also pledged active participation in the Financial Sustainability Working Group deliberations to develop solid proposals on the subject. Additionally, the NFP advised the Institute to reassess the implementation status of its work program in view of disruptions caused by the Covid-19 outbreak to minimize adverse effects. The Director Mr. Shah thanked Mr. Hussain for his continuous support and useful suggestions to keep the momentum of the Institute's activities.

CAREC Institute Director Mr. Syed Shakeel Shah and Pakistan NFP Mr. Syed Mujtaba Hussain



The Art of Neighborhoods: Borders, Resources, and Mobility

5 February 2020

Bishkek, Kyrgyzstan

The CAREC Institute Deputy Director Two Dr. Iskandar Abdullaev delivered a presentation on water cooperation in Central Asia at the regional conference titled “The Art of Neighborhoods: Border Dynamics, Natural Resources and Mobility in Central Asia” organized by the University of Central Asia (UCA), Aga Khan Foundation, and UKaid on 5 February 2020 in Bishkek, Kyrgyzstan.

During past four years, the Mountain Societies Research Institute (MSRI) of UCA has been studying the Ferghana Valley, an area of high concentration of borders and of vital interests to several countries in CAREC. The research framework analyzed the national discourse, socio-economic and political realities, and shifted focus to a more inclusive development perspective. Contributions from regional experts contextualized the findings from national and regional perspectives. Participants challenged dominant approaches to study the manifestation of borders as well as their impact in Central Asia and expand the understanding of cross-border issues beyond the scope of the security discourse.

Water resources became hydro-politics and a matter of foreign affairs since 1991 in Central Asia. The countries took timely steps to coordinate water issues in the region, however different economic interests and domestic policies have led to contestation of the status-quo on water sharing. In recent years, though, transboundary cooperation started to become more pragmatic due to improved political environment. Several mutual and multi-lateral dialogue platforms have been launched on water cooperation. Although, differences on water issues remain, the tone in discussions have been eased. Dr. Abdullaev highlighted potential interventions required to set up sustainable water governance and management in the region. More about the conference: [media article](#), [photo report](#).

CAREC Institute Deputy Director Two Dr. Abdullaev at the conference in Bishkek. Photo credit: MSRI\UCA

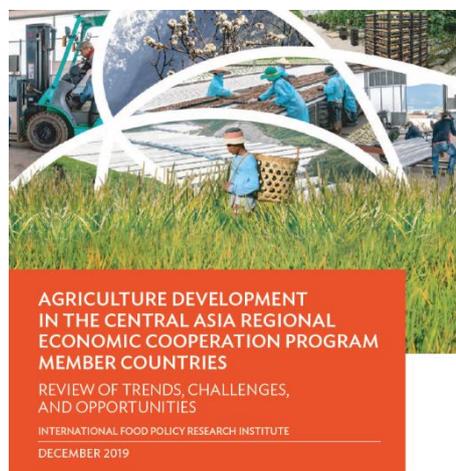


Review of Trends, Challenges, and Opportunities in Agriculture

The CAREC Institute has completed [a study](#) on review of trends, challenges, and opportunities in agricultural development in CAREC conducted jointly with the International Food Policy Research Institute (IFPRI) and the Asian Development Bank (ADB). The study takes stock of the agricultural and food systems of 11 member countries and identifies gaps as well as areas for regionwide cooperation and collaboration both in terms of policies and programs.

The report provides insights into the land reforms of CAREC members; small-holder farming; compartmentalized value-chains; access to transport, storage, and processing facilities which influence agricultural value chains; importance of harmonized cross-border customs and logistics procedures; coordination and strengthening of transboundary disease control systems and sanitary and phytosanitary control measures; and use of limited natural resources like water.

The breadth and interconnectedness of the challenges confronting CAREC's agriculture sectors afford governments, development organizations, and other stakeholders of agriculture a look at opportunities for collaborative research and development interventions. The diversity of expertise and experiences among CAREC member countries - which applies not only to technical capacities and financial resources but also to institutional best practices and policy lessons - can be leveraged to facilitate research and knowledge exchanges.



Visiting Fellow Program

The CAREC Institute and the ADB started receiving applications for the [second round of the Visiting Fellow Program](#) from researchers who are citizens of the ADB members. The call is open till 9 March 2020.

The fellowship is intended for scholars at all levels to pursue research on a topic that is relevant to the CAREC 2030 operational priorities, namely:

- economic and financial stability
- trade, tourism, and economic corridors
- infrastructure and economic connectivity
- agriculture and water
- human development

The strong preference will be given to proposals that address cross-border issues in the CAREC countries (where at least two, preferably three or more, countries are taken as a unit of analysis) that are considered of strategic importance to the region and propose options for important policy challenges. Positive spillover effects of proposed policies should guide the selection of research proposals, including, where possible, a history of policy interventions and adjustments that have shown limited results, but have the possibility of policy changes, innovations, reversals, readjustments. The fellowship is of three months duration, including one visit to any CAREC country.

The finalists of the 2019 Visiting Fellow Program have been selected. They will focus on the following research in 2020:

Regional Cooperation for Human Capital Development

A researcher from the PMC Research Center (www.pmcresearch.org) will analyze the variety of policies of CAREC members directed at developing human capital through labor migration, and the potential of cross-border infrastructure and collaborative platforms for taking full advantage of the migration potential to build human capital. The study will look into the development-oriented remittance policies and FinTech solutions, private partnerships and involvement of local governments in development-oriented migration management, also proactive measures and bilateral agreements between governments providing for better preparation of labor emigrants and recognition of skills across borders.

The study aims to identify the policies in CAREC which are effective at leveraging labor emigration for the development of local human capital and are transferable to other CAREC countries for the establishment of a synchronized labor migration infrastructure and prevention of waste of human capital across borders. Additionally, the study will devise and suggest frameworks of collaboration through which migration processes can be managed better to increase human capital and foster local development.

CAREC Economic Structures and Impact of Economic Resources

A researcher from the Kazakh University of Economics, Finance and International Trade (www.kuef.kz) will focus on CAREC countries with the Soviet past, and will analyze structure of these economies in relation to GDP by consumption, GDP by production, economic growth of GDP and growth rate by sectors, labor resources, capital resources, and impact of the activity of economic subjects on macroeconomic indicators. The findings are expected to inform the options for efficient use of economic resources to spur economic development and poverty reduction.

CAREC Think Tanks Network: Call for Papers 2020

The CAREC Think Tanks Network (CTTN), administered by the CAREC Institute, [invites applications for the Research Grants Program 2020](#) to produce targeted research products which will add to the body of knowledge on regional cooperation in CAREC.

Preference will be given to proposals closely linked with the theme of economic corridor development in CAREC. Research proposals shall aim at identifying: (i) economic profiles of potential economic corridors in CAREC, (ii) bottlenecks and necessary regulatory and policy frameworks, (iii) relevant sectors and their growth potential along the economic corridors, (iv) public-private cooperation mechanism for financing the projects, and (v) human and physical infrastructure requirements for developing economic corridors.

Researchers are encouraged to draw topics from the five operational clusters of [CAREC 2030](#) which support the development of economic corridors.

Comparison of Accounting Standards in CAREC

Mr. Abdul Wahid Dilawar of Afghanistan participating the accounting workshop



[A comparative report](#) of CAREC accounting standards which emerged from a joint workshop conducted by the CAREC Institute, the Shanghai National Accounting Institute (SNAI) of the PRC, and the Association of Chartered Certified Accountants (ACCA) during 16-20 December 2019 in Shanghai, looks into the adoption and implementation of the International Financial Reporting Standards (IFRS) across CAREC.

Many CAREC members have begun to implement IFRS and IFRS for Small and Medium Enterprises (IFRS for SMEs), few of them still remain unclear about the adoption of IFRS. Many countries have already fully adopted the full IFRS; however, their SMEs are still not required, instead are allowed to choose between IFRS for SMEs or national accounting standards. In addition, in several countries, SMEs are only offered a choice of using the national standards as the IFRS SMEs are still not adopted by the governing bodies. The report classifies the degree of IFRS adoption into four categories: “required,” “permitted,” “converging,” “yet to adopt,” and discussed this process in detail country by country. The workshop proceedings report is available [here](#) along with the [comparative report](#).

Meeting with the Economic Research Institute for ASEAN

The CAREC Institute Deputy Director One Mr. Ziqian Liang paid a visit to Tusheng Technology Company and Economic Research Institute for ASEAN on 20 January 2020 in Beijing, the PRC. The President of Economic Research Institute Dr. Wenlong Li and the CEO of the Tusheng Technology Company Ms. Daijun Wu shared the latest research outputs on ASEAN, Kazakhstan, and economic monitoring research for the Zhejiang Provincial Government.

Dr. Li highlighted that Tusheng Technology Company is a high-tech enterprise which employs artificial intelligence technology for data analysis. The company cooperates closely with the

Economic Institute for ASEAN and provides research services to Chinese Ministries, international organizations, large scale enterprises and financial institutions. Ms. Wu added that her company is willing to provide data and analytical support to the CAREC Institute regarding different regional cooperation initiatives, including the Belt and Road, and country specific reports.

Meeting with Xi'an International Studies University for Cooperation

The CAREC Institute Deputy Director One Mr. Ziqian Liang held a meeting with Mr. Xiaoyu Su and Mr. Qin Zhou from Xi'an International Studies University (XISU) on 13 January 2020 in Beijing, the PRC.

The sides exchanged views on cooperation opportunities and shared insights on regional economic development. Mr. Liang expressed readiness of the Institute to provide an inclusive platform for academic institutions to contribute to the regional body of knowledge. The XISU expressed willingness to participate in joint activities, the internship program, and education coalition.

The Boao Forum for Asia 2020 New Year Banquet

The CAREC Institute Deputy Director One Mr. Ziqian Liang attended the BOAO Forum for Asia (BFA) 2020 New Year Banquet on 14 January 2020 in Beijing, the PRC.

Over 300 participants, including the PRC Vice Minister of Foreign Affairs Mr. Zhaohui Luo; representatives of the Chinese Ministries; partners and members of BFA; media; diplomats from Cambodia, Russia, Algeria, Nepal, India, Kyrgyzstan, Kazakhstan, Jordan, Italy, the European Union; and representatives of international organizations attended the event.

The BFA Secretary General Mr. Baodong Li briefed about the BFA's work progress, thanked all parties for their strong support to the BFA, and commented that the BFA is willing to inject positive energy into the world development through provision of diverse and inclusive platform for cooperation.

Meeting with Economic Cooperation Organization Science Foundation

On 1 February 2020, the CAREC Institute Director Mr. Syed Shakeel Shah held a meeting with Dr. Manzoor Hussain Soomro, President of the Economic Cooperation Organization Science Foundation (ECOSF), a specialized body of Economic Cooperation Organization (ECO) based in Islamabad working for leveraging science and technology for economic development. Eight of the ECO members are also part of the CAREC Program (Afghanistan, Azerbaijan, Kyrgyzstan, Pakistan, Tajikistan, Kazakhstan, Turkmenistan, and Uzbekistan).

The ECOSF President briefed the CAREC Institute Director on the charter of functions of ECOSF. He stated that ECOSF is evaluating training institutions in the region to formulate training programs for skilled labor development. Additionally, ECOSF is working to promote goal-oriented research projects, establish linkages among research institutions, exchange information about science and technology through designated institutions, improve methods of teaching science, and publish a quarterly science bulletin. He expressed desire to have regular interaction with the CAREC Institute. The Director Mr. Shah briefed the ECOSF President on the Institute's work program, ongoing research projects, capacity building activities, visiting fellow and research grants programs, and the CAREC Think Tanks Network. He welcomed participation of ECOSF researchers in the visiting fellow program and agreed to establish more institutional interaction between two organizations.

Multilateral Cooperation Center for Development Finance

The CAREC Institute Deputy Director One Mr. Ziqian Liang attended the Multilateral Cooperation center for Development Finance (MCDF) stakeholder workshop on 15 January 2020 in Beijing, the PRC.

Over 60 delegates from multilateral development institutions, international investment funds, Chinese domestic financial institutions, embassies, and think tanks attended the meeting. The Head of the Interim MCDF Secretariat Mr. Zhongjing Wang Introduced the MCDF and its operation modality. The Director General of Ministry of Finance of the PRC Mr. Wencai Zhang, the Jordanian Ambassador to Beijing, the World Bank's new Country Director for the PRC and Mongolia Mr. Martin Raiser, and the Head of the Global Infrastructure Facility Management Unit Mr. Jason Zhengrong Lu shared their insights on international collaboration.

The MCDF is a multilateral initiative promoting high-quality infrastructure and connectivity investments that follow the standards of accredited International financial Institutions. It is committed to contribute to fill the infrastructure investment gap by addressing specific needs, providing support in capacity building, and project preparation. The CAREC Institute plans to cooperate closely with the MCDF to identify feasible entry points.

The CAREC Institute Deputy Director One Mr. Liang with the Deputy Country Director of the ADB PRCM Mr. Hao Zhang

