



CAREC Institute Newsletter

km@carecinstitute.org
[LinkedIn](#)
www.carecinstitute.org

In this issue:

CAREC Ministerial.....	1
CAREC Institute Governing Council Convenes	2
CAREC Institute Obtains the UN Observer Status.....	3
CAREC Development Partners Forum	4
Transport Corridor Performance and Monitoring – Pakistan.....	5
Webinar on Changing Structure of National Economies in Eurasia.....	6
CAREC Quarterly Economic Monitor	7
MOU with the Institute of Standardization	8
Joint Doctorate Program with Shenzhen University.....	9
Turan University Conference on Education and Innovation.....	9
Cooperation with BRI Green Development Institute.....	9
Greater Bay Area Green Innovations and Knowledge Transfer.....	10
Development Asia Knowledge Sharing	10

CAREC Ministerial

The 19th CAREC Ministerial convened in a virtual mode on 7 December 2020 under the chairmanship of Minister of Finance of Afghanistan Abdul Hadi Arghandiwal, with a special message from H. E. President of Afghanistan Ashraf Ghani.

This year, Ministerial discussed and approved CAREC [tourism](#) and [gender](#) strategies, CAREC results framework, and a joint ministerial statement.

“From a modest beginning in the 90s, CAREC has become a catalyst, convener, facilitator, investor, and a partner,” President Ghani said, “we’ve reclaimed our historical place in the region and now look in all directions for cooperation... the more we increase interaction, the more we move forward... Afghanistan is becoming conceptualized not only as a land bridge but as a roundabout where people, goods, civilizations, and ideas meet and move freely,” he continued.

H. E. President Ghani thanked each CAREC member for active cooperation in railway, CASA 1000, Lapis Lazuli and other important projects.

Development partners – ADB, IMF, World Bank, AIIB – provided highlights of their work to help member countries overcome the pandemic, focus on people-centered economic recovery, and adapt to new evolving trends.

Member country representatives expressed their support for proposed strategies and the results framework. Digitalization was of a particular focus. Participants proposed the idea of a digital hub and

digital corridors to scale up development impacts and improve reach. Ms. Zou Jiayi, Vice Minister of Finance of the People's Republic of China (PRC) noted importance of market integration and connectivity; strategic alliance with all development initiatives, including the Belt and Road Initiative; significance of the results framework in monitoring development work; and the role of CAREC as a catalyst.

CAREC members and development partners also noted the role of the CAREC Institute in interdisciplinary analysis, identification of gaps and sector complementarities, presenting roadmaps and actionable policy recommendations to ensure coherence in design and implementation of policies, programs, and projects to promote regional economic cooperation and integration. More about the event [here](#).

President Ghani of Afghanistan at the virtual CAREC Ministerial, 7 Dec 2020



CAREC Institute Governing Council Convenes

The CAREC Institute Governing Council (GC) convened on 17 December 2020 to adopt the 9th GC proceedings and make decisions on Institute's 2020 progress report, work plan for 2021-22 and budget for 2021. The meeting was chaired by Mr. Elnur Aliyev, Deputy Minister of Economy of Azerbaijan.

The Council expressed its overall appreciation for the Institute's work in the backdrop of many limitations imposed by the pandemic in 2020. The Pakistan representative highlighted launch of e-learning platform, partnership with the World Economic Forum on digital CAREC, CAREC think tanks network research grants program, visiting fellow program, satisfactory external audit, and establishment of the financial sustainability working group as particularly noteworthy. Mr. Eazaz A. Dar reconfirmed Pakistan's voluntary financial contribution to the CAREC Institute and suggested enhancing impact assessment.

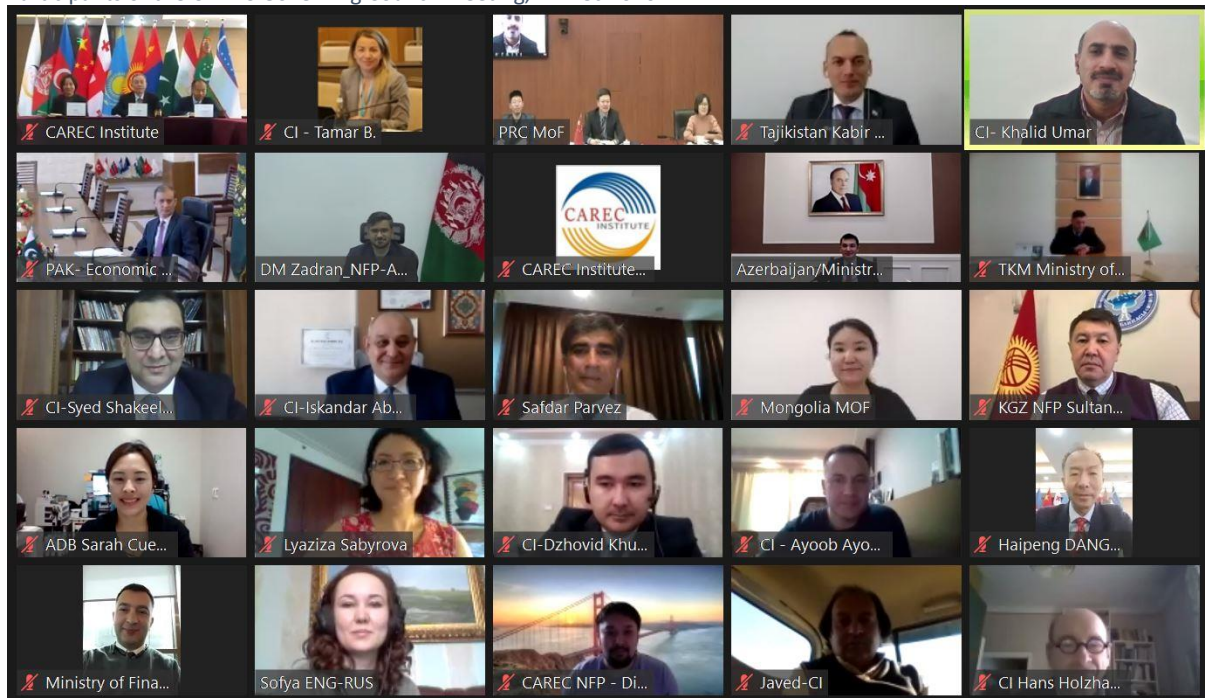
Mr. Safdar Parvez of ADB congratulated the Institute on the host city agreement and underlined excellent leadership of Director Shah who managed well to mobilize the Institute's team to keep the momentum going in the year of the pandemic.

Mr. Zhan Shu of the PRC noted importance of the CAREC Regional Integration Index (CRII) and suggested more focus on flagship region-specific products. He also proposed to consider extension of Director’s 2-year tenure to allow high quality long-term planning. More proposals included diversification of funding sources, production of high quality and original demand-driven research and strengthening partnerships to accommodate more synergies.

The Tajikistan representative Mr. Kabir Jurazoda expressed particular appreciation for the COVID-19 and transport corridor performance related analytical products which CAREC Institute provided this year and noted that they were useful and timely.

The CAREC Institute Director Syed Shakeel Shah reaffirmed the organization’s commitment to continue growing, improving, innovating, and creating value addition for its members.

Participants of the CAREC Governing Council meeting, 17 Dec 2020



CAREC Institute Obtains the UN Observer Status

The CAREC Institute has been granted the United Nations (UN) observer status at the 45th plenary meeting of the 75th session of the UN General Assembly on 15 December 2020.

The request for the UN observer status and the draft resolution was sponsored by the Government of the People’s Republic of China (PRC) and co-sponsored by all other CAREC member countries: Afghanistan, Azerbaijan, Georgia, Kazakhstan, Kyrgyzstan, Mongolia, Pakistan, Tajikistan, Turkmenistan, and Uzbekistan.

“This is a recognition of the CAREC Institute’s relevance to the UN development agenda, contribution to regional cooperation guided towards achieving the Sustainable Development Goals (SDGs),” said Syed Shakeel Shah, Director of the CAREC Institute.

“Since its establishment in 2006 as a virtual institute to support the CAREC Program, the CAREC Institute has grown into an inter-governmental organization in 2017. As a center for providing knowledge solutions in the region, the CAREC Institute puts a strong effort to promulgate international

best practices drawn from the available global knowledge base and help uplift good governance, policy development, service standards and livelihoods of people across its member countries,” added Liang Ziqian, Deputy Director One of the Institute.

While providing knowledge products and services to its members, the CAREC Institute highlights the importance of alignment with national strategies and development plans of its member countries and supports regional actions that complement national efforts to address the SDGs successfully.

Currently, the CAREC Institute enjoys the same observer status as the Asian Development Bank, the World Bank, the International Monetary Fund, and the Asian Infrastructure Investment Bank.

Please, examine [here](#) how some of the CAREC Institute knowledge products relate to SDGs.

CAREC Development Partners Forum

Participants of the CAREC Development Partner Forum, 2 Dec 2020



On 2 December 2020, the CAREC Institute, represented by Director Syed Shakeel Shah, participated in the first CAREC Development Partners Forum organized by the Asian Development Bank (ADB) to discuss engagement of development partners in CAREC and coordination of regional development efforts.

Representatives of the World Bank, IMF, AIIB, EBRD, SDC, AFD, UNDP and other partner institutions attended the forum. Mr. Werner Liepach, Director General at ADB, opened the event, after which Mr. Johannes Linn, ADB Consultant and former Vice President at the World Bank, presented the overview of development partner engagement in CAREC and highlighted issues and options in building a stronger partnership in the region.

Presenting the background paper, Mr. Linn noted that as of 2019, development partners invested \$30 bn of \$38.8 bn in CAREC. If until 2017 the projects were financed mainly by ADB, EBRD, IMF, IsDB, UNDP and the World Bank, throughout 2018-2019, 12 out of 40 projects were co-financed by two or

more development partners indicating that CAREC 2030 strategy opened up participation for more stakeholders by strengthening their engagement in CAREC.

Furthermore, the forum discussed issues and options for enhancing cooperation among development partners in information and data exchange; potential contributions to CAREC Secretariat's administrative costs; more intensive collaboration through co-chairing sector committees and staff secondment; more geographic presence in CAREC countries; issues of CAREC Program visibility and country ownership; collaboration with the CAREC Institute where AIIB expressed interest in joint research, and IMF representative mentioned readiness to cooperate in capacity building activities. Topics of interest for CAREC Institute cooperation included digital connectivity and climate change, including the issue of water sustainability.

Mr. James Patrick Lynch, Director General at ADB, closed the event providing highlights of development partner investment in CAREC and stated that regional cooperation potentially brings many benefits of greater connectivity in transport, trade, and people exchanges among the participating countries which requires closer work of development partners. The forum materials are available [here](#).

Transport Corridor Performance and Monitoring – Pakistan

Vehicles on the way to Afghanistan from Pakistan



In the second half of 2020, the Government of Pakistan has achieved significant improvements at the key border crossing with Afghanistan by mitigating bottlenecks and congestion, following the recommendations in a policy brief by the CAREC Institute.

While Pakistan has made significant efforts to improve its border crossings in recent years including approving a National Transport Policy in 2018, the CAREC Institute policy brief found that border-crossings along CAREC corridor 5 – a key trade and transport route running through Pakistan into Afghanistan – were particularly time-consuming and costly due to regulatory barriers, inadequate road infrastructure, and lack of coordination. In one instance, approximately 4,000 trucks were stuck

at the Torkham crossing with Afghanistan in June 2020, due to delayed clearance and lack of automation at the border crossing, among other reasons.

The findings were shared with the Government of Pakistan in the form of the Corridor Performance Measurement and Monitoring ([CPMM](#)) policy brief, an analytical paper that highlights opportunities to improve efficiency along the country's major transport corridors. It is one of a series of country specific policy briefs designed to help policy makers in CAREC's 11 member states make evidence-based public policy decisions.

For the past several years, the government of Pakistan has been implementing a series of initiatives to improve the situation. These include signing an agreement with Afghanistan to exchange customs information, enhancing the capacity of border agencies, and hiring specialist staff. More recently, the government also realigned processes at Jamrud-Torkham to shift the process from Torkham to Michini and Jamrud, and improved the clearance procedure to expedite cross-border movement of cargo at Torkham. In addition, the government has assigned perishables and other essential goods imported from Afghanistan a priority lane, cutting clearance time to 60 minutes.

“All these positive developments and resolution of an unprecedented COVID-19 related congestion in summer at Torkham is a classic example of inter-agency cooperation,” said Syed Shakeel Shah, Director at the CAREC Institute. “This shows what can be achieved when various levels of government – federal, provincial, district – pursue a common objective, coupled with a much-needed political will and support. The ADB, CAREC Institute, and the CAREC Program remain committed to providing our members an independent assessment of the situation, and equipping the governments with the ground level corridor monitoring data and analysis to help exercise informed policy making.”

Webinar on Changing Structure of National Economies in Eurasia

Session 1 presenters at the AIFC webinar, 10 Dec 2020



On 10 December 2020, our Chief Economist Dr. Hans Holzacker was invited to present at a webinar titled “Post COVID-19: The Changing Structure of National Economies in Eurasia and Caucasus - Building Back Better” organized by Astana International Financial Centre (AIFC).

The webinar explored post-COVID-19 recovery efforts and the challenges ahead for the Caucasus and Central Asia, the threat of economic scarring, fiscal challenges and financial stability concerns as well as potential policy priorities to embark on a stronger recovery.

The event was hosted by Marc Uzan, Executive Director of Reinventing Bretton Woods Committee, with Jacob Frenkel, Economist and the Chairman of JP Morgan Chase International, as a moderator, followed by presentations by Koba Gvenetadze, Governor of the Central Bank of Georgia; Assel Zhanassova, Deputy Minister of Trade and Integration of Kazakhstan; Baur Bektemirov, member of the Management Board of AIFC Authority; Christopher Weafer, Chief Executive of Macro-Advisory Ltd.; Sylvain Broyer, Chief Economist of S&P Global Rating; Werner Liepach, Director General of ADB; and other lead economists, private sector, and government representatives.

“There is a saying that honey is sweet but the bee can sting,” said Jacob Frenkel, “we need to figure out how to enjoy honey without been stung... avoid declaring premature victory on the pandemic and focus on long term goals... We live in a complicated time.”

In his speech, Mr. Gvenetadze noted that they have learnt during the pandemic to always take unpopular measures which contribute to macro stability of the country. Mr. Weafer talked about two key conditions for investors: economic predictability and political stability. He further mentioned that there is a lot of appetite for renewable energy investment. Sylvain Broyer of S&P Global Rating called on states to be more Schumpeterian to pursue the process of industrial change to renovate their economic structures from within. He continued that while the PRC plans to decarbonize its economy by 30-40%, it would be beneficial for the Caucasus and Central Asia to promote business environment to attract Belt and Road Initiative (BRI) investment and accommodate some production of the PRC being in the immediate neighborhood.

Dr. Holzhaecker of the CAREC Institute spoke about increase in application of new technologies, digital divide, supply chain reorganization, CAREC Regional Integration Index (CRII), and the trade distance concept which he elaborated in his June 2020 [economic brief](#). He suggested CAREC countries to focus more on digitalization, economic diversification, greening, and trade in services.

CAREC Quarterly Economic Monitor

In an inaugural issue of the CAREC Institute Quarterly Economic Monitor (QEM), our Chief Economist team has compiled available data and worked out quarterly trends to gather a first glimpse of the emerging outlook as the world and the CAREC region learn to live with the pandemic while reliable vaccination options offer hope and confidence despite the overhang of the second wave and emergence of a more virulent new strain.

Our datasets present a case for cautious optimism. Seasonally adjusted figures indicate GDP growth of 4.5 % in Q3 from -2.4 %, a robust gain of almost 7 percentage points. Similarly, YoY growth for Q3 has improved to minus 2.2 %, from the floor of minus 6.3 % in Q2 2020. Manufacturing and retail sales have been first to recover, while mining and service sectors remain subdued. The PRC leads this recovery, while other countries have also shown signs of recovery.

Another good news is a largely intact macro-economic framework in most of CAREC. Monetary expansion remains moderate, currencies have remained largely stable and weaker demand has created more favorable balances of external trade due to larger import contraction. Inflationary trends generally remain within acceptable limits. Downside risks include FDI dry down, larger fiscal deficits due to the decrease in revenues and higher government expenditures, and resultant higher public debt. Pace and extent of recovery will depend, in large part, on CAREC governments' ability to prepare and implement large scale vaccination programs. This is an emerging challenge as there are apprehensions that some developing countries might find themselves at the far end of the global queue for the vaccine and wait till 2024 to get their requirements. Read more [here](#).

MOU with the Institute of Standardization

On 19 November 2020, the CAREC Institute and the Institute of Standardization of the Xinjiang Uyghur Autonomous Region (XUAR) of the People's Republic of China (PRC) established the Memorandum of Understanding (MOU) for partnership in joint research, capacity building, and establishment of Central Asian standardization expert database.

The CAREC Institute represented by Deputy Director One Mr. Liang Ziqian, and the Institute of Standardization of the XUAR, represented by Secretary and Vice President Mr. Ning Jirong, have signed the MOU in Urumqi. The parties exchanged views on importance of research and capacity building in improving standards, norms, rules, and regulations in CAREC region, and expressed their full support and engagement in harmonizing standards in the areas of trade, customs, transport, energy, and sanitary and phytosanitary regimes.

The Institute of Standardization, affiliated with the XUAR Market Supervision and Administration Bureau, is a public welfare research institute specializing in standardization services and research in XUAR. The Institute aims to promote exchange and cooperation among the PRC and Central Asian countries and has established a rich database of standards of Central Asian countries.

The MOU signing ceremony was attended by Mr. Lu Yi, Deputy Director of the XUAR Market Supervision and Administration Bureau, Mr. Yang Meng, Head of Standardization Department of the XUAR Market Supervision and Administration Bureau, Mr. Li Donghui, Vice President, Institute of Standardization of the XUAR, Mr. Cao Yan, Director of Central Asia Comprehensive Office, Institute of Standardization of the XUAR, and Ms. Xu Donglin, Special Expert on Central Asian standardization. The MOU will present the CAREC Institute with an opportunity to strengthen its partnership with institutions in XUAR. This is the third partnership agreement that the CAREC Institute establishes with research institutions in XUAR.

Mr. Liang and Mr. Ning during the MOU signing in Urumqi, 19 Nov 2020



Joint Doctorate Program with Shenzhen University

The CAREC Institute and Shenzhen University of the PRC have signed an MOU on 18 December 2020 in Urumqi to strengthen collaboration among the parties to share and create knowledge relevant to economic development and regional integration. This engagement with Shenzhen University is expected to produce joint research by post-doctoral students. Besides, joint research conferences, pitching for joint research grants, and joint capacity building will be the future cooperation priorities.

During the event, Professor Tao Yitao of Shenzhen University provided details about China Center for Special Economic Zones Research and its key features. Afterwards, the parties went through details of the nature and modalities of the post-doctoral engagement.

Turan University Conference on Education and Innovation

On 4 December 2020, the CAREC Institute Chief Economist Dr. Hans Holzacker participated in a conference organized by the Turan University Almaty where topics of localization of innovative potentials, education as a tool for global change, formation of new educational platforms for young specialists, myths and realities of forming learning ecosystems, design of contracts for educational programs, and future of the labor market were discussed.

In a plenary session, the rector and speakers from the Turan University presented along with experts from the Economic Institute of the Ministry of Education of Kazakhstan, the Scientific and Cultural Center of the State Historical and Architectural Reserve under the Cabinet of Ministers of Azerbaijan, the Russian Academy of Education, the Park for Innovative Technologies, among others.

Dr. Holzacker spoke about COVID-19 induced innovation and Central Asia focusing on measures needed to “recover better” with special emphasis on education, national innovation systems, and CAREC cooperation. The conference continued with breakout sessions about sustainable development, marketing, logistics, local government administration, and digitalization.

Cooperation with BRI Green Development Institute

On 1 December 2020, Deputy Director One of the CAREC Institute Mr. Liang Ziqian participated in an opening ceremony of the Belt and Road Initiative (BRI) Green Development Institute (BRIGDI) and launch of Green Development Guidebook for BRI projects in Beijing. The BRIGDI was initiated jointly by the Chinese Ministry of Ecology and Environment and international partners. Governmental environmental departments from 26 countries, also United Nations Environment Programme (UNEP), NGOs, and various companies became partners of BRIGDI.

“Green cooperation plays a significant role in keeping balance between high-quality and sustainable development and environmental protection,” said Mr. Liang, “greening of BRI can deliver solutions to advance SDGs and resilient recovery in the wake of COVID-19. The guidebook and BRI project baseline study report is also very timely to provide implementable policy options through topical analysis and best practice sharing.”

On 2 December 2020, Mr. Liang met Mr. Li Yonghong, Vice President of BRIGDI and Ms. Lan Yan, focal point of BRIGDI, to discuss cooperation options. Mr. Li elaborated that BRIGDI has focus on policy dialogue, workshops, and policy studies. Parties exchanged views on joint implementation of events and research with the CAREC focus, also staff secondment to advance development of sustainable green infrastructure and relevant partnerships.

Greater Bay Area Green Innovations and Knowledge Transfer

On 9 December 2020, the China Council for International Cooperation on Environment and Development (CCICED) held a roundtable titled “Innovative Cities and Greater Bay Area Green Development.” The CAREC Institute Deputy Director Two Dr. Iskandar Abdullaev participated in the event as the council member. The event was chaired by Mr. Erik Solheim, CCICED Vice Chairman, Advisor of World Resources Institute, and it was attended by prominent experts of focus areas.

The roundtable discussed the ways to leverage the research findings of CCICED special policy studies on green urbanization, climate change, ocean, and major green technologies. The event explored potential ways to work with local governments in applying policies drawn from research. The PRC’s greater bay area was of particular focus as a center of innovation during last 40 years of opening up and reform. Its accumulated rich experiences in green innovation serve as an important vehicle for knowledge transfer.

Dr. Abdullaev shared with the council CAREC Institute’s work on [climate vulnerability, infrastructure, finance and governance in CAREC](#); [determinants of vulnerability to climate-induced water stress in CAREC](#); [results of the climate change policy dialogue of June 2020](#); and findings of the CAREC Institute [visiting fellow research on assessing economic impact of climate change on agriculture](#).

Development Asia Knowledge Sharing

You can browse more of our knowledge products on the website of our partner – [Development Asia knowledge sharing platform](#) of ADB – where our research and other knowledge outputs are customized to the audience and where you can engage in a dialogue with our authors. These products highlight the Institute’s contribution to regional cooperation geared towards achieving sustainable development goals (SDGs) in CAREC.

- 1) The post on the role of local authorities in Central Asia's **migration governance** narrates how local governments can enhance the developmental impact of remittances, increase migrants’ capacities, and support their communities.
- 2) An insight on ensuring timely access to the future **COVID-19 vaccine** provides how to preserve lives and revive the economy, and that countries need to plan ahead to secure sufficient supplies of the future COVID-19 vaccine.
- 3) Another insight on exploring an **export-driven growth strategy** in CAREC communicates lessons from the Pakistan-People's Republic of China **free trade agreement** which show the way forward for enhancing economic partnerships in CAREC.
- 4) Another abstract on **high-value crops** discusses how CAREC countries adopt diversification strategies as they shift to a market-oriented agriculture.
- 5) A summary of research on **mitigating Central Asia’s agricultural losses from climate change** provides that countries need to adopt new regulations and technologies to counter an estimated \$66 million net welfare loss by 2040.
- 6) In a post on **energy security in Central Asia**, the author discusses how to increase production and consumption of renewables to improve energy security and to also lower emissions per capita and carbon intensity.
- 7) A policy brief on **state-owned enterprise reform** argues that privatization and corporatization can reduce costs, raise productivity, and improve social welfare.
- 8) Another policy brief on **e-commerce development** informs that globalization of commerce requires consistent laws and regulations not only to authorize but also to regulate electronic communications.