CAREC Institute Newsletter

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CAREC National Focal Points Convene

A virtual meeting of CAREC National Focal Points (NFP), 12 October 2021.

On 12 October 2021, CAREC National Focal Points (NFP) convened to discuss updates on the CAREC program and its new initiatives, including the 2030 Development Effectiveness Report, Health Strategy...
2030, Digital Strategy 2030, Regional Infrastructure Projects Enabling Facility Concept, and development of CAREC water pillar study. Azerbaijan Deputy Minister of Economy Elnur Aliyev, ADB General Directors Eugenue Zhukov and Teresa Kho co-chaired the meeting.

The discussion around the Health Strategy 2030 highlighted the need to work together to manage cross-border health threats, address the issues of lab capacity, fragmented information systems, and emergency supplies. The Digital Strategy 2030, on the other hand, underlined the importance of a common vision for accelerated development of digital technologies, enhancement of inclusion, minimization of the digital gap, promotion of investment into the broadband infrastructure, harmonization of digital and data legislation, reduction of barriers to cross-border trade, development of digital skills and competencies, and strengthening of the innovation ecosystem.

The Development Effectiveness Report is another document which is getting prepared for the 17 November Ministerial review. It will cover performance during 2018-2020 with a 2017 baseline.

Some of the NFP comments and questions included clarification about differences between the CAREC Advanced Transit System (CATS) and Transports Internationaux Routiers (TIR) to identify compatibilities and added value for harmonization. ADB’s Smart Cities Program was noted as of high utility, and stronger focus was requested on the issue of water security in Central Asia with an emphasis on inter-agency coordination.

The CAREC Institute Director Shah briefed NFPs on the Institute’s activities, its research portfolio of the past two years, new blended approaches in capacity building, and enhanced work in knowledge dissemination and advocacy. The People’s Republic of China (PRC) representative appreciated the improvements and requested more emphasis on flagship products, improvements in institutional governance, and diversification of funding sources. The NFP from Azerbaijan noted good participation in the Institute’s research grants and visiting fellow programs. More about the event here.

UPENN Releases the Pandemic Policy Advice Report

The CAREC Institute got featured in the Think Tanks & Pandemic Policy Advice report for years 2020-2021 which has been released this month by the Think Tanks & Civil Societies Program (TTCSP) of Lauder Institute under University of Pennsylvania.

To produce the report, think tanks were asked to showcase how their organizations influenced, facilitated, and guided governmental policy during the pandemic. There were hundreds of cases submitted out of which 63 specific cases from 37 countries were selected to be featured due to the impact they had on policymaking at an unprecedented time when the role of think tanks has been an indispensable need of the hour.

This report also contains a regional analysis of the input from participants in the Global Think Tank Town Halls organized by TTCSP in the summer of 2020, including the concerns raised, recommendations made, and the role of think tanks in impacting governmental policies in their respective regions. Read more here.

CAREC Trade Information Portal Launched

The CAREC Trade Information Portal is now available at https://trade.carecprogram.org/ providing the latest statistics on trade in goods and services and investment flows at regional and country level. It includes links to official websites for information on requirements, and a directory of country focal persons for trade.
On 25 October 2021, the CAREC Institute and the ADB Institute launched a joint book on unlocking transport connectivity in the trans-Caspian corridor, edited by Dina Azhgaliyeva and Yelena Kalyuzhnova. Participants had a chance to interact with the book contributors.

This book examines physical infrastructure development in the region, particularly transport and energy infrastructure, and its implications for trade and economic opportunities. It also provides policy insights on boosting the development of the trans-Caspian corridor, the economic spillover effects of physical infrastructure growth in local areas, and new interlinking trade and transit routes. It elaborates that Central Asia will require $33 billion of investments in infrastructure annually, or 6.8% of gross domestic product (GDP), through 2030. Major barriers for infrastructure investments include long-term projects, high up-front costs, large-scale investments, high risk, and uncertain benefits. Apart from these, Central Asia faces additional barriers. It is different from South Asia, Southeast Asia, and North Asia, where population densities are much higher and distances between cities are shorter. In Central Asia, cross-border connectivity is more important than elsewhere in Asia. The potential economic benefits of the trans-Caspian transport corridor include an increase in cross-border trade, GDP, investments, and employment, and a decrease in transportation costs. Greater regional connectivity in Central Asia would create business opportunities for firms and increase access to markets and jobs for individuals. In addition, the trans-Caspian corridor will allow participating countries to benefit from export and import activities and transit. Thus, the spillover effects will be greater.

This book is a valuable resource for policy makers, researchers, and others interested in better understanding how infrastructure development and innovative policies for attracting greater private investment in new infrastructure projects can support more prosperous, inclusive, sustainable, and resilient economies in Central Asia and beyond. The book launch webinar recording is available here.
Announcement: the 5th CAREC Think Tanks Network Forum

On 23-24 November 2021, the CAREC Institute will hold its 5th CAREC Think Tanks Development Forum (CTTDF), this time in an online format, in partnership with the ADB, Regional Knowledge Sharing Initiative (RKSI), and Tashkent Institute of Irrigation and Agricultural Mechanization Engineers (TIAME). This year, the forum is themed “Economic Corridors: Pathways to Regional Growth.”

The CTTDF is organized annually under the auspices of the CAREC Think Tanks Network (CTTN) which was established in 2017 during the second forum. The forum is meant to provide innovative solutions for promoting economic cooperation by recognizing importance of regional perspectives. Today, numerous prominent think tanks and universities from 11 countries of the CAREC region are members. The CTTN tries to enhance systemic regional knowledge sharing; foster policy research and knowledge solutions to support governments; enable better policy advice; reduce gaps between research and policy; and enhance collective intelligence to consolidate development resources for effective cooperation, better services, and improved performance.

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, the PRC, in September 2017 with the theme of “Exploring Knowledge Solutions for Regional Cooperation and Integration.” The third forum was conducted in Bishkek, Kyrgyzstan, in July 2018 under the theme of “Building Knowledge Corridors along the Silk Road.” The fourth forum took place in Xi’an, the PRC, with the topic of “Trading for Shared Prosperity” in August 2019.

The 5th forum will discuss the Almaty-Bishkek economic corridor, Shymkent-Tashkent-Khujand corridor, China-Pakistan economic corridor, and related topics. It is argued that economic corridors which are characterized by superior connectivity (including transport and digital connectivity), seamless movement of goods and people across borders, extensive cross-border trade and investment flows, also cross-border value-chains and clusters of economic activity, can help CAREC members attract more FDI and international tourists; develop urban agglomerations, manufacturing and the service sector; and diversify the composition of exports beyond primary commodities. Register here to attend.
Economic Brief on Afghanistan: Economic Realpolitik

In a new economic brief on Afghanistan, our Chief Economist Dr. Holzhacker argues that to avoid an economic meltdown, soaring unemployment, a possible famine, and a dramatic deepening of the COVID-19 health crisis, the new de-facto authorities and the international community need to quickly come up with solutions that secure at least the basic needs of the population. International organizations such as the UN, the SCO, perhaps also the CAREC Program, and international non-governmental organizations should play a major role in this. This paper provides data on demography, employment, GDP, and the external sector which demonstrate that without international support Afghanistan is likely to suffer severe shortages in all spheres of life. Longer term, ways need to be found for bolstering production and for developing exports that could pay for imports. This will require protection of FDI, improved connectivity, and the full resumption of education so that a sufficiently educated work force, especially also female workforce, is available for the economy and for the administration of the country. The state must provide a minimum of centralization while the role and rights of regions, local communities and various ethnicities are secured. Its governance, but also that of large national or international projects, must be structured accordingly. Some sort of pragmatic cooperation between Afghanistan and the regional and international community will be needed to provide adequate schooling, to help deal with the draughts brought about by climate change, and to preserve Afghanistan’s chances to achieve economic and social progress. Read more here.

Workshop on Improving Road Safety Engineering in Kazakhstan

The CAREC Institute has conducted a country-specific online road safety workshop targeting government officials and road safety experts from Kazakhstan. The virtual workshop was organized around several sessions over three weeks and the first session was held on 12 October 2021.

The CAREC Institute Director Syed Shakeel Shah opened the event and referred to the United Nations Decade of Action for Road Safety and SDG goals. He further mentioned that given the context of the six corridors of the CAREC Program and numerous economic and trade corridors of the PRC’s flagship Belt and Road Initiative, land connectivity is transforming the paradigms of industrial development and growth within the region and beyond. The CAREC Program alone has mobilized $37 billion investment in the region thus far, 78% of which went in overland systems of the transport sector. The CAREC road corridor network is set to expand for better connectivity; thus, road safety plays a major role in operating the corridors at their optimal capacity.

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.

This country-specific 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 that started in Dushanbe in 2017, followed by manuals in 2018 on road safety audit, safer road works, roadside hazard management, pedestrian safety, and workshops in Bishkek in March 2019, in Tbilisi in April 2019, in Hohhot, Inner Mongolia autonomous region of the PRC, in September 2019, in Tbilisi (for Afghanistan participants) in November 2019, and an online workshop for Mongolian participation in May 2020. Additionally, in March 2021, the CAREC Institute produced four Digital Learning Modules (DLMs) reflective of the four road safety manuals. All DLMs are available and accessible on the CAREC Institute e-learning platform.
Participation in CAREC Regional Trade and Customs Working Groups

On 28 and 30 September 2021, the CAREC Institute Deputy Director Two Dr. Iskandar Abdullaev participated in the 20th meeting of the CAREC Customs Cooperation Committee (CCC) and the 4th meeting of the CAREC Regional Trade Group (RTG). The CCC discussed technical aspects and specific programs undertaken to facilitate trade and ensure sustainable supply chain across borders. Members shared information about automation processes and innovative technologies which they adopted during the pandemic, and discussed national strategies for countries to move forward towards cross-border paperless trade. This meeting has also revisited its terms of reference and work program aligned with the Rolling Strategic Action Plan (RSAP) 2021-2023. More about the CCC here.

The RTG participants reviewed the progress of implementation of CAREC Integrated Trade Agenda (CITA 2030) and Rolling Strategic Action Plan (RSAP) 2021-2023; discussed the outcomes of the webinars and conference at the sidelines of the RTG and Customs Cooperation Committee (CCC) meetings; and agreed on trade sector deliverables for reporting to the 20th Ministerial Conference on 17 November 2021. More about RTG here.

Participation in ADB e-Marketplace for a Water-Secure Asia

On 27 October 2021, the CAREC Institute Deputy Director Two Dr. Iskandar Abdullaev hosted an interactive session at the ADB sponsored e-Marketplace for a Water-Secure Resilient Asia and the Pacific. He presented a joint research on WASH by the Institute and UNICEF, and showcased eight case studies from this report together with innovative technologies applied in each of the cases.

This was the second e-Marketplace hosted by ADB. It is a dedicated venue and platform to bring together government officials, water service and management solution providers, development professionals, academia, and the private sector from ADB’s developing member countries and connect them with providers of digital technology and best practices on products, tools, and technologies for delivering smart, resilient, safe, and inclusive water management and service delivery.
Participation in the 11th Central Asia Trade Forum

On 6 October 2021, the CAREC Institute Deputy Director Two Dr. Iskandar Abdullaev was invited to present at the USAID-supported Central Asia Trade Forum on the role of public and private players in the water sector reforms in Central Asia.

The panel discussed that growing populations and consumer economies drive the demand for water, food, and energy, while climate change introduces further challenges to a sustainable supply of quality water. There is an urgency to meet these challenges before they cause severe social, economic, and environmental dislocation. Steps are needed to reduce overall water demand through improved conservation and use. Governments alone cannot solve all these challenges. The private sector has an important role to play in contributing skills and resources. They have a vested interest in doing so as water scarcity, high energy costs, and pollution can pose risks to businesses, and the way companies manage water and energy inputs can impact their profits.

Dr. Abdullaev argued that Central Asia’s need for investment to rehabilitate and build new infrastructure (including water infrastructure) is around 6-8% of GDP annually or $33-38 billion per year. He shared lessons that high level of regulation in the water sector, agriculture production systems, and land ownership leads to modest private business participation. Some of his recommendations included introduction of service oriented, de-regulated policies in the water sector; promotion of an integrated planning among sectors – nexus approach; setting up multi-purpose water schemes through granting concessions on infrastructure and land around the irrigation infrastructure; renting out facilities for private use; joint financing and operation of transboundary infrastructure; introduction of benefit sharing schemes; and setting up water-energy consortium for Syr Daraya and Amu Darya.
The CAREC Institute and Shanghai National Accounting Institute (SNAI) co-organized a conference titled “Accounting in Economic Cooperation: Opportunities and Challenges” on 22 October 2021 in Shanghai. This conference was focused on two topics: 1) embrace the role of accounting and seize new opportunities to bolster economic cooperation, and 2) develop a harmonized accounting infrastructure and tackle the new challenges in economic cooperation. Dr. Liang Ziqian, Deputy Director One of the CAREC Institute, and Mr. Li Kouqing, President of SNAI delivered welcome speeches.

Dr. Liang noted that the quality of accounting data can have direct impact on investment decisions, and to some extent can shape the global economy and monetary policy. “Accounting is a very important "soft infrastructure" and relations with Central Asian countries could be strengthened with exchanges in the field of accounting. The harmonization of accounting standards in the whole region can make regional economic exchanges closer. Accounting infrastructure in today's economic cooperation is increasingly important,” Dr. Liang said.

About 200 participants, business leaders, and scholars participated in the conference, including Deloitte China, ACCA China, Remin University, Shenzhen Zhongxing New Cloud Service, and others.

Participants discussed that strengthening cooperation in accounting, and enhancing training of the accounting professionals can help seize new opportunities, meet new challenges, and promote economic and trade exchanges and capital flows for more solid, stable, and sustainable economic partnerships.
**Partnership for Biodiversity and Finance**

The CAREC Institute Director Syed Shakeel Shah was invited to participate in an online event titled “Financing Nature: Gathering New Impetus, Creating New Future. Launching Partnership for Biodiversity and Finance (PBF) and the Joint Initiative on PBF Agenda,” organized by the International Finance Forum and World Resource Institute on 25 October 2021. At this event, representatives from international financial institutions and the United Nations agencies discussed policies and incentives which are needed to encourage financial institutions to invest in biodiversity protection.

The United Nations estimates that one million animal and plant species are at risk of extinction. Many face being wiped out within decades. In addition, the average number of native species in most habitats has dropped by at least 20% since 1900. This provides a solid base for mainstreaming biodiversity conservation on top of the global agenda.

The CAREC Institute Director Shah participated in a panel discussion and shared ideas about how governments in developing countries can ensure higher biodiversity-related financing by the private sector. Governments and financial sector regulators can invest in research related to climate and biodiversity risks and enable formation of reliable datasets to help financial institutions develop financing models; develop financial instruments which are composites of commercial and concessional finance and create investment opportunities; improve regulations to include biodiversity risks into investment decisions; mainstream biodiversity considerations at the strategic level in sector-wide planning; engage with international creditors to exercise “debt for nature” swaps; adopt and implement UN’s System of Environmental and Economic Accounting; engage strongly with developed countries to borrow expertise for regulatory improvements and use help from multilateral development partners (MDPs) to access various financing options. These initiatives can facilitate the private sector financing in projects and initiatives aimed at sustainable biodiversity.

**Call for Book Chapters and Conference Announcement**

The CAREC Institute is calling researchers to participate in its second annual research conference scheduled for 4-5 April 2022 and submit abstracts of original research, articles, case studies, and reviews [here](#) by 10 November 2021. This conference is themed Resilience and Economic Growth in Times of High Uncertainty. The first conference was held in March 2021 and a joint book by the CAREC Institute and the ADB Institute is due by the end of 2021.

The topics of the 2022 conference will include, but are not limited to, the following subthemes:

- Sustaining economic growth in the CAREC region
- Understanding current business risks and implications for MSMEs
- Economic corridors and cross-border trade
- Decoding digital transformation – what is the next frontier?
- The comeback of travelling – perspectives for the tourism sector
- Developing CAREC energy markets: prospects and constraints
- Climate change risks and green growth

The conference creates a research cooperation platform for discussing regional issues, generating new ideas, and exploring potential ways forward in addressing complex challenges CAREC countries face by connecting researchers and policy stakeholders. Through synthesizing knowledge activities across the region, the CAREC Institute aims to build up the region’s research partnerships and attract partners from CAREC countries and the rest of the world to participate in value-added research activities.