

Newsletter

The Sixth CAREC Think Tank Development Forum
Recalibrating Growth Dynamics for Inclusive and Sustainable Economies
15-16 September 2022
Baku, Azerbaijan



The Sixth CAREC Think Tank Development Forum

The CAREC Institute, in partnership with the ADB-PRC Regional Knowledge Sharing Initiative, the Economic Scientific Research Institute, the Center for Economic and Social Development and with support of the Asian Development Bank, organized the Sixth CAREC Think Tank Development Forum "Recalibrating Growth Dynamics for Inclusive and Sustainable Economies" on 15-16 September 2022, in Baku, Azerbaijan.

Mr. Syed Shakeel Shah, Director of the CAREC Institute, in his welcoming speech emphasized the importance of the forum as a multilateral platform for discussing economic prospects and challenges in the region and exploring joint knowledge solutions. This year's forum is dedicated to discussing sustainability and inclusiveness, UN Sustainable Development Goals (SDGs), climate change, green energy, the impact of geopolitical uncertainty and economic recovery after the COVID-19 pandemic. Mr. Shixin Chen, Vice President of the Asian Development Bank, congratulated the CAREC Institute's Think Tank Network for joining the South-South Global Thinkers – the Global Coalition of Think Tank Networks for South-South cooperation, which is jointly established by UNOSSC and UNDP. Vice President highlighted the negative impacts of the COVID-19 pandemic, climate change, geopolitical conflicts, and international confrontation on countries' efforts to achieve the SDGs that have led to a return to poverty, higher inflation, water shortages, health issues, natural hazards, loss of livelihoods, increased food and energy insecurity and school dropouts. To overcome these challenges, the ADB provides a broad spectrum of technical, financial and capacity development support to its developing member countries in the CAREC region. Mr. Samad Bashirli, Deputy Minister of Economy of the Republic of Azerbaijan, in his keynote address emphasized the importance of the forum in advancing the policy dialogue among CAREC governments, think tanks and development partners toward regional economic cooperation. Deputy Minister warmly welcomed the signing of the Memorandum between the Economic Scientific Research Institute of the Ministry of Economy of Azerbaijan and the CAREC Institute that will promote joint research and partnerships in the development and implementation of policies, programs and projects aiming to support the regional economic integration.

During the second session of the forum Dr. Albert Park, Chief Economist and Director General of the ADB, provided an extensive overview of CAREC economies and discussed about how much recalibration is needed for inclusive and sustainable growth in the region. Mobilization of taxes for development, mitigating climate change and gender inequality, strengthening digitalization and enhancing regional cooperation are key policy priorities for CAREC countries to ensure inclusive and sustainable growth. Dr. Hans Holzhaacker, Chief Economist of the CAREC Institute, and Dr. Kamalbek Karymshakov, Vice Rector of the Kyrgyz-Turkish Manas University, supplemented the discussion by sharing the results of their research. Dr. Hans Holzhaacker emphasized that for catching up with the developed economies, CAREC economies require a productivity push, which must be driven by higher technical and vocational education, innovation, foreign trade, and direct foreign investment. For sustainable and inclusive growth in the CAREC region, a well-designed and tailored fiscal and monetary coordination mechanism needs to be developed. Dr. Kamalbek Karymshakov highlighted the low-quality education and job-mismatch as the key impediments for sustainable economic development that need to be resolved.

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The forum participants discussed the impacts of geopolitical uncertainties, the COVID-19 pandemic and the climate change on the economic growth and inclusivity. Dr. Hamza Ali Malik, Director of the Macroeconomic Policy and Financing for Development Division at the UNESCAP, stresses that the socio-economic impact of the COVID-19 pandemic was amplified due to lack of investments in resilience and people, and the economic recovery momentum from the impacts of the pandemic has been disrupted due to ongoing geopolitical uncertainties. As the result, fiscal and debt pressures have increased, making it challenging to support inclusive economic recovery and sustainable development. Rising inflation and associated increases in interest rates are likely to dampen economic prospects, adversely affect the poor and pose additional fiscal challenges.

Dr. Debapriya Bhattacharya, Former Ambassador of Bangladesh to the WTO and UN Offices, spoke about the importance of building alliances between governments, private sector, civil society and development partners to ensure inclusive and sustainable economic growth. At the global level, countries need to promote a multilateral system which is rule-based and open, create inclusive platforms for non-state actors, strengthen transit regimes to ensure harmonized customs operation and multimodal transport with efficient border logistics, and create transcontinental communication networks, trade facilities and IT connectivity, implement global and regional measures to address food and energy security challenges, and strengthen initiatives to deal with post-COVID-19 aftermath. At the national level, countries must ensure country-led partnerships through revealed political commitment, promote democratic accountability making space for civic voice and action, create a business-friendly environment through well-performing institutions and processes, and engage with local communities based on inclusive and accountable participation.



Participants of the 6th CAREC Think Tank Development Forum.

Participants discussed the progress of CAREC member countries in achieving the SDGs and issues of access to healthcare, education and digital technologies, as well women's labor force participation and countries' vulnerability to climate change. The discussion sessions included presentations of research findings and policy best practices.

Think tanks representatives agreed that the economic policies need to be people-centric, and not just promote GDP growth in the CAREC region. To ensure this, the CAREC members need to focus on building their fintech foundation, bolstering the ICT and digital infrastructures, ensuring regulatory quality, and enhancing the required capabilities to advance inclusive trade and finance. Developing countries with limited fiscal space will need to prioritize resources and efforts to areas with the greatest social development. The pandemic has shown that regional cooperation and integration with customized solutions can be a desirable goal for the region.

Forum participants commended the CAREC Institute's diligence in supporting the CAREC Think Tank Network, including the Research Grants Program, which encourages think tanks to conduct joint research on pressing regional issues, and the annual CAREC Think Tank Development Forum, which serves as a platform for the exchange of ideas and knowledge.

For more information about the CAREC Think Tank Development Forum, visit the [CAREC Institute's website](#).

CAREC Institute Participates in the Fifth “Belt and Road” Development High-level Forum

On September 9, Dr. Huang Jingjing, Deputy Director One of the CAREC Institute, delivered a keynote speech at the Fifth “Belt and Road” Development High-level Forum under the 22nd China International Fair for Investment and Trade. The forum was attended by the leaders of Xiamen Municipal Government, the former Vice President of the PRC Ministry of Commerce, the former Ambassador Extraordinary and Plenipotentiary of China to Ukraine and Kazakhstan, and ambassadors from Ecuador, Zimbabwe and Azerbaijan to China, and representatives from research institutes, business associations, and private sector.

Dr. Huang Jingjing briefed the forum participants on the CAREC Program and its key achievements in promoting regional economic integration and cooperation in trade, energy, water resources, transport, finance, human development, agriculture, environment, tourism, and other important issues for shared prosperity of the CAREC region. As of June 2021, the CAREC Program has attracted \$41 billion in investment to help the region build an intermodal network, improve energy and trade, facilitate the free movement of people and goods, and lay the foundation for economic corridors’ development. Six

CAREC economic corridors connect the region from northern China to the Caucasus and from Kazakhstan to Pakistan’s warm water ports of Karachi. The economic connectivity accelerates the movement of people and businesses along CAREC corridors, speeding up access and reducing cross-border costs. Through CAREC partnerships, thousands of kilometers of roads and railways have been built, upgraded, or modernized in the region. The CAREC corridors improve access to basic services and employment opportunities, ultimately providing a better quality of life for all in the CAREC region.

Dr. Huang Jingjing more specifically highlighted the role of e-commerce in CAREC countries as a modern trend that promotes regional economic integration. A joint study by the CAREC Institute and the ADB showed that in 2019, less than 10% of the population in Azerbaijan, the Kyrgyz Republic, Mongolia, Pakistan, Turkmenistan, and Uzbekistan shopped online. There is still a long way to go to give full play to the potential of e-commerce in the region. Another recent study by the CAREC Institute identified significant digital gaps in CAREC countries that could cause income inequality, loss of competitiveness leading to polarization within and between countries, and digital hegemony that may threaten further economic growth in the region. Since ensuring universal access to ICT for all citizens is critical, the CAREC Institute proposes to encourage cooperation between existing operators to share infrastructure to cover blind spots and create Internet Exchange Centers to exchange data traffic with each other. These centers can result in low Internet costs hence improved access.

Insufficient digital literacy is another barrier to expanding Internet penetration. Thus, CAREC governments and the private sector need to intensify education and awareness efforts and contribute to the development of online consumer protection regulations that will ultimately improve public understanding of the benefits of online shopping and increase trust in e-commerce.

E-commerce also needs the support of payment and postal services. CAREC countries should continue to upgrade their payment systems, including bank transfers, mobile banking apps, digital wallets, and QR payment codes, to process transactions in real-time. As CAREC online buyers want more parcels to

be delivered, postal operators must respond to this demand, improve efficiency, and digitize postal operations. Automated processing of trade documents, such as through a one-stop shop, can reduce processing time and costs. Once such ancillary services become available, the CAREC region will benefit more from e-commerce in economic development.



Dr. Huang Jingjing speaks at the 5th “Belt and Road” Development High-level Forum.

CAREC Institute Holds the Forum on Developing Sustainable Economic Zones in the CAREC region

On September 13, the CAREC Institute, together with the Asian Development Bank (ADB), the World Free Zones Organization and the Ministry of Economic and Development of Mongolia, launched a two-day Forum on Developing Sustainable Economic Zones in the Central Asia Regional Economic Cooperation (CAREC) Countries in Ulaanbaatar, Mongolia. The forum informed participants about the trends and concepts related to a new model of special economic zones (SEZs), which embraces sustainable development goals and targets investments related to these goals, contributing to more inclusive, green and resilient economies. Participants received up-to-date information on priority areas for the development of the new generation of SEZs and learned about innovative and sustainable practices of SEZs, national development policies and strategies. The forum promotes dialogue, close collaboration, and networking among CAREC policymakers, SEZ authorities and international experts.

Mr. Khurelbaatar Chimed, Minister of Economy and Development of Mongolia, and Ms. Emma Fan, Director of the Public Administration, Financial Sector and Regional Cooperation Division of the East Asia Department of the ADB, welcomed the participants, emphasizing the importance of the forum in promoting a new SEZ model focused on environmental sustainability, economic efficiency, inclusive job creation and fair labor practices.

Mr. Syed Shakeel Shah, Director of the CAREC Institute, in his welcoming remarks, emphasized the role of SEZs in fostering investments and export led growth. The success of the SEZs in achieving these objectives depend heavily on how well SEZs are incorporated into broader development strategies and policies, and factors like presence of large conglomerates, which need SEZ products and can exchange technology and skilled labor. Due to the landlocked and relatively low population density in some CAREC countries, high quality connectivity and lower connectivity costs, as well as incorporation of Environment, Social and Governance frameworks in investment decisions and availability of sustainable financing instruments will be key to the success of SEZs in the region.

The participants discussed about the characteristics and innovative and sustainable practices of the new generation of SEZs, responses to post-pandemic challenges and emerging opportunities of digitalization, onshoring of production, and 'greening' investments. Dr. Aradhna Aggarwal from Copenhagen Business School emphasized the need for a balanced and integrated development of SEZs, covering economic, social and environmental aspects. The economic viability of the SEZs depends on job creation, investment, production and exports. SEZs need



Participants of the Forum on Developing Sustainable Economic Zones in the CAREC region.

to create the socially inclusive and just work conditions where workers can fulfil their potential in dignity and equality and have opportunities for skills development. And the environmental sustainability of the SEZs require healthy environments for all, resource conservation using the green infrastructure, protection from degradation, and sustainable consumption and production.

Dr. Jong Woo Kang, Principal Economist of the ADB's Economic Research and Regional Cooperation Department, spoke about success factors that make SEZs sustainable, such as the existence of rationalized fiscal and non-fiscal incentives for SEZs, improved innovative and institutional capacity, resilience and environmental sustainability of SEZs, their strategic location and multimodal connectivity, and more importantly government's commitment and readiness to cope with international regulatory challenges. SEZs should continue to actively use digital tools and real-time data to improve own processes and performance, apply e-commerce with B2B and B2C transactions, and promote online shopping.

During other sessions of the forum, participants learned about the best practices of the next generation of SEZs, and building resilience and international cooperation to address global challenges, including the COVID-19 pandemic, climate change, and supply chain disruptions. Participants also shared own experiences in developing SEZs, promoting their sustainability and attracting investment, including public-private partnerships.

Country-Specific Workshops on Road Asset Management for Azerbaijan and Georgia

The CAREC Institute, in partnership with the ADB, launched two four-day Road Asset Management (RAM) workshops in Baku, Azerbaijan, on September 6-9, and in Tbilisi, Georgia, on September 12-15. This is the institute's first series of hybrid workshops since the global outbreak of COVID-19 bringing together in-person and virtually leading national experts with extensive experience in the road sector. The multi-session workshops were developed on the basis of the CAREC Institute's RAM maturity assessment of the CAREC countries conducted in 2021. The workshops aimed to conduct country reviews of the RAM implementation and further develop participants' skills on asset data collection, management and maintenance. During the workshops, participants learned about greenhouse gas emissions from road traffic and measures to combat them, as well as how to prepare a country-specific greenhouse gas emission reduction plan through enhanced RAM.



Workshop participants during the road assessment visit in Georgia.

In Azerbaijan, Ms. Candice McDeigan, Country Director at the Azerbaijan Resident Mission of the ADB, welcomed the workshop participants and stressed the importance of cooperation among national transport agencies, the ADB and the CAREC Institute in capacity building and asset management maturity assessment. These measures are important to improve RAM and ensure infrastructure sustainability. Mr. Vugar Guliyev, Acting Deputy Director of the Project Implementation Unit of the Azerbaijan's State Agency of Automobile Roads, thanked the ADB and the CAREC Institute for strengthening national RAM skills, improving transport, trade and energy infrastructure and national policies, and emphasized the role of Azerbaijan in transit traffic between Asia and Europe and in spreading the benefits of better regional connectivity.

In Georgia, Mr. Zaigham Naqvi, Senior Transport Specialist at the ADB, emphasized the importance of

efficient and sustainable management of road infrastructure assets – built for public purposes. The CAREC Transport Strategy 2030 places great emphasis on introducing effective and efficient road management practices in the region, improving regional connectivity and sustainable development. Mr. David Getsadze, Deputy Chairman of the Roads Department of Georgia, welcomed the workshop participants and highlighted that there are over 24,000 kilometers of roads in Georgia, of which 1,500 are international routes and 5,300 are secondary roads. Georgia plans to build new roads and tunnels to strengthen the regional connectivity. To fulfill this plan, the country needs to improve road assets and road asset management system.

Dr. Iskandar Abdullaev, Deputy Director Two of the CAREC Institute, gave the keynote presentation on the CAREC corridors, noting their role not only as transport corridors, but also as economic, environmental, and knowledge corridors. The CAREC Institute, as the knowledge arm of the CAREC Program, conducts research, capacity building activities, and knowledge sharing activities in supporting these corridors. In the field of cargo transport, the institute jointly with the ADB conducts the CAREC Corridor Performance Measurement and Monitoring assessments and policy advocacy with national governments to remove impediments to trade. The institute maintains ongoing two-way communication with national governments and other stakeholders, contributing research results to national policies. The CAREC Regional Integration Index report and other knowledge products of the CAREC Institute on digitalization, free trade, financial inclusion, tourism, etc. provide recommendations for governments to improve supply chains, logistics, road infrastructure, sanitary and phytosanitary measures, establishing financial links between CAREC countries to ensure economic development. CAREC corridors also help promote environmental education. The institute conducts research and policy dialogues on the impact of climate change on the CAREC economies and on water resource management and energy connectivity. By promoting a corridor of knowledge, the institute creates a network of thoughts, ideas, and knowledge among CAREC countries and regional stakeholders through collaboration between international financial institutions, national governments, research institutions, universities, civil society, and the business sector, providing a framework for knowledge transformation into tangible benefits. The role of knowledge corridors in regional economic cooperation is very important, since standardization, a systematic approach to regional transport, trade, energy, tourism and economic development require an immense demand for knowledge.

Workshop on Promoting Sustainable Economic and Social Development

On 26 September, the CAREC Institute, in partnership with the Xiamen National Accounting Institute of China, launched a five-day virtual Workshop on Promoting Sustainable Economic and Social Development. The workshop brings together economists from academia, public and private sectors.

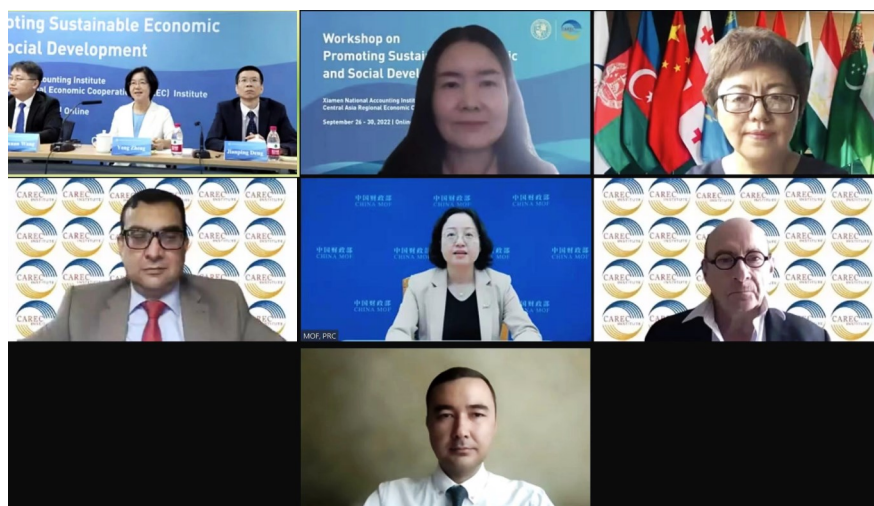
In her opening remarks, Ms. Ye Jiandi, the Deputy Director-general of the Department of International Economic Relations, Ministry of Finance of China, noted that the global economy faces many complex challenges and the sustainable development is more important today than ever. This workshop is set as a platform to exchange development experience, build connections and networks, and work together to promote multilateral and bilateral financial cooperation and sustainable development.

Mr. Syed Shakeel Shah, Director of the CAREC Institute, welcomed the workshop participants, noting the current issues in achieving the 2030 Agenda for Sustainable Development. While the 2030 Agenda sets an important goal for countries worldwide to promote economic and social progress, its achievement is threatened by new challenges brought by the COVID-19 pandemic, global crises, and conflicts. The global economic recovery from the pandemic is fragile and inconsistent due to rising inflation, severe supply chain disruptions, growing labor market pressures and unsustainable debt in developing countries. With irregular vaccine access and varied restrictions across the globe, there is a stark two-tiered COVID-19 recovery that impacts people unequally. In these new circumstances, CAREC countries need to consider greater efforts to promote regional cooperation initiatives and programs to achieve the Sustainable Development Goals and explore ways to promote green and inclusive economic growth and sustainable development that should include digital transformation, development of relevant infrastructure and innovative financing models, as well as deepening regional economic integration.

Ms. Zhen Yong, Vice President of Xiamen National Accounting Institute, welcomed the participants, noting that workshop's topics on inclusive growth, infrastructure investment and financing, digital transformation, and green economy are common to CAREC member countries. The workshop provides an opportunity to jointly explore the path of sustainable economic and social development and contribute to building a community with a shared future for mankind through knowledge sharing.

Dr. Hans Holzhacker, Chief Economist of the CAREC Institute, opened the first interactive session of the workshop with a presentation on CAREC *Inclusive Growth in the Post-Pandemic Era*. He stressed that most CAREC economies outgrew the COVID-19 recession in 2021 when the consumption and foreign trade

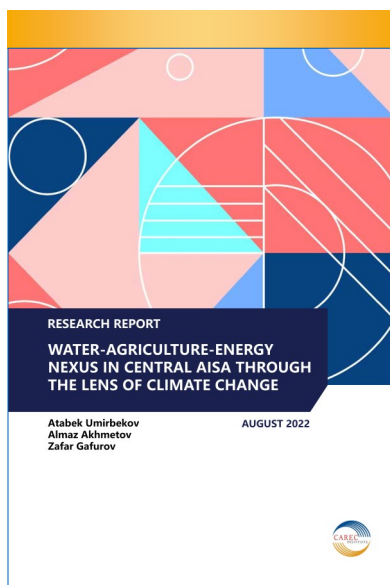
recovered. However, mineral fuel net importers remained in foreign trade deficit or saw it widen, leading to further polarization of foreign trade balances among CAREC economies. Commodity prices reached highs not seen in a decade. Exchange rates weakened even in countries with trade surpluses. Public debt in CAREC countries increased in 2020; high share owed to non-residents in some CAREC economies makes refinancing difficult. The CAREC countries have been exposed to immense impacts of climate change such as floods, water shortages, food insecurity, loss of livelihoods, health issues, and natural hazards. The CAREC countries need to take collaborative strategic actions on climate change and energy transition. Agriculture is to undergo deep technological and socio-economic change with a strong impact on the social fabric. The pandemic and current inflation have



Speakers of the Workshop on Promoting Sustainable Economic and Social Development.

reaggravated the poverty situation requiring countries to upgrade their social protection systems. The pandemic has also worsened gender-inequality in the labor market, in education and increased domestic violence. To address these challenges and ensure post-pandemic long-term inclusive economic growth, CAREC countries need to increase productivity, improve social protection and empower employees, women and other social groups to help further reduce inequality. The productivity push should come especially from digitalization, trade facilitation, foreign direct investment, and the development of human capital.

Economists from the CAREC region discussed important topics of green and inclusive economic growth and sustainable development, such as the introduction of innovative public-private partnership models in the development of quality infrastructure, digital finance and taxation, carbon neutrality and green finance. The participants also learned about best practices and examples of green finance and digital transformation projects for governments and businesses.



Water–Agriculture–Energy Nexus in Central Asia

CAREC Institute’s recent report *“Water-agriculture-energy nexus in Central Asia through the lens of climate change”* by Atabek Umirbekov, Almaz Akhmetov and Zafar Gafurov examines the climate vulnerabilities of Central Asia’s water, agriculture and energy sectors at province level by quantifying their exposure, sensitivities and adaptive capacities.

The research findings indicate that river discharge may decline in the southern river basins, but it may increase in the northern river basins of the region. During the vegetation season river flow shifts may be more dramatic. Countries’ dependence on water resources is the key reason for region’s high sensitivity to climate change. Downstream countries already face water stress, thus any further gap between water availability and demand would exacerbate water scarcity. The countries should prioritize increasing water use efficiency, especially in agriculture, as a means of reducing their sensitivity to climate change. Promoting alternative, less water-intensive sectors of the economy could be another adaptation approach.

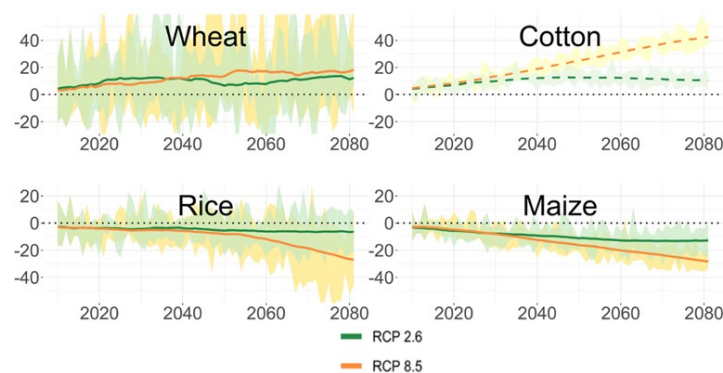
Climate change will likely have heterogenous impacts on crops, with some seeing reduced yields and others may have the potential for an increase in productivity. Crop productivity in the South of the region will be constrained by the projected decline in water for irrigation. Reducing reliance on monocropping and crop structure optimization could diminish the sensitivity of the local agricultural sector to climate change. The drought-resistance of crop cultivars may become one of the important criteria in cropping decisions.

The transboundary nature of water resources distribution predisposes the countries to a high degree of interdependence and sensitivity to compound risks. Transboundary linkages are particularly strong in the South of the region, where the majority of river runoff originates in the highlands of Tajikistan and Kyrgyzstan, while the majority of withdrawals occur in irrigated

farmland in downstream Turkmenistan, Uzbekistan, and South Kazakhstan. While the regional coordination of transboundary water management reduces seasonal and annual water supply uncertainty for downstream countries, it also reduces their sensitivities and increases overall capacity in the region to adapt to long-term changes in water availability.

All countries in the region face a common challenge of maintaining a long-term balance of power demand and supply, given that power consumption is expected to grow. The Paris Agreement puts an additional burden of GHG emissions reduction on Kazakhstan, Turkmenistan, and Uzbekistan, where power generation is far more carbon intensive. High energy and carbon intensity poses risks to long-term electric power security. Improving the economic efficiency of energy use appears to be a cost-effective first step. Countries should also prioritize development of less energy-hungry economic sectors. The large-scale adoption of cost-efficient renewable energy sources appears to be an unavoidable necessity.

The regional cooperation improves the diversity of power supplies on a regional scale and establishes favorable conditions for exploiting the yet untapped potential of renewable sources in the region. International development finance will be necessary to strengthen the climate resilience of the Central Asian states. Both the central and local governments should continue to build their capacity in designing and implementing sound sectoral policies.



Projected change in crop productivity in Central Asia under RCP 2.6 and RCP 8.5.

Source: Umirbekov, A., Akhmetov A., and Gafurov, Z. (2022). Water–Agriculture–Energy Nexus in Central Asia Through the Lens of Climate Change. CAREC Institute Report

Horticulture Export Potential of Central Asian Countries

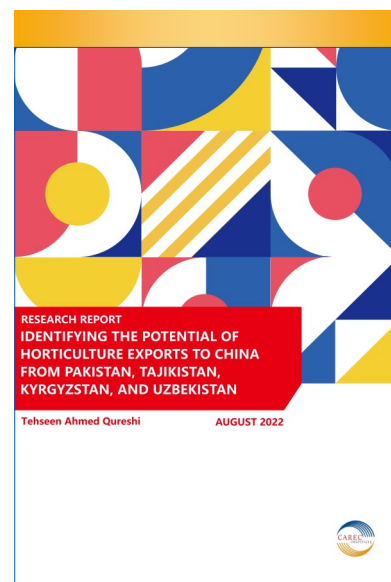
CAREC Institute's recently published report ["Identifying the Potential of Horticulture Exports to China from Pakistan, Tajikistan, Kyrgyzstan, and Uzbekistan"](#) authored by Tehseen Ahmed Qureshi, examines the potential of horticulture exports of the Central Asian countries to China. The study identifies bottlenecks and suggests possible policy solutions to overcome barriers and increase Central Asian horticulture export to China.

Agriculture is one of the main economic sectors in the CAREC countries and its contribution to GDP remains high, providing jobs for a large part of rural population and foreign exchange earnings from export of agricultural products. At the same time, the People's Republic of China is one of the ten largest fruit importers in the world. The countries of Central Asia have significant competitive advantages in fruit production, but their access to PRC's fruit and vegetable market remains limited. Kyrgyzstan, Tajikistan and Uzbekistan together account for 0.01% of Chinese fruit import.

Using an extended gravity model framework, the author analyzes the horticulture export potential of Pakistan, Tajikistan, Kyrgyzstan, and Uzbekistan to China. He estimates that Kyrgyzstan's potential exports of grapes, walnuts, almonds and apricots to China are US\$2.4 million. While Kyrgyzstan has been able to reach its potential level in grapes and

almonds, it still lags in walnuts and apricots. The estimated potential export of apricots and cherries from Tajikistan to China is estimated at US\$0.7 million. While Tajikistan reached its potential level for cherries in 2019, the average annual export of apricots is 5% of its potential level. Uzbekistan's potential export of apricots, grapes and walnuts to China is estimated at \$26 million. While the performance of Uzbek walnuts and apricots remains bleak, Uzbek grapes have performed well and their exports to China may further increase. Potential mango and citrus exports from Pakistan to China are estimated at US\$0.05 million in 2019, although export inconsistency remains high. While actual exports have exceeded potential levels for several years, exports remain very low on average.

Entering a major fruit market like China requires a stable supply of large volumes that can be achieved by integrating small farmers into the value chain. Farmers in CAREC countries need to be equipped with modern technologies and knowledge about fruit production and processing. Farmers should use branding and marketing as Chinese buyers are not well aware of the taste, quality and nutritional value of Central Asian fruits. Investments in grape varieties and seedless citrus are needed to meet the demand of Chinese customers.



CAREC Institute Holds the Third 2022 Quarterly Meeting with ADB

On September 5, the CAREC Institute held the third Quarterly Review Meeting of 2022 (ROP) with the Asian Development Bank. The senior management team and operational staff from both sides discussed the draft Rolling Operational Plan 2023-2024 of the CAREC Institute, key research, capacity building and knowledge management activities, and, more importantly, the research report *'Post-Pandemic Framework for a Green, Sustainable and Inclusive Recovery'* which is a key deliverable for this year's CAREC Ministerial Conference.

Mr. Syed Shakeel Shah, Director of the CAREC Institute, further briefed participants on current institutional issues, including the recruitment of a new director, financial sustainability and internal administrative activities, and preparations for the upcoming CAREC Think Tank Forum and CAREC Ministerial Conference.

Ms. Lyaziza Sabyrova, Director, CWRC, ADB, provided valuable feedback and guidance on the ROP, the post-pandemic recovery report, financial sustainability, and the seamless joining and transition of the new director.

The Quarterly Review Meeting is a regular and effective consultation mechanism between the CAREC Institute and the Asian Development Bank. The meeting reviews progress on key initiatives and exchanges views on improving and accelerating the implementation of the operational and institutional activities. The Quarterly Review Meeting also discusses new geopolitical and geo-economic developments in the region and beyond, as well as how to shape the CAREC Institute's knowledge response in support of CAREC member countries.

Policy Brief: Natural Resource Efficiency to Reduce Regional Vulnerability to Climate Change

[A recent policy brief by the CAREC Institute](#) contains several policy recommendations for improving the efficiency of natural resource use to reduce Central Asia's vulnerability to climate change.

Foster climate research in the region and improve early warning systems. Uncertainties in hydrological projections over the region necessitate further research on the impacts of climate change. Nevertheless, given that the rivers in the region are subject to high interannual runoff variations, improvement in early warning systems is a good initial step towards achieving long-term resilience. Current uncertainties and an absence of reliable data make both coping with consequences of climate-related disasters and adapting economies into a new situation almost impossible. Therefore, setting up reliable early warning systems will be key for reducing climate vulnerabilities.

Increase efficiency of water use across the main sectors. Excessive reliance on water resources is the key reason for Central Asia's vulnerability to climate change. This reliance is rooted in the low economic productivity of water use. The countries should prioritize increasing water-use efficiency as a means of reducing their sensitivity to the adverse impacts of climate change. Serious efforts to reduce water dependency and increase the economic efficiencies of water use will be key adaptation strategies.

Optimize crop structure and invest in drought-resistant varieties. A reduction in the reliance on monocropping and crop structure optimization could diminish the sensitivity of agriculture to

climate change. This needs to be complemented with careful selection and alignment of crop varieties to changing local climate conditions. The drought-resistance of crop cultivars should be an important criterion in cropping decisions. Ongoing marketization and liberalization of agriculture from state control, as well as incentives for adaptive agriculture practices, are the right steps to take towards sustainable cropping in Central Asia.

Diversify the economy and promote less resource-intensive sectors. Given the current high level of economic reliance on agriculture, scaling and supporting other sectors is an immediate policy imperative. This is equally true for the subregions where local economies are heavily dependent on fossil fuel extraction and processing, and where technological growth and knowledge accumulation in other sectors have been neglected. Reducing the footprints in water, energy, and other resources will enable the economies of the region to become more effective.

Mainstream energy efficiency and renewables as a crucial and cost-effective strategy. Central Asia remains one of the world's regions with excessive energy consumption and low economic output. By encouraging private sector participation in energy management, governments should prioritize energy efficiency policies and steer more investments towards renewable energy generation. To realize this, both central and local governments should build their capacity for designing and executing sound sectoral policies and reforms.

Policy Brief: Regional Cooperation to Address Climate Challenges

[CAREC Institute's new policy brief](#) calls for active policy actions to intensify regional cooperation to address climate challenges along water-agriculture-energy nexus in Central Asia.

Water is a scarce and valuable resource that is unevenly distributed across the Central Asian countries, and strongly interconnected with the agriculture and energy sectors. Climate change alters the availability and annual cycle of water supplies with negative consequences for irrigated agriculture. The development of untapped hydropower potential in upstream countries would likewise alter natural flows.

Water cooperation is a fundamental prerequisite for enhanced resilience to climate change that disentangles multiple benefits for all parties.

Coordinated management of upstream water storage is crucial for enhancing region's resilience to hydrological droughts on seasonal and annual timescales. In turn, the upstream countries benefit from an enhanced energy security. Regional cooperation on water resources is underpinned by the development of a comprehensive and transparent framework for regional energy trade.

The advantages of regional collaboration extend far beyond the lower seasonal water and electricity supply-demand mismatches, but also facilitate sustainable energy development in the region. The region's long-term energy security would be substantially bolstered by more diverse power supply, and the countries would have better alternatives for long-term GHG emissions reductions in the power sector.

CAREC Institute Contributes to Discussions at the Elderly Care Development Forum

On September 28, Dr. Qaisar Abbas, Chief of Research Division of the CAREC Institute, moderated a session of the Elderly Care System Development Forum, organized by the Asian Development Bank and the Asian Development Bank Institute. The three-day forum is aimed at enhancing knowledge exchange from ADB's elderly care projects and strengthening the capacity of ADB developing member countries to better plan, implement and monitor programs for elderly care system development.

During the session on *Expanding Quality Elderly Care Services*, Dr. Abbas noted that the elderly care services include a broad range of practices and institutions that help senior citizens to age with dignity. Asian countries use the government-run elderly care systems helping with daily home care and medical care. The support for elderly also comes from families, private and civil society organizations.

Mr. Jing Jun, Director of the Research Center for Medical Sociology, Tsinghua University, highlighted the existing large gap in palliative care for the elderly in China. Of 10 million Chinese people who died in 2018, only 280 thousand received palliative care that is due to the low availability of palliative care in medical facilities, only 0.7 percent provide such services, and nearly non-existence of home and community palliative care.

Mr. He Zongke, Doctor and Senior Nurse Specialist at the University of North Carolina Hospital, spoke about the Living Will practices in the USA and the US Federal Government's Patient Self-Determination Act. The former is a document signed by people in advance when they are well or conscious, stating whether they want or do not want one kind of medical care at the end of an

incurable injury or death. The latter requires to respect the patient's medical autonomy and protect the patient's right to choose or refuse medical treatment through the Advance Medical Directives. Mr. Zongke proposes to promote the Living Will, life and death education, and more importantly, the practice of hospice care in elderly care facilities in the PRC.

Mr. Deng Xueyi, Secretary General of the Shaanxi Ageing Development Foundation, spoke about civil society's participation in elderly care service provision in Shaanxi province of the PRC. The Shaanxi Ageing Development Foundation collaborates with international and local civil society organizations. The foundation has well-established partnership with the international NGO HelpAge International and rural elderly associations to provide more services in rural and remote areas. The rural elderly associations unite more than 20 thousand senior organizations established by senior citizens themselves, and about 30 thousand rural mutual aid stations established by Civil Affairs. Local civil society actively engages volunteers to help the elderly, trains the senior citizens, and participates in the development of the elderly care plan and the necessary regulations.

For those CAREC countries with rapidly aging populations, priority should be given to the development of comprehensive care systems for the elderly in order to avoid serious socioeconomic problems. The forum serves as a platform for dialogue between governments, civil society, medical institutions and experts to form partnerships in the field of care for the elderly and adaptation to an aging demographic.

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