

Newsletter

Appointment of the New Director of the CAREC Institute

The Governing Council of the CAREC Institute is pleased to announce that Mr. Kabir Jurazoda joined the institute as new Director on November 11, 2022.

Mr. Kabir Jurazoda has over 25 years of experience in public service and public finance management, regional economic cooperation and integration, public social policy, strategic planning, monitoring and evaluation. He has experience in developing policy papers, policy briefs and reports.

Prior to joining the CAREC Institute, Mr. Kabir Jurazoda was an Advisor in the Office of the Assistant to the President of the Republic of Tajikistan for Economic Affairs, First Deputy Chairman of the Committee of Youth, Sport and Tourism under the Government of Tajikistan, National Coordinator of the World Bank Project "Creating Socio-Economic Opportunities for Youth in the Republic of Tajikistan", Deputy Chairman of the Committee of Youth Affairs under the Government of Tajikistan, Chief Specialist of the International Relations Department and Lead Specialist of CIS Countries Relationship Department in the Executive Office of President of Tajikistan.

He was a member of the National Council for Financial Stability of Tajikistan (2018-2022), the Supervisory Board of Tajiksodirotbank (2016-2020), the Executive Committee of the Badminton Asia Confederation (2019-2023), and the Chairman of the Asian Badminton Confederation Committee (2019-2023) and the Chairman of SCO Youth Council (2012). He is currently the President of the Public Sport Organization "Tajikistan Badminton Federation".

Mr. Kabir Jurazoda graduated from the Tajik State University with dual degrees in International Relations and Political Science and completed the advanced training course on "Public Administration" in the Academy of Civil Service under the President of the Russian Federation. He is currently working on his PhD dissertation on "Influence of World and Regional Integration Processes on Tajikistan's Development" at the Tajik National University.

Mr. Kabir Jurazoda is married and has four daughters.

In accordance with the rotation procedure for the management of the CAREC Institute, member countries alternate in the position of director in alphabetical order. The new director is nominated by the government of the respective member country and appointed by the institute's Governing Council for a term of two years.



New Director of the CAREC Institute, Mr. Kabir Jurazoda.

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Message of the New Director of the CAREC Institute

Dear readers of the CAREC Institute Newsletter,

I am incredibly proud to be the new Director of the CAREC Institute. In assuming this new role, I would like to share my values and vision for the CAREC Institute.

Today, the CAREC Institute is well positioned to make key contributions to the advancing knowledge and research and to help the CAREC member countries to lead their way toward sustainable and inclusive development. In this regard, the institute plays a critical role in meeting the growing knowledge needs of CAREC member countries by acting as a knowledge generator and connector by conducting cutting-edge research, developing capacity building services, disseminating knowledge, sharing best practices, and building partnerships and alliances related to the strategic priorities of the CAREC Program. The CAREC Institute works closely with the CAREC Program and member countries to align its operational program with CAREC strategies.

I firmly believe in the strength of the CAREC Institute team, who will do what it takes to implement the new CAREC Institute Strategy until 2025 to deliver on the set goals and objectives within the five CAREC's operational clusters. The CAREC region is facing several challenges, such as COVID-19, climate change, financial stability, economic transformation, and so on. As the region's leading knowledge hub, the institute has the know-how to help its member countries to overcome these challenges through tailored policy advice, training, peer-to-peer learning, and effective cooperation. Considering the challenges of the day, the CAREC Institute will keep on expanding its research portfolio and offering quality know-how to its member countries in areas of strategic importance including sustainable development, sustainable recovery, digital and green economy, climate change, effective water and energy resources management, health development, food security and so on.

The CAREC Institute will also continue offering evidence-based capacity-building programs to its member countries using its e-learning platform. In parallel, we shall also put the CAREC's Think Tank Development Forum under spotlight, intensify our knowledge-sharing practice, enhance our external and internal communications by means of issuing a periodic e-newsletter and quarterly economic monitors. We shall also expand our external outreach by featuring our work in CAREC region-based media. We shall enhance our organizational management, implement a merit-based recruitment strategy, improve our work environment and financial sustainability.

CAREC countries need knowledge and capacities to advance regional integration processes. With this in mind, we aim to make the CAREC Institute a leading knowledge center promoting economic cooperation in the CAREC region for shared and sustainable development. This is an ambitious and inspiring goal to which my colleagues and I must strive. We are truly fortunate to have tremendous talent among our staff and strong partnerships with national and international stakeholders. With the institute's truly unique ability to act as a knowledge broker, we are able to bring together the brightest minds to work on the region's most pressing issues, enabling knowledge formation, acquisition and exchange involving a broader set of stakeholders. I believe we have an obligation to use these gifts to advance the economic integration of the CAREC region for shared prosperity.

Sincerely,

Kabir Jurazoda

21st CAREC Ministerial Conference

The 21st CAREC Ministerial Conference was held under the title "Revitalizing Regional Cooperation for a Green, Sustainable and Inclusive Recovery" on November 24, 2022. The Ministerial Conference functions as the highest strategy-setting and decision-making body for the CAREC Program. It provides overall strategic guidance and serves as a platform to discuss and address important policy and strategic issues of regional relevance. The Ministerial Conference is held annually and is attended by the CAREC National Focal Points – ministers and high-level representatives of state agencies in charge of the overall planning and decision making. The meeting is also attended by CAREC development partners. During the 21st Ministerial Conference, Ministers endorsed three deliverables: i) the CAREC Post-Pandemic Framework for Green, Sustainable, and Inclusive Recovery; ii) the Cooperation Framework for Agricultural Development and Food Security in the CAREC Region; and iii) the CAREC Green Energy Alliance.

The CAREC Institute shared the background report "Post-Pandemic Framework for a Green, Sustainable and Inclusive Recovery" as one of the key deliverables of the conference. The report was prepared by a group of eminent researchers led by Dr. Hans Holzhaeker, Chief Economist of the CAREC Institute. The report calls for building resilience to new shocks, accelerating technological change, promoting human capital development, and further intensifying trade to enable the CAREC region to realize its comparative advantages. The CAREC region is one of the most vulnerable areas in the world to climate change and natural disasters. Food security and protection against natural disasters have become of paramount importance for the region. Now more than ever, countries need to work together to overcome global crises. Regional cooperation will be essential for coping with the challenges of the coming years and must be further enhanced to achieve the required economies of scale and scope.

Mr. Kabir Jurazoda, the new Director of the CAREC Institute, attended the Ministerial Conference and provided an update on the institute's continued efforts. He reiterated that the CAREC Institute will continue to play a crucial role in fulfilling the increasingly growing knowledge needs of member countries. He assured member countries and development partners that the institute will further strengthen its strategic position as the knowledge generator and connector in the CAREC region. He pledged that the institute will undertake cutting-edge research, innovative capacity-building programs, targeted knowledge dissemination, sharing best practices, and forging partnerships to leverage efforts and resources with key implementing partners.

This year's Ministerial Conference was chaired virtually by the PRC. Mr. Liu Kun, Finance Minister of the PRC delivered a welcome address. And Mr. Masatsugu Asakawa, President of ADB delivered the keynote address. Mr. Xia Xiande, Deputy Finance Minister of the PRC, and Mr. Chen Shixin, Vice President of ADB co-hosted the conference. The ministers and high-level government representatives highly appreciated CAREC Institute's achievements over the past years and encouraged the institute for more continuous cooperation. Georgia will chair the next Ministerial Conference.



"As the new director, I would like to ensure that the CAREC Institute continues to bring new knowledge and share best practices among CAREC member countries for green, sustainable and inclusive development and regional prosperity,"

Kabir Jurazoda.

Mr. Kabir Jurazoda, Director of the CAREC Institute speaks at the 21st CAREC Ministerial Conference.

Director of the CAREC Institute Delivers a Speech at the Hongqiao International Economic Forum

Mr. Syed Shakeel Shah, former Director of the CAREC Institute, spoke at the Fifth Hongqiao International Economic Forum held as a part of the China International Import Expo. The session on “Financial Support for Stabilizing Industrial and Supply Chains” was organized by the PRC Ministry of Commerce, the People's Bank of China, the Shanghai Municipal Government, the China International Import Expo Bureau, National Exhibition and Convention Center (Shanghai), the Bank of China, and the China Economic Information Service.

Hongqiao International Economic Forum is established as a high-end dialogue and exchange platform for international societies, businesses, and academia. The forum brought together heads of states, entrepreneurs and scholars to discuss the new trends and new changes in economic development, reflecting new philosophies derived from inclusive development, and aiming at promoting economic globalization that is open, inclusive, comprehensively beneficial, balanced and win-win, building an open world economy, and prompting global trade growth.



Mr. Syed Shakeel Shah speaks at the Fifth Hongqiao International Economic Forum.

Mr. Syed Shakeel Shah noted that in 2020, governments have initiated emergency support measures to mitigate the worst immediate effects of the pandemic, including direct cash support for households and businesses, lower interest rates and credit relief for financial institutions, moratoriums on debt repayment of households and firms, and others. These policies helped limit the negative economic impact of the pandemic, and most CAREC countries outgrew the COVID-19 recession in 2021.

However, new challenges such as the Russian-Ukrainian conflict, geopolitical confrontation and climate change have created a new set of uncertainties that threaten the post-pandemic recovery of developing countries. Some net importing countries are facing growing trade deficits, high commodity prices and currency depreciation. As a result of these factors, public debt is increasing in some countries of Central Asia. Global inflation is driven by food inflation. Poor households who spend most of their income on food also suffer disproportionately.

“We are currently facing unprecedented shocks, with the ongoing crisis and the global commodity crisis highlighting a new need for more sophisticated financial instruments to lift the world out of multiple economic crises; at the same time, global financial institutions need to continue to focus more on climate-focused investment projects and financing of infrastructure,”

Mr. Syed Shakeel Shah.

The finance plays a very important role economic recovery, and the countries must ensure sufficient liquidity so that the situation with the balance of payments contributes to maintaining a healthy macroeconomic framework. Mr. Syed Shakeel Shah presented policy recommendations to overcome the current difficulties. Central banks need to constantly adjust monetary policy to ensure that the economic recovery is funded and to help mitigate the impact of an unprecedented recession. Financial institutions in developing countries need to support companies to improve governance and compliance and mitigate risk. Governments and financial institutions should further promote financial inclusion and expand the coverage and affordability of financial services. Governments must strengthen debt, deficit, and foreign exchange management, and restructure their debt and implement long-term reforms to improve the transparency of debt management. Countries also need to continue to promote tax policy reforms, strategies to stabilize the financial system, and streamline spending and controls, and restructure their economies to achieve sustainable economic growth.

The banking system is also exposed to foreign exchange volatility risks, so policymakers must carefully monitor these risks and prudently adjust policy if necessary. The role of regulators is very important in providing capital buffers and liquidity to mitigate financial shocks. At the global level, policymakers need to create space for economic recovery and address economic protectionism and economic fragmentation. The International Monetary Fund can allocate unutilized SDRs to help stressed economies in dealing with balance of payment crisis. Countries should strengthen the South-South learning from development banks in developing countries which serve as new centers of financial gravity and source for sharing expertise and institutional knowledge in dealing with challenges of economic crisis. The governments should cooperate closer at the global and regional level for a sustainable and transformative recovery.

Meeting with PRC MoF and ADB on Leadership Change at the CAREC Institute

The CAREC Institute met with its key funding partners - the Ministry of Finance of the People's Republic of China (PRC MoF) and the Asian Development Bank (ADB) - to brief on the change in leadership at the institute. Mr. Syed Shakeel Shah completed his term as the Director of the CAREC Institute on November 10, 2022, and Mr. Kabir Jurazoda joined the institute as the new Director.

Dr. Jingjing Huang, Deputy Director One of the CAREC Institute, opened the meeting by informing the participants about the change in leadership in accordance with the CAREC Institute's management rotation procedure, in which member countries alternate in the position of director in alphabetical order. The director is recommended by the government of the respective member country and appointed by the Governing Council of the institute for a term of two years. She thanked Mr. Syed Shakeel Shah for his great energy and commitment to leading the CAREC Institute during the unprecedented time of global crises and welcomed Mr. Kabir Jurazoda as the new Director and wished him well in further enhancing the effectiveness of the institute.

Mr. Syed Shakeel Shah thanked the ADB and the PRC MoF for the guidance and support provided to the CAREC Institute over the past three years that helped the institute expand its knowledge production and knowledge sharing activities. Despite multiple challenges such as the COVID-19 pandemic, travel restrictions, and economic crises, the CAREC Institute was able not only to adapt its activities to new realities, but also to conduct important policy research in support of CAREC member countries with new knowledge products and important policy recommendations. The CAREC Institute has introduced an e-learning platform that has, in a sense, turned the pandemic crisis into an opportunity in terms of deploying a very effective tool to improve learning outcomes. "I would like to especially thank all staff of the CAREC Institute for their hard work. They worked tirelessly to achieve the strategic goals of the institute. And I am confident that the new Director Kabir Jurazoda will be able to continue to use the skills of our colleagues to ensure further institutional growth," said Mr. Syed Shakeel Shah.

The new Director, Mr. Kabir Jurazoda, noted the achievements of Mr. Syed Shakeel Shah, and the tremendous progress made by the CAREC institute in delivering various knowledge outputs over the past three years under his leadership. "I have a strong faith in the institute's cohesive team with whom we will jointly ensure the implementation of the new strategy of the CAREC Institute until 2025 and achieve its goals and objectives within the five operational clusters of CAREC Program," said Mr. Kabir Jurazoda. He assured that given the new set of challenges posed by the COVID-19 pandemic, climate change, financial instability, and economic transformation, the CAREC Institute, as the region's leading knowledge hub, will continue to produce new knowledge to help its member countries overcome these challenges through tailored policy advice, peer learning and effective operation.

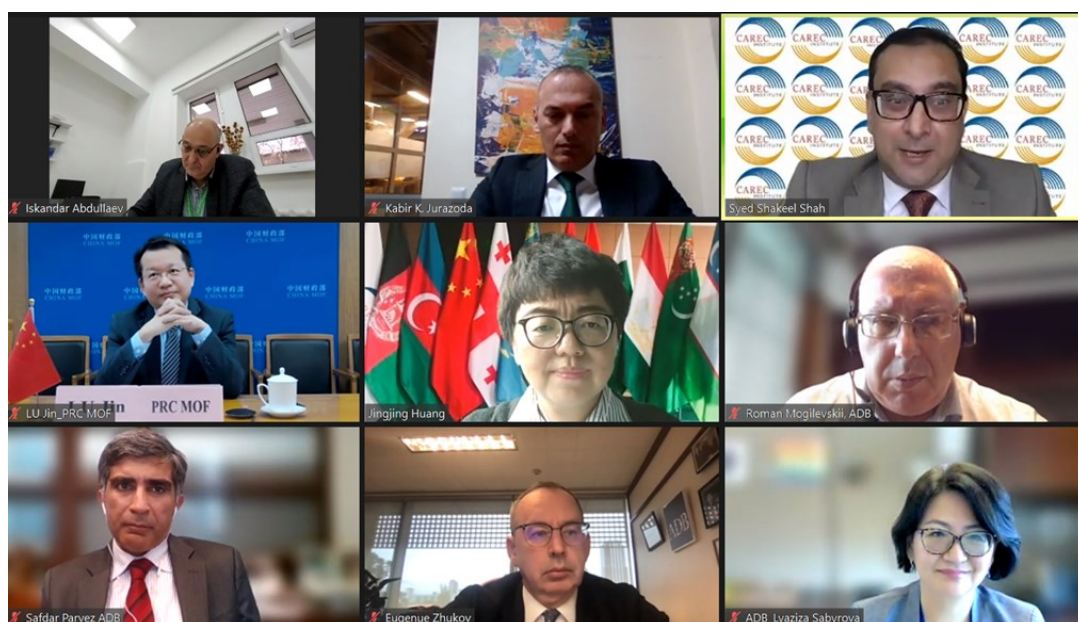
Mr. Eugene Zhukov, Director General of the ADB Central and West Asia Department, welcomed Mr. Kabir Jurazoda as the new Director representing the Republic of Tajikistan and expressed his gratitude to Mr. Syed Shakeel Shah for leadership in leading the CAREC Institute during the difficult time of the COVID-19 pandemic. He noted Mr. Syed Shakeel Shah's effective leadership in developing the new institutional strategy of the CAREC Institute to accommodate necessary approaches to address the newly emerging social economic challenges in the region by effectively utilizing the institute's financial and human resources. Several new programs, such as Visiting Fellows Research Program, Research Conference, experts' dialogues, and Chai meeting events, have further promoted the CAREC Institute as a discussion platform for policy advice. During the years of the pandemic, the institute published several research papers which have proven timely as an informative source of knowledge for developing policies to mitigate the negative consequences of the pandemic. These efforts have received special recognition from an international think tank rating agency. Mr. Eugene Zhukov expressed his hope that the experience and knowledge of Mr. Kabir Jurazoda will help the institute not only maintain the results achieved, but also lead this world-famous institution to new achievements, new heights, and continued cooperation with ADB for the benefit of the people of the CAREC region.

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Mr. Lu Jin, Deputy Director-General of the Department of International Economic and Financial Cooperation of the PRC MoF, expressed his appreciation and gratitude to Mr. Syed Shakeel Shah for his outstanding work as the Director of the CAREC Institute in making a great contribution to the development of the institute. The CAREC Institute not only managed the transformation of its operational model, but also improved human resources, produced more knowledge outputs, and introduced modern management and institutional governance, demonstrating the institute's great ability and potential to support the CAREC countries with knowledge for regional prosperous development. Mr. Lu Jin welcomed Mr. Kabir Jurazoda on board, noting his strong educational background and extensive professional experience in public service and knowledge management. He expressed confidence that, under Mr. Jurazoda's leadership, the CAREC Institute will continue to develop and further contribute to economic cooperation and integration of the CAREC region.

Mr. Lu Jin shared additional thoughts on how to improve the institutional effectiveness of the CAREC Institute. First, the CAREC Institute should continue to use a demand-driven approach to support member countries and further strengthen engagement and cooperation with member countries, and provide them with tailored knowledge support, including high-quality policy advice. Second, the CAREC Institute should continue to collaborate with academia and development institutions to build regional and interdisciplinary research networks which are crucial for strategic research and knowledge sharing. Third, the CAREC Institute should further strengthen institutional governance and capacity by conducting an organizational review and reforms. Fourth, the CAREC Institute should continue to expand its funding sources and strengthen the financial sustainability. In his closing remarks, Mr. Lu Jin said, "as the host country of the CAREC Institute, China will continue to provide strong support to its development. We hope that the CAREC Institute becomes stronger and plays a bigger role in regional cooperation and integration of the CAREC region."

Representatives of the ADB – Mr. Safdar Parvez, Advisor, East Asia Department, and Ms. Lyaziza Sabyrova, Director of the Regional Cooperation and Operations Coordination Division in Central and West Asia Department, as well as representatives of the CAREC Institute – Dr. Iskandar Abdullaev, Deputy Director Two, and Dr. Hans Holz hacker, Chief Economist, highlighted in details the professional achievements of Mr. Syed Shakeel Shah during his tenure as the Director of the CAREC Institute and his leadership qualities, and welcomed Mr. Kabir Jurazoda as the new Director.



Participants of the meeting of the CAREC Institute with PRC MoF and ADB.

Ten Key Achievements of the CAREC Institute Under the Leadership of Mr. Syed Shakeel Shah

- I. **Urumqi becomes the host city of the institute.** The institute signed a host city memorandum with the city of Urumqi, Xinjiang Uygur Autonomous Region to formalize a long-term partnership aimed at developing regional cooperation. The signing ceremony was attended by the Deputy Minister of Ministry of Finance, the Mayor of Urumqi Municipality and the Director General of the Xinjiang Department of Finance, as well as prominent government officials.
- II. **A new array of research projects on various aspects of regional integration.** Mr. Syed Shakeel Shah guided the CAREC Institute's research focus on key economic development topics in the CAREC region, making concrete and valuable suggestions to the knowledge products. He has provided support on important research reports such as CAREC Post-Pandemic Framework for a Green, Sustainable and Inclusive Recovery, CAREC Regional Economic Integration Index, Water-Energy-Agriculture Nexus, Vaccination Attitudes in Selected CAREC countries, Digital CAREC, Unlocking Transport Connectivity, Financial Inclusion and Fintech in CAREC, Digital and Sustainable Trade Facilitation, Development of Sustainable Water and Sanitation Systems, numerous economic and policy briefs and Quarterly Economic Monitors, and a series of papers produced by visiting fellows and members of the CAREC Think Tank Network, and others. To ensure the quality of publications the CAREC Institute established the Publication Board to evaluate newcoming publications.
- III. **E-learning.** To address impossibility of face-to-face knowledge services during the COVID-19 pandemic, an e-learning platform was established which formed a virtual learning space. The platform hosts seminars on investment in infrastructure and transport corridors, road asset management and road safety, e-commerce development and environmental goals. The platform also hosts conferences, webinars, and policy dialogues to share knowledge and experience on various aspects of the social and economic policies of CAREC countries. The cloud space of the e-learning platform is filled with video-audio recordings and various reading materials. All educational materials are provided to users free of charge.
- IV. **Expanded partnerships and strengthened existing ones.** Mr. Syed Shakeel Shah facilitated strengthening the relations with the CAREC Secretariat and with Pakistani think-tanks; helped show-case and explain CAREC Institute's work and positions during quarterly meetings with institute's key donors -- ADB and PRC Ministry of Finance. During his tenure as Director, the CAREC Institute obtained the observer statuses to the United Nations General Assembly, the World Bank/IMF, and the AIIB and further deepened meaningful cooperation with ADB, ADBI, Islamic Development Bank (IsDB), and UNICEF. New memorandums of understanding were signed with the Economic Scientific Research Institute of the Ministry of Economy of Azerbaijan, SDPI (Pakistan), PIDE (Pakistan), Institute of Standardization of XUAR, Shenzhen University, International Finance Forum, and Agricultural Development Bank of China. The CAREC Think Tank Network became a member of the Global Coalition of Think Tanks Networks coordinated by UN Office of South-South Cooperation.
- V. **Significant engagement with CAREC member countries and contributions to CAREC platforms.** Mr. Syed Shakeel Shah contributed to creating a strong image and branding of the CAREC Institute despite the uneasy times of the pandemic. He regularly presented at the Ministerial Conferences and Senior Officials Meetings. The CAREC Institute enhanced advocacy work in the framework of the CAREC Corridor Performance Measurement and Monitoring mechanism (CPMM) and delivered eight country specific CPMM briefs which proved impactful in improving efficiency along CAREC corridors and border crossings.



The ceremony of signing a MoU with Azerbaijan Economic Scientific Research Institute.

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- VI. **Strong initiatives on ensuring financial sustainability of the institute through mobilization of resources and funds.** The Financial Sustainability Working Group was established with all CAREC member countries, two rounds of discussions were held to discuss the Exploratory Assessment of the Financial Sustainability of the CAREC and institute's Resource Mobilization Work Plan. The Government of Pakistan expressed the willingness to provide another round of financial contribution to the CAREC Institute. The institute also received financial support from different partners such as RKSI, IEFI, SNAI, UNICEF, Xinjiang Institute of Ecology and Geography, CCDA, CAAC, IsDB, and others.
- VII. **New Institutional Strategy 2021-2025 and new Technical Assistance Agreement with ADB.** Mr. Syed Shakeel Shah provided leadership in the preparation, endorsement and implementation of new Institutional Strategy 2021-2025, new Technical Assistance Agreement with ADB, bi-annual Rolling Operational Plans and annual work programs and budget frameworks of the institute.
- VIII. **Stronger corporate management.** During his tenure, the CAREC Institute held regular Governing Council and Advisory Council meetings, which were co-chaired by Mr. Syed Shakeel Shah. He was instrumental in forming the CAREC Institute's new Advisory Council. The Institute conducted a financial risk assessment, external audit and developed an integrity and anti-fraud policy.
- IX. **Efficient organizational management.** During the COVID-19 pandemic, Mr. Syed Shakeel Shah effectively managed the transition to remote work of the institute. He has actively taken the lead in providing a good working environment for institute's staff. Under his leadership sound human resource, financial and internal control systems were established, the institute revised its Human Resource and Financial Management Manuals. Staff positions increased from 35 in to 41 in 2022, and the institute's team was solidly built with talents from its member countries.
- X. **Wider outreach and knowledge sharing.** The institute's monthly e-newsletter and Quarterly Economic Monitors reached over 3,000 stakeholders and become available in Chinese, English, and Russian. The partnership with Development Asia is ongoing and as of November 1, 2022, 19 knowledge adaptations were published on the platform. The media outreach expanded to coverage of 20 CAREC Institute topics and events in around 60 media outlets in 10 countries in three languages in 2022. The institute's LinkedIn account saw a 39% increase in its followers as of June 2022 and continued active sharing of information with an 11% engagement rate. In addition to the official Weibo, which was created in November 2020 and has attracted over 15,000 followers, one more social media account – WeChat – was activated in the PRC.



CAREC Institute Presents at the PRC Fund Knowledge Sharing Webinar Series

On November 22, Dr. Iskandar Abdullaev, Deputy Director Two of the CAREC Institute, presented the results of the institute's recent research at the webinar "Transformation to sustainable and resilient agriculture", which was a part of the PRC Fund Knowledge Sharing Webinar Series: "Developing Productive, Sustainable and Resilient Agriculture for Food Security: the PRC's Experience". The webinar series aims to promote regional cooperation among ADB's developing member countries, support cross-regional knowledge sharing, and promote peer learning in the Asia-Pacific region to improve food security in the region through productive, sustainable, and resilient agriculture development.

Dr. Abdullaev spoke about the transformation of agriculture and food systems in the Central Asia after the collapse of the Soviet Union. Agriculture in Central Asia continues to play an important social and economic role, providing jobs for a significant part of the economically active population. The initial transformations of agriculture was a change from collective farms into shareholder farms when state lands were distributed among the rural population to ensure food security. As the result, productivity has been increased, crop rotation practices have changed from cotton to other crops.

Central Asia is very dependent on water, which is currently the main problem for the development of agriculture in the region. The reforms carried out in the water sector also affected agriculture. In the spirit of privatization, the private sector and local communities have been involved in water resource management. The countries have formed local associations to manage water for local irrigation. The introduction of water fees and reduction in government support into irrigation agencies have been also one of the outcomes of recent transformations. Therefore, setting up feasible and well-functioning and financed water sector pre-requisite for sustainable agriculture development in the region.

The CAREC Institute has studied the possible impact of climate change on agriculture in the Central Asia. Preliminary results show a potential decline in agricultural productivity due to expected water shortage in the region as climate change impact. Significant decline

of the agricultural productivity is expected in the region if climate change impacts are not addressed. This is due to the high dependence of agriculture on water resources. These negative effects have a direct impact on food security, trade and socio-economic aspects of people's lives, especially, in the least developing countries.

In the Central Asian region, the production of food crops has increased over the past 15 years, and the area under cash crop (cotton) has decreased significantly in comparison to the late 1990s. Crop cultivation intensity increased from usual one crop (cotton or wheat) per season to 2-3 crops per year. This change implies significant increases in agricultural energy consumption and use of fertilizers and chemicals that may affect climate change and water scarcity.

"Despite transformations in agriculture, the region still needs knowledge, innovation, and agricultural extension services. State investment in the agricultural sector in the Central Asian countries is declining, thereby opening access to private and international agricultural finance with new forms of enterprises. We see more and more cooperation in growing crops to meet the needs of the regional and international markets. Research-based interventions are essential for developing more visible, more viable, and more sustainable agriculture in the CAREC region," said Dr. Abdullaev.



Speakers of the PRC Fund's webinar "Transformation to sustainable and resilient agriculture".

CAREC Institute Contributes to Dialogue on Regional Cooperation in Promoting Digital Economy

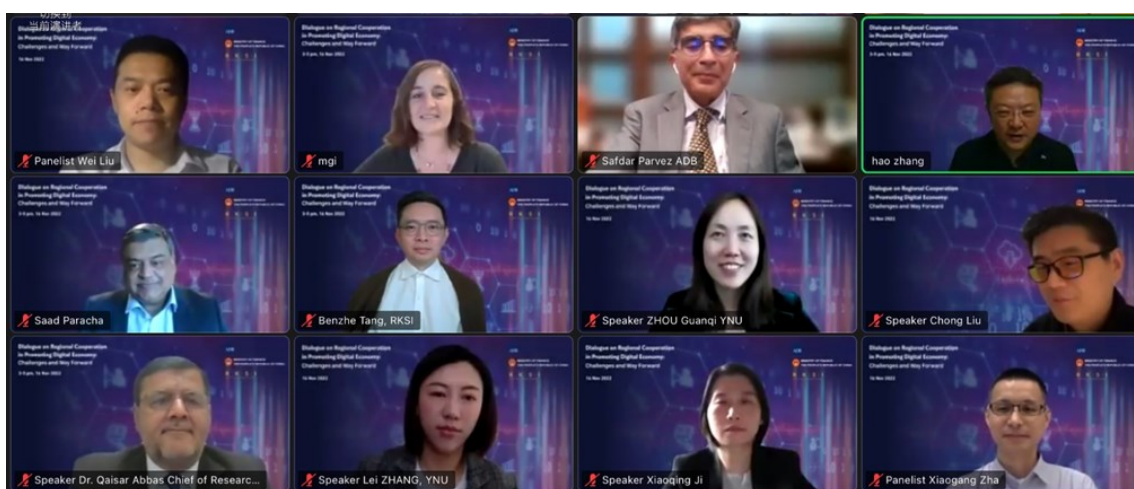
On November 16, Dr. Qaisar Abbas, Chief of Research Division of the CAREC Institute, spoke at the Dialogue on “Regional Cooperation in Promoting Digital Economy: Challenges and Way Forward”. The dialogue was co-hosted by the Ministry of Finance of the People’s Republic of China, the Asian Development Bank and the ADB-PRC Regional Knowledge Sharing Initiative. The purpose of the dialogue was to promote discussions on building a sustainable digital economy in the CAREC region, Greater Mekong Sub-region and other regions of Asia, where all stakeholders can work together to achieve the long-term goal of more sustainable and inclusive economic growth.

Dr. Qaisar Abbas delivered a keynote presentation on the digital divide and policy reforms for promoting e-commerce in the CAREC region. The CAREC region has not fully benefited from the digital economy transformation, including digital trade or e-commerce. A recent study by the CAREC Institute *“Digital CAREC: Analysis of the Regional Digital Gap”* finds that the digital infrastructure and internet access are top performing indicators of digital development in the CAREC region, while the countries in the region face a higher digital divide in digital payments and e-commerce. The People’s Republic of China leads the world in online retail and is considered as a role model for the future of e-commerce, while e-commerce in most other CAREC countries is underdeveloped and way below its potential. This digital divide yields income inequality, causing social conflict and loss of competitiveness, and polarizing people within/across

countries, leading to digital hegemony and threatening sustainable growth. The development of e-commerce in the CAREC region is highly heterogeneous in terms of hardware, e-commerce infrastructure, and its soft components, including the legal, regulatory, and institutional framework. Outdated regulations, varied digital infrastructure, and fragmented governance are examples of obstacles to realizing the potential of e-commerce in the CAREC region. The lack of digital infrastructure and digital skills limits the introduction of basic digital technologies and the mechanism of virtual transactions. “The development of e-commerce can only be achieved by narrowing digital divide while implementing inclusive regulations for both firms and regulators,” said Dr. Qaisar Abbas.

Other researchers spoke about regional cooperation in promoting the digital economy. Dr. Xiaoqing Ji and Dr. Chong Liu from Shanghai University of Finance and Economics presented their research findings on “Digital Economic Cooperation under Regional Frameworks”, and Dr. Lei Zhang and Dr. Guanqi Zhou from Yunnan University spoke about “Building Digital Connectivity in GMS Sub-Region”. The presentations were followed by a panel discussion with representatives from academia, international development agencies and the private sector.

More than 70 people -- government officials, experts from multilateral institutions, regional think tanks and private enterprises -- participated in this online dialogue.



Speakers of the Dialogue on “Regional Cooperation in Promoting Digital Economy: Challenges and Way Forward”.

CAREC Institute Presents at the SPECA Economic Forum “Greener and Safer Future”

CAREC Institute Chief Economist Dr. Hans Holzhacker spoke at the SPECA Economic Forum “Greener and Safer Future” organized by the UN Economic and Social Commission for Asia and the Pacific (ESCAP), the UN Economic Commission for Europe (UNECE) and the UN Special Programme for the Economies of Central Asia (SPECA) on 16-17 November 2022 in Almaty, Kazakhstan. The forum discussed and identified opportunities for regional cooperation to support a greener and safer future and to support the implementation of internationally agreed goals such as the 2030 Agenda for Sustainable Development and the Vienna Programme of Action for Landlocked Developing Countries.

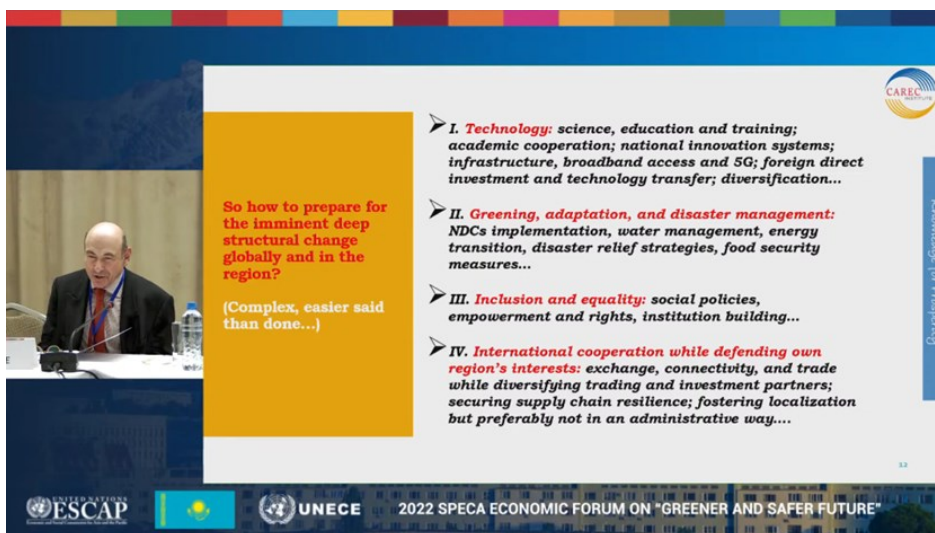
Dr. Hans Holzhacker stressed that most CAREC economies outgrew the COVID-19 recession in 2021 but the new challenges loom, including from new virus variants and geopolitical tensions. CAREC member countries that rely on raw natural resource exports and remittance inflows are vulnerable to external risks. Elevated inflation, and in some CAREC economies high public and foreign debt limit the room of maneuver for fiscal and monetary policy, requiring very well targeted measures. Climate change has huge impacts such as water scarcity, food insecurity, loss of livelihoods, health problems and natural disasters affecting people's livelihoods. The recent devastating floods in Pakistan are an example of how critical climate action has become.

“To reaccelerate CAREC countries catching up with the developed economies, they need to increase productivity and strengthen social protection, gender equality and women's empowerment, and continue to improve education and health care. The productivity push should come from digitalization, trade facilitation, foreign direct investments, and the development of human capital,” said Dr. Hans Holzhacker.

The SPECA Economic Forum brought together policymakers of SPECA participating countries, representatives from academia and think tanks, and international donor community.

About SPECA

The United Nations Special Programme for the Economies of Central Asia (SPECA) aims to facilitate economic cooperation in the SPECA region, integration of the SPECA participating countries into the world economy and to provide a platform for crossborder cooperation for the achievement of the Sustainable Development Goals. The SPECA participating countries are Afghanistan, Azerbaijan, Kazakhstan, the Kyrgyz Republic, Tajikistan, Turkmenistan, and Uzbekistan. ESCAP and UNECE jointly provide support to the SPECA Programme.



Dr. Hans Holzhacker speaks at the SPECA Economic Forum “Greener and Safer Future”.

CAREC Institute Presents Its Research Findings at the StrategEast State and IT Eurasian Forum

As part of the ICT Week Uzbekistan, on October 24-25, the StrategEast State and IT Eurasian Forum was held in Samarkand city. The StrategEast State and IT Eurasian Forum serves as a unique platform for dialogue between governments and leaders of the IT industry and is held annually in one of the Eurasian cities. On the topic “Diversity through Inclusivity” the forum in Samarkand brought together representatives of global and local tech companies, governments, international financial institutions, and development agencies.

Mr. Shakhboz Akhmedov, Senior Research Fellow of the CAREC Institute, presented the main findings of institute’s research on CAREC Digital Gap Analysis at

a panel discussion on E-Governance in Eurasia. He highlighted the critical role of e-governance in building accessible, human-centered and trustworthy public services. Tested during and emerging from the pandemic crisis, governments now have massive opportunities to focus on and enhance digitization processes in their countries to provide inclusive, equitable and sustainable services, driven by the needs of citizens, businesses and societies in general.

The event provided an opportunity to discuss ways to develop an innovative economy in the region and assist the Eurasian countries in their integration into the global economy.

CAREC Institute Contributes to Discussions on Green & Low-Carbon City Development

On October 31, Mr. Shakhboz Akhmedov, Senior Research Fellow of the CAREC Institute, spoke at a seminar on Green & Low-Carbon City Development, organized by the Conference on Interaction and Confidence Building Measures in Asia (CICA) and Foreign Environmental Cooperation Center of China, Ministry of Ecology and Environment of China.

The seminar was aimed at sharing experiences and models in green and low-carbon city development, learning the policy measures for building green and low-carbon cities and exchanging knowledge about the application of green and low-carbon technologies. The event was attended by representatives of environmental authorities, cities, research institutions and enterprises from the CICA member countries, as well as representatives of international organizations and financial institutions.

The presentation of Mr. Shakhboz Akhmedov was devoted to the problems of climate change and energy development in Central Asia. These two factors are interrelated and influence each other: the decarbonization of energy systems affects climate change, and climate events affect energy systems. The energy sector of the CAREC countries is already facing problems of low energy efficiency, limited regional interconnectivity and insufficient private financing. It is largely state-owned, subsidized and based on non-renewable energy sources.

Due to both continued population growth and economic development, energy projections indicate that power demand in Central Asian countries will increase by at least 50% and in Kazakhstan by almost 90% by 2050. Achieving long-term electricity generation while reducing carbon emissions will not be an easy feat for Kazakhstan, Turkmenistan, and Uzbekistan, where the electricity industry is dependent on fossil fuel combustion.

The share of non-hydro renewable resources is low in the fossil fuel-rich Central Asian countries, which already face energy shortages and aging infrastructure, as well as increasingly inefficient and unreliable energy generation facilities. "Adding new capacities due to the huge potential of all types of renewable energy sources will increase reliability and cover energy needs of the Central Asian countries in the future," said Shakhboz Akhmedov.

The countries of Central Asia will further benefit from regional cooperation to improve the efficiency and development of existing and creation of new intra- and inter-regional generating capacities and infrastructure. Regional cooperation promotes the harmonization of renewable energy policy standards and the exchange of best practices in policy development and implementation.



Participants of the seminar on Green & Low-Carbon City Development.

CAREC Institute Talks about the Future of Transport at the Youth Forum of Transport Workers

The CAREC Institute, represented by Chief Economist Dr. Hans Holzhacker, contributed to discussions on the future of transport in the CAREC region at the 9th Youth Forum of Transport Workers, held from October 31 to November 1 in Almaty, Kazakhstan. The forum on the topic "International logistics and trade: changes and opportunities" was organized by the Union of Transport Workers of Kazakhstan

"KAZLOGISTICS" with the assistance of the Chartered Institute of Logistics & Transport Central Asia. The aim of the forum was to strengthen cooperation, improve relationships and involve future specialists in the activities of the transport and logistics industry.

Dr. Hans Holzhacker delivered a keynote presentation on the future development needs of the CAREC region, including in the areas of transport and logistics, and the findings of the CAREC Institute's recent research studies on the CAREC Regional Integration Index, regional trade, the impact of the COVID-19 pandemic, and the region's current economic challenges and prospects for green and inclusive economic development. Dr. Hans Holzhacker also served on the jury that selected the winners of the competition. University students engaged in a

competition on solving problem cases and presented "Innovative projects in green logistics", for which winners were selected.

The forum was attended by representatives of the transport industry of Kazakhstan and students studying transport and logistics in eleven universities across Kazakhstan.



Participants of the 9th Youth Forum of Transport Workers.

CAREC Institute Participates in Climate Agenda Discussions in Almaty

On 7-9 November 2022, the German-Kazakh University and Potsdam Institute for Climate Impact Research jointly organized a workshop in Almaty, Kazakhstan, on the topic "Fostering Social Cohesion and Peace Through Climate Adaptation with a Focus on Water Governance in Central Asia". The workshop was held within the framework of the project "Green Central Asia: Enhancing Environment, Climate, and Water Resilience".

Dr. Iskandar Abdullaev, Deputy Director Two, and Mr. Shakhboz Akhmedov, Senior Research Fellow of the CAREC Institute, participated in the workshop and shared the results of institute's research projects on climate vulnerability and water financing. The workshop contributed to the exchange of knowledge and a better understanding of the relationship between climate and security issues in the Central

Asian region. The workshop also discussed the critical role of regional water and climate governance in promoting peace and prosperity in the region.

The event brought together experts and researchers on water management, climate change, peacebuilding, and conflict transformation. The participants discussed scientific and practical insights of climate change impacts on Central Asia and opportunities for collaboration on climate-security nexus in the region.

CAREC Institute Provides an Open Lecture at the Almaty Technological University

On November 18, Dr. Hans Holzhacker, Chief Economist of the CAREC Institute, provided an open lecture on the topic “ESG - Transformation: a New Paradigm” at the Faculty of Economics and Business of the Almaty Technological University. ESG incorporates environmental, social, and governance considerations into investment and business activities that can help accelerate the

transition of countries to a green and sustainable economy.

Dr. Hans Holzhacker spoke about the structural changes imminent in the CAREC region and presented the results of [a recent economic brief of the CAREC Institute](#), which concluded that CAREC member countries have different levels of ESG policy and investment development. ESG disclosure and transparency have been improving in several CAREC country members, while much progress remains to be made in the practical development and implementation of ESG frameworks. The economic brief suggests all stakeholders to work together to better shape national and multinational ESG strategies, design and implement ESG rules and standards at the firm level and to accelerate the process of ESG development.

The event, organized by university’s Department of Accounting and Finance, brought together not only professors and teaching staff of the university, but also representatives of the United Nations University for Peace, the Financial Market Consumer Protection Department, the Scientific Council of the Sustainable Development Laboratory of the EURISPES - Institute of Political, Economic and Social Studies, and others.



Participants of the open lecture at the Almaty Technological University.

Knowledge-Sharing Modules on CAREC Trade: Gravity Modeling and its Applications

The CAREC Institute, in collaboration with the Asian Development Bank, launched an online self-study course on Gravity Modeling for government officials and experts from the relevant ministries and agencies of the CAREC member countries, whose work impacts the CAREC Program activities and promotes regional cooperation in the CAREC region.

Trade plays a critical role in the growth and development of a country’s economy. To capture the impact of certain policies on trade, gravity models are one of the most utilized empirical methods. The gravity model explains extraordinarily well the spatial variation of observed trade, which separates trade flows into exporter-, importer- and bilateral characteristics. As such, the gravity model helps identify the main factors that define the intensity of trade between the countries.

The main expected outcome of this course is to share knowledge modules, digital learning materials and products related to Gravity Modeling with the CAREC senior officials, experts, and decision influencers; to enhance the capacity and analytical skills of participants in effectively handling main issues and developing bottlenecks using the gravity model; and to support the member countries in the development of the regional cooperation.

Online sessions are delivered virtually on CAREC Institute’s e-learning platform from November 3 to December 12, 2022, at 16.00 Beijing Time. Experts representing development agencies, NGOs, and research and academic institutions from the CAREC region can access the course video and training materials on the CAREC Institute E-Learning Platform.

Research Digest: Migration and Local Development

The research *[“Reviewing Migration and Development: the Role of Local Authorities in Central Asia”](#)*, conducted by Giorgi Khishtovani within the framework of the CAREC Institute's Visiting Fellows Program examines a role of local governments in migration and local development. The paper focuses on emigration from the three main migrant sending countries of Central Asia -- Uzbekistan, Tajikistan and the Kyrgyz Republic – to the Russian Federation.

The author identifies three main mechanisms by which migration triggers local development in countries of origin: remittances, return migration, and diaspora participation. Money remittances along with “social remittances” in the form of knowledge, ideas, practices, identity and social capital, transferred through frequent communication and home visits, improve the quality of life of migrant families. Return migration plays an important role in local development as migrants can become agents of change and innovation by practicing new knowledge, skills and entrepreneurial attitudes that can stimulate economic growth in their communities. Finally, diaspora mobilization can reinforce more active transfer of social and money remittances, encourage return of migrants to their communities, drive political and social change, engage in philanthropy, or stimulate local economic growth by investing in enterprises, setting up businesses and facilitating trade. In this way, local governments can make a meaningful contribution to development-oriented governance of migration processes by enhancing developmental impact of remittances, supporting migrant communities and engaging diasporas, empowering migrants and protecting their rights.

The major push factors driving emigration from Central Asian countries are unemployment, low wages, and limited opportunities for improving livelihoods at home. Migrants, mainly men, choose to seek job opportunities abroad, to support themselves and build financial sustainability for their families. The pull factors attracting migrants to the Russian Federation are higher wages, visa-free regime, high demand for low-skilled labor, sociocultural affinity and familiar administrative arrangements.

Migration from Central Asia is predominantly low-skilled and without professional education. There is a forsaken schooling phenomenon in Tajikistan, Kyrgyz Republic and Uzbekistan driven by large differences between wages in Russia and at home: when low-skilled job opportunities abroad offer higher wages to migrants regardless of their schooling, population in the sending country has less incentives to invest in

education at home and chooses to abandon schooling beyond compulsory levels in favor of more lucrative employment abroad. Young people after graduating from secondary schools choose high-paying low-skilled work abroad over continuing professional education at home. This phenomenon leads to loss of human capital formation at home and limits Central Asian countries’ ability to turn the bulging young population of the country into economic gains.

Due to low qualifications, lack of Russian language skills and unfamiliarity with the local legal framework, migrants are unaware about their workers’ rights for contracts, insurance or legal protection that increases their vulnerability and exclusion from the social life in Russia.

The author provides the following recommendations to facilitate impactful engagement of local authorities in migration governance:

Predeparture orientation. Local governments should ensure access to pre-departure consultations and trainings for migrants, providing information on the legal rights and obligations of migrants in destination countries, connecting them with key support services abroad. A centralized curriculum should be developed in collaboration with migrant groups, local authorities and NGOs to ensure the quality and extensiveness of consultations and trainings. In turn, a decentralized network of counseling centers of local governments can take a leading role in providing the training and consultation services to migrants, using the resources of past labor migrants.

Reintegration service. It is important to actively engage local authorities in the delivery of reintegration services tailored to regional contexts and facilitation of migrants’ readjustment to local social and economic conditions. The reintegration of labor migrants should be included in local development strategies to develop and integrate returning migrants into labor markets and social life of communities. Targeted programs may include: i) healthcare services to remedy any health problems inherited from the harsh labor conditions abroad; ii) short-term training and retraining programs to facilitate rapid inclusion into the job market; iii) grants and preferential loans to increase access to finance and support entrepreneurship; iv) preferential tax schemes to incentivize migrants’ economic activity in the communities of their origin, and v) specialized trainings and guidance to support them at the early stages of business making.

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Matching Funds Program

The program was initially launched by hometown associations which were clubs of Mexican migrants originally formed as a support network for Mexican migrants working in the United States. The initiative was started by a group of migrants from the state of Zacatecas in Mexico. State government matched each dollar contributed by migrant associations by a dollar from the state budget (1x1). From 1993, a program 2x1 was launched through which each dollar contributed by migrant associations was matched by a dollar from Federal and State authorities. The projects funded through the scheme included construction and rehabilitation of potable water and sewer systems, provision of electricity, (re) construction of roads, churches, parks, and other public spaces. In 1999, the program was transformed into 3x1, and the municipal government started contributing an additional dollar towards community projects. Following the state of Zacatecas, the scheme was replicated in other states and became a federal program of the government in 2002. In 2006, Western Union joined the program as well, expanding the program to 4x1 with the fourth dollar contributed by the private sector.

Source: Khishtovani, G. (2020). *Reviewing Migration and Development: The Role of Local Authorities in Central Asia*, CAREC Institute.

Use of remittances for local development. Building on the experiences of other countries receiving large flows of remittances, countries of Central Asia have a good opportunity to introduce 1x1 schemes, in which remittances of migrants are matched by an equal amount of funds from local governments. More effective use of remittances can be supported through a widescale provision of financial literacy trainings on efficient ways of saving and investing money and management of household budgets.

Diaspora engagement. Continuous outflow of workers from Central Asia has created large communities of

Central Asian nationals abroad, however, diaspora formation is not necessarily an automatic process and requires active facilitation from sending communities. By providing quality predeparture orientation and creating mechanisms of diaspora's engagement with their home communities, local authorities can play an important role in supporting the formation of migrant associations abroad. Migrant associations can be a valuable translocal platform for improving migrants' integration in host communities and facilitating their continued engagement in local development of home communities.

Research Digest: Pakistan's Export Creation and Diversion Under Pakistan-China Free Trade Agreement

The study by Anwar Shah, Shahriyar Mukhtarov, and Tehseen Ahmed Qureshi, *"Exploring Export Driven Growth through Free Trade Agreements Learning from Pakistan-China Free Trade Agreement"*, which was implemented under the CAREC Think Tanks Network Research Grants Program, examines the impact of Pakistan-China Free Trade Agreement (FTA) on Pakistan's export creation and diversion.

Pakistan and China, two CAREC member countries, are already enjoying FTA since 2006. In Phase-I of this FTA, Pakistan committed to decrease or abolish tariffs on 6711 goods while China committed to decrease or abolish tariffs on 6418 goods by 2012. In 2019, both countries concluded the second phase of this FTA, under which both countries are expected to decrease tariff on 75% of tariff lines.

An FTA can be considered successful if it increases the exports of home country with FTA partners without compromising the exports with non-FTA partners. The study shows that the total exports creation of Pakistan with China after FTA (2007-2018) is USD 6.1 million per annum. This is equal to 0.02 percent of the total average yearly exports of Pakistan. In Pakistan, Food and Beverages sector is the main industry in creating exports, while half of the Textiles sector performed poorly and did not create any new exports with China. This is in spite of the fact that Textiles sector is the largest beneficiary of subsidies in Pakistan.

In addition, contrary to China, Pakistan exported mostly low value added, primary commodities to China and thus, the total value of exports remain significantly lower than that of China. The cumulative post-FTA sum of exports of such products amount to USD17 billion

which is 81 percent of the total exports of Pakistan under Pakistan-China FTA.

The authors conclude that Pakistan needs reforms related to exports promotion policies as the highly subsidized industries failed to benefit fully from Pakistan-China FTA. One of factors for low exports creation is unavailability of exports surplus with these industries. If CAREC members are willing to negotiate new bilateral or multilateral trade agreements amongst each other, the authors recommend that the foremost focus should be given to the exportable surplus of the domestic industries and negotiations of tariff lines in the FTA should be based on exporting capacity of the industries. The existing FTAs may also be re-negotiated on the basis of providing greater market access to exports creating industries and limiting the access of exports diverting industries. The authors suggest the following policy implications for the trade policy of Pakistan:

Shift in prioritization of subsidies allocation. High number of subsidies given to Pakistan Textile, Leather and Carpet sectors have not resulted in any significant gain in exports. The authors call for action on the policy side as targeted subsidies to exports creating sector may give better result than across the board subsidies to all industries in this sector. The exports subsidy policies in CAREC countries may be based on the new exports creation of the industries instead of rewarding subsidies to those industries which have the highest share in exports, which may not necessarily result in continuous increased exports.

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Increased domestic surplus can be the answer to export problems. As the domestic consumption for many industries is growing at a higher rate than the production, the ratio of surplus outcome may decline significantly in the coming years. Therefore, the focus of the fiscal and trade policy of CAREC countries should be on enhancing the exportable surplus of the domestic industries especially those which are already exports creating but require conducive environment to increase their production. The fiscal policies which may enable the domestic industries in boosting their output include energy tariffs, taxation, vertical and horizontal linkages, subsidies and localization of raw materials.

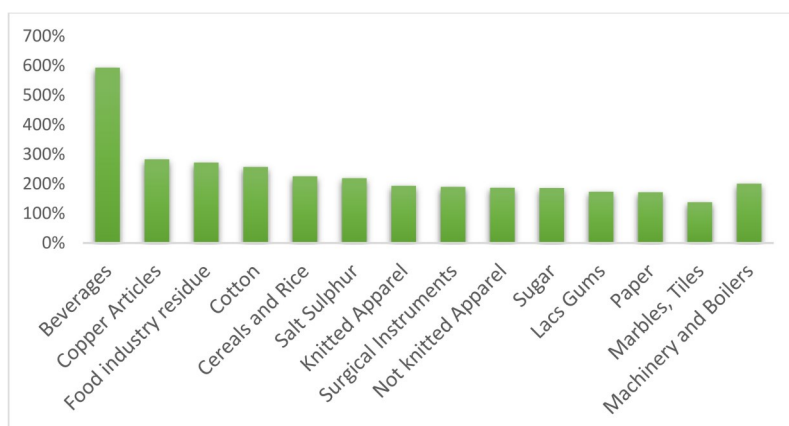
Signing new FTAs within CAREC is not enough—think beyond. The low number of exports creation by Pakistani industries even with FTAs in place is a question mark for the policymakers. The policy of signing new FTAs with other countries especially CAREC countries may not result in significant creation of exports for Pakistan until and unless the internal obstacles towards boosting exports are addressed efficiently. The foremost policy action should be identifying the obstacles and drafting solutions for removing them before entering into new FTAs. CAREC countries could enter into Economic Partnership Agreements (EPA) for gaining advantage of their investment expertise and technical knowledge. If FTAs cannot provide

short term gain due to low exportable surplus, EPAs between CAREC countries can be initiated so that joint investment may enhance the production capacities and increase the competitiveness of goods.

Exploiting the competitive advantage in agriculture. Food and Beverages remain the best performing sector in terms of largest number of exports creating industries. The majority of the exports emerge from low value added Agriculture and Livestock sector. There is an imminent need of shift in export promotion policy, as the exports creating Agriculture and Livestock sector has largely been ignored. Pakistan can tap this competitive advantage by incentivizing the technological progress in Agriculture sector and introducing agriculture branding and marketing for the final goods.

Uplifting the cottage industry. The subsidized sectors of Sports Goods and Surgical Instruments have created significant new exports for Pakistan. These two sectors are dominated in the Sialkot city of Pakistan and have the status of cottage industry. The authors call for policy action that cottage industry should be promoted more as they have showed promising results in Pakistan-China FTA. A major breakthrough could be declaring Sialkot Cottage Industry as a special economic zone.

Exports from Pakistan to China with Highest Annual Growth (%).



Source: Shah, A., Mukhtarov, Sh. and Ahmed Qureshi, T. (2020). Exploring Export Driven Growth through Free Trade Agreements Learning from Pakistan-China Free Trade Agreement, CAREC Institute.

About CAREC Institute

The Central Asia Regional Economic Cooperation (CAREC) Institute is an intergovernmental organization dedicated to promoting the economic cooperation in the Central Asia and along the Silk Road through knowledge generation and sharing. The CAREC Institute is jointly shared, owned, and governed by eleven member countries.

The institute acts as a knowledge connector among the five CAREC themes – economic and financial stability; trade, tourism, and economic corridors; infrastructure and economic connectivity; agriculture and water; human development – to ensure coherence in design and implementation of policies, programs, and projects to promote regional economic cooperation and integration.