

# FOREWORD

Welcome to the second volume of the CAREC Institute annual book, focused on challenges and opportunities for economic growth in the CAREC region in the post-COVID-19 world. Resilience and Economic Growth in Times of High Uncertainty explores insights of existing major challenges facing SMEs and households, new prerequisite resilient trends for economic growth, climate change risks for food security, and potential opportunities for enhanced commercial connectivity to boost economic activity in the CAREC region.

Looking back at the years of the pandemic, one can see a challenging period for all the world economies. Unlocking productivity factors, specialization, scale, and developing markets of global reach — the main drivers of globalization and economic growth over the past three decades — are all heavily challenged. Initially a health crisis, the global pandemic triggered unprecedented economic and social disruption, with substantial ramifications for many domains of the economy. Some service sectors that were strongly impacted by the pandemic are still suffering setbacks. Small and micro businesses suffered especially strongly. These generate a substantial share of GDP and income in the CAREC region and account for an even larger share of employment; they still might need specific support to fully recover.

Even though GDP growth reaccelerated in 2021 to reach 2019 levels in almost all CAREC economies, 2022 brought serious new challenges. New virus variants evolved, geopolitical tensions evoked the risk of fragmenting the global geo-economic order causing setbacks for international trade. Surging energy and food prices are further augmenting global poverty and global 'stagflation!' CAREC economies are

not immune to these developments. Both their exports and their imports are affected, and price increases negatively impact the real incomes and livelihoods of the populations in the CAREC economies.

Navigating the uncertainty brought on by the COVID-19 crisis and amplified by new emerging threats, the CAREC economies are currently in the midst of a fundamental transition to a path full of challenges that require concerted, resilient, and inclusive actions from governments. A confluence of health crisis and ongoing geopolitical disruptions are making this transition a hard one. However, having a better understanding of and therefore addressing the deep connections between diverse sectors of the economy is key to maintaining and improving current and future economic growth.

To improve the chances of navigating safely through this period and making a strong and resilient recovery, the availability of evidence-based response measures is critical. While the world gradually feels its way towards a changing normal, rethinking and reckoning some policy options and business practices can be pivotal against the backdrop of all ongoing and augmenting economic, social, environmental, and political challenges. Research findings compiled in this volume of the CAREC Institute annual book reveal some underpinnings of how resilient crisis measures might appear across different sectors of the CAREC economies and what potential growth options can be helpful along the road.

Editors