

Meeting with the Center for Contemporary World Studies of China and Xinjiang's Foreign Affairs Office

A photograph of three men standing in front of a row of flags. From left to right: a man in a black jacket, a man in a dark suit and blue tie, and a man in a brown jacket. The flags include the PAREC Institute flag on the far left, followed by the flags of Azerbaijan, Turkey, China, Georgia, Kyrgyzstan, Kazakhstan, Uzbekistan, Turkmenistan, and Azerbaijan again on the far right. The setting appears to be an indoor event space with a blue carpet.

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Meeting with the Center for Contemporary World Studies of China and Xinjiang's Foreign Affairs Office.

Workshop on Early Warning and Regulations of International Financial Risks

On March 20, the CAREC Institute and the Beijing National Accounting Institute (BNAI) jointly launched a five-day virtual workshop (March 20-24, 2023) on Early Warning and Regulation of International Financial Risks.

Mr. Kabir Jurazoda, Director of the CAREC Institute, in his welcoming speech stressed the importance of financial stability for economic development. A stable financial system can efficiently allocate resources, assess and manage financial risks, maintain a high level of employment and eliminate relative fluctuations in prices of real or financial assets. Since the COVID-19 pandemic, the risk of spreading regional financial risks has increased even more. Ideally, governments should devise policies to address all areas where the pandemic has exposed or exacerbated economic vulnerability, such as financial sector stability, the legal insolvency framework for households and businesses, access to credit, and public debt sustainability.


“However, addressing the region’s financial stability risks is a complex task, which requires joint efforts by government agencies, financial sector regulators, and the private sector. Consequently, CAREC country members should carefully design and calibrate effective monetary, fiscal, and financial policy measures,” said Mr. Kabir Jurazoda.

The workshop brought together more than 50 participants—senior specialists from financial risk regulatory bodies and line ministries, scholars from well-known universities and experts from think tanks of the CAREC countries. During the workshop, participants learn about new knowledge and approaches to financial risk supervision, debt sustainability and risks, as well as about the best practices of market risk supervision in the People’s Republic of China.

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Opening session of the workshop “Early Warning and Regulation of International Financial Risks.”



On March 22, Dr. Hans Holzhacker, Chief Economist of the CAREC Institute, talked about existing financial risks in the CAREC region, and how they affect sustainable and inclusive economic growth. Most CAREC economies outgrew the COVID-19 recession already in 2021 as consumption and foreign trade largely recovered. However, mineral fuel net importers saw their foreign trade deficits widen. External debt ratios have been high historically in several CAREC economies, and a high share of public debt owed to non-residents makes refinancing public debt more difficult. Foreign exchange reserves below three months of imports of goods and services would warrant heightened attention by the authorities and lenders. Hence, some CAREC countries still face financial risks and need to implement wise monetary and fiscal policies targeted at preserving financial stability while preserving sufficient flexibility for supporting the economy.

Dr. Holzhacker suggested that a new productivity push is needed for CAREC economies for catching up with developed countries, and further elaborated on how countries can enhance productivity and adapt to ongoing challenges by advancing own reforms, diversifying economies, and capitalizing on new technologies. The new productivity push should come from innovation, digitalization, technology, foreign trade and utilizing comparative advantages, FDI, technology and management transfer, economies of scale, and most importantly from human capital development. Dr. Holzhacker also emphasized that further intensified regional cooperation and integration would contribute to productivity as well as better risk mitigation and—where needed—adaptation.

Mr. Khalid Umar, Chief of Strategic Planning Division of the CAREC Institute, spoke about the relationship between financial inclusion, financial technologies and financial stability. The financial inclusion is broadly recognized as the ability of the adult population, as well as micro, small and medium-size enterprises (MSMEs), to easily own a bank account and access affordable, reliable and sustainable financial services offered by the formal financial sector. Financial inclusion is central to economic development, poverty alleviation and social inclusivity. However, the CAREC countries are at different stages of development and vary in population size and level of financial inclusion. Mongolia is the leader in the region as its share of the population with a bank account, which stands at 93%, is almost double of what the rest of the countries, followed by Georgia and Kazakhstan with 61% and 59% of population with a bank account, respectively. However, in some countries of the region, the growth in the number of account holders and the adoption of digital technologies remain low.

“To deepen access to financial services, countries need to use financial technologies offering cost-effective and easily accessible financial services for financially underserved segments of the population, especially in remote regions and communities. The penetration of mobile Internet is a driving force in expanding access to financial services,” said Mr. Khalid Umar.

Access to finance for MSMEs is still a challenge, as they do not have collateral to secure their loans, do not have a credit history and, since most MSMEs have a low equity ratio, they are more vulnerable to external shocks. In this regard, to meet the financial needs of the MSME sector, financial policy makers need to better understand them by developing the necessary definition, hence the classification of MSMEs, and adopting targeted policies for their favorable growth.

The jury is still out on the relationship between financial inclusion and financial stability. One viewpoint states that financial inclusion has a positive effect on financial stability. They base their argument on the fact that when banks issue more small loans, they help reduce the overall riskiness and volatility of their loan. Another viewpoint states that when lending institutions relax standards and regulations to accommodate loans to MSMEs they directly or indirectly contribute to financial instability and systemic risk.

CAREC Institute Director Meets with CTTN Members in Tajikistan

Mr. Kabir Jurazoda, Director of the CAREC Institute, held a series of meetings with members of the CAREC Think Tank Network (CTTN) from Tajikistan from February 25 to March 21, 2023. The CAREC Institute supports the CTTN in bridging the gap between knowledge and policies, encouraging regional collaboration between national and regional think tanks to produce valuable policy analysis for addressing social and economic challenges. The meetings were aimed at discussing current issues of mutual interest and exploring opportunities for further cooperation within the CTTN.

At these meetings, Director of the CAREC Institute Mr. Kabir Jurazoda briefed on the activities of the CTTN, including the Annual CAREC Think Tank Development Forum (first launched in 2016), the CTTN Research Grants Program (first launched in 2019), the CTTN Dialogue Series (first launched in 2021) and the CTTN Blog (expected in 2023). These events facilitate the exchange of ideas and knowledge among CAREC national and regional think tanks.

On February 25, Director Kabir Jurazoda met with Ms. Gulnora Beknazarova, Chairwoman of the Board of Directors of Z-Analytics Group, a regional think tank for sociological research. The parties discussed the possibilities of expanding research within the framework of the CTTN. Ms. Beknazarova proposed to jointly promote a research program for young researchers from the CAREC region, developing their research skills through capacity building trainings and joint research projects. Both sides agreed to work together on a concept note for this new initiative.

On February 27, Director Kabir Jurazoda met with Mr. Rustam Babajanov, Deputy Director of the Analytical Center “NAVO”. Mr. Rustam Babajanov emphasized the importance of cooperation within the CTTN and proposed to strengthen the coordination between think tanks by establishing a national resource center in Tajikistan as a part of the CTTN. The resource center will share resources, exchange information, and promote the publication of members of the CTTN and the CAREC Institute through different regional and national knowledge platforms.



Meeting in the Institute of Economics and Demography the Academy of Sciences of Tajikistan.

On March 21, Director Kabir Jurazoda met with Dr. Sharif Rahimzoda, Director of the Institute of Economics and Demography of the Academy of Sciences of Tajikistan. During the meeting, both sides discussed the upcoming activities of the CTTN in 2023. Dr. Sharif Rahimzoda suggested to promote greater information exchange through various social networks and consider publishing CTTN analytical materials in the form of infographics which quickly and easily communicate information to a wider audience.

On March 2, Director Kabir Jurazoda met with Mr. Khayol Boboev, Vice-Rector for International Relations of the Technological University of Tajikistan. Mr. Boboev expressed the readiness of the University to continue cooperation within the CTTN framework. During the visit, a tour of the University was organized. The University has equipped its classrooms with modern equipment that can be used for CTTN events. Mr. Boboev invited the CAREC Institute to organize CTTN online events for young researchers as part of future joint projects.

CAREC Institute Held the Digital CAREC Virtual Policy Dialogue on Digital FDI Ecosystem

On March 15, the CAREC Institute, in partnership with the Islamic Development Bank (IsDB) and the Asian Development Bank Institute, organized the Digital CAREC Virtual Policy Dialogue on the Digital FDI Ecosystem. Experts from the CAREC region were invited to present and discuss policy options arising from the CAREC Institute–IsDB research projects and identify areas for future research to promote further capacity building interventions and governance related to digital FDI in the CAREC region.

Mr. Kabir Jurazoda, Director of the CAREC Institute, stressed in his welcoming speech the importance of the digital economy for inclusive economic growth in the CAREC countries. Due to its landlocked position, Central Asia has limited access to fiber-optic routes and other digital infrastructure, leading to a lack of connectivity in this part of the CAREC region. Furthermore, the CAREC region has not yet fully benefited from the digital economy transformation. Outdated regulations, uncompetitive investment policies, varied digital infrastructure, the absence of a national digital platform agenda, heavy reliance on primary industries, and fragmented governance structure are examples of roadblocks to realizing the CAREC region’s potential. The prevailing digital gap/divide across the CAREC region drives these obstructions.

The CAREC Institute provides several knowledge products and services to the countries in the region. In partnership with the IsDB, the CAREC Institute published two reports on regional digital gap and the digital FDI ecosystem in the CAREC region. “These studies show that the CAREC countries have different levels of digitalization, some being champions and some having difficulties accessing the internet. This digital divide persists not only in digital infrastructure and access, but also in socio-economic factors such as the cost and quality of internet, overall investment climate, and digital security, which, in turn, affect the inflow of digital FDI to the region,” said Mr. Kabir Jurazoda.

The first session of the dialogue began with the presentation of the results of a joint recent study by the CAREC Institute and the IsDB on [“Digital FDI Ecosystem in CAREC Region \(Phase II\).”](#) Senior Research Specialist at the CAREC Institute, Dr. Asif Razzaq, described an inclusive ecosystem of the digital FDI and provided the results of the assessment of different deriving/inhibiting factors of the digital FDI in the CAREC region using five

dimensions i) New Digital Activities, ii) Digital Adoption, iii) Digital Infrastructure, iv) Digital FDI Restrictions, and v) Digital Promotion Tools. The study shows that Georgia, Kazakhstan, and the People’s Republic of China are leading CAREC counties with a conducive digital FDI environment, as these countries represent lower restrictions on digital FDI in the CAREC region. Azerbaijan, Mongolia, Uzbekistan, the Kyrgyz Republic, and Pakistan report moderate scores. Tajikistan, Turkmenistan, and Afghanistan have the lowest scores than the CAREC regional average.

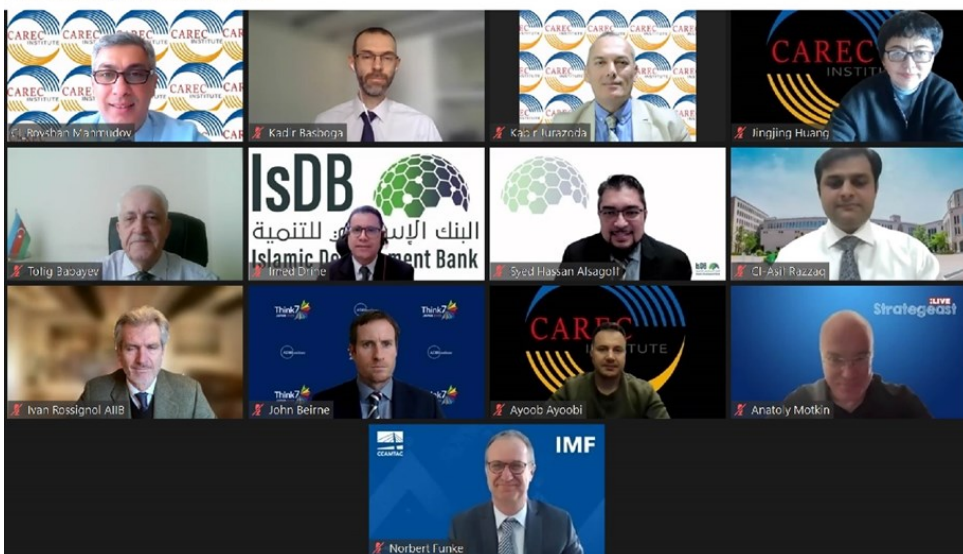
The study recommends considering regional integration as a main factor for digital FDI, since aligning digital regulations and policies across countries is of utmost importance to provide a conducive environment for foreign tech firms. The countries should promote the development and consolidation of venture capital and private equity sectors by building favorable investment climate, creating a venture capital legislative framework, offering platforms for settlement of investment disputes, reducing FDI sectoral restrictions, enforcing ICT trade agreements, reducing tariffs and taxes/corporate income tax, and implementing a dual taxation system.

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Virtual Webinar

Digital CAREC Virtual Policy Dialogue: Digital FDI Ecosystem

Wednesday, 15 March, 2023



Speakers of the Digital CAREC Virtual Policy Dialogue.

Dr. Imed Drine, Lead Economist of ISDB's Cooperation and Capacity Development Department, presented policy recommendations and spoke about future directions for creating a robust digital FDI ecosystem. Countries should adopt a three-step approach by (i) improving the investment climate through both regulatory and non-regulatory measures, (ii) enhancing ICT infrastructure and connectivity at the regional level, and (iii) transitioning to a digital economy through the development of local talent and cross-border standardization. Dr. Imed Drine highlighted the importance of partnerships in strengthening digital FDI ecosystems. To support the basic ICT infrastructure, governments can ensure the involvement of the private sector by developing an enabling environment for investment in ICT infrastructure, using PPP models, and adapting education strategies to enhance digital skills of people and businesses. Partnerships with civil society organizations will assist in prioritizing the social aspects of the digital economy. Intergovernmental

coordination will help in the harmonization of regulations, cross-border data exchanges, cybersecurity, trade and investment promotion.

Following the presentations, the representatives of the CAREC member countries provided feedback on the research findings and their implications for policies, as well as expectations for future research projects and recommendations on regional cooperation.

During the second session, the leading international experts from key international financial institutions engaged in an open dialogue addressing some issues related to digital FDI and provided feedback on results of the Digital CAREC research project. They spoke about activities which their respective organizations plan in digitalization and other relevant areas in the region over the next two years, and provided recommendations on measures that international institutions can take to ensure the effective coordination in the region.

Cooperation Meeting with the Eurasian Fund for Stabilization and Development

The CAREC Institute and the Eurasian Fund for Stabilization and Development (EFSD) held a virtual meeting on 24 March 2023 to exchange information about knowledge activities undertaken by both institutions and explore synergies for potential areas of cooperation.

The CAREC Institute team led by Director Kabir Jurazoda and the EFSD team led by Deputy Executive Director Evgeny Vinokurov discussed ongoing research and analytical work on economic and financial stability, debt sustainability and sovereign financing database. In the past, the CAREC Institute made contributions in development of an EFSD database, peer-review of economic and policy briefs, and the EFSD had engagements in CAREC Program High-level Forum on Economic and Financial Sustainability and CAREC Think Tank Development Forum.

Supported by technical capacity and experience in conducting research activities focusing on economic and financial stability and debt sustainability, the CAREC Institute and the EFSD will conduct data exchange, joint research and seminars.

Kazakhstan, the Kyrgyz Republic and Tajikistan are member countries of both the EFSD and the CAREC Institute. The EFSD is a regional financial arrangement to overcome negative crisis consequences, to provide long-run sustainability and to foster economic integration of EFSD member countries.



Cooperation meeting with the EFSD.

Partnership Meeting with the CPPCC Delegation from the City of Jiuquan

On March 7, a delegation from the Chinese People's Consultative Conference (CPPCC) of Jiuquan City, Gansu Province, led by Mr. Wang Haiming, Chairman of the CPPCC of Jiuquan City, visited the CAREC Institute.

Dr. Huang Jingjing, Deputy Director One of the CAREC Institute, warmly welcomed on behalf of the institute and briefed the delegation about activities of the Central Asia Regional Economic Cooperation Program and the history of the CAREC Institute. She noted that, under the guidance of the CAREC 2030 Strategy, the CAREC Institute is actively promoting regional cooperation and integration in the CAREC region by building partnerships, disseminating the knowledge products, conducting empirical research and capacity building activities within five operational clusters: i) economic and financial stability, ii) trade, tourism and economic corridors, iii) infrastructure and economic connectivity, iv) agriculture and water resources, and v) human development.

Chairman Wang Haiming presented information about the history, culture, economic and social development of Jiuquan City, which is located at the crossroads of four provinces—Gansu, Xinjiang, Qinghai and Inner Mongolia—and is an important transportation hub of the Silk Road Economic Belt, with the only land border crossing in Gansu Province



Partnership meeting with the delegation from the CPPCC of Jiuquan City.

(with Mongolia). The city has five World Heritage Sites: the Mogao Caves, the Han Great Wall, the Locking Wall, the Hanging Spring and the Yumen Pass; and it is a home of the Dunhuang Art. He expressed hope for cooperation with the CAREC Institute for the promotion of cultural tourism in the Central Asian region. The parties further discussed cooperation issues and exchanged ideas for future joint activities.

CAREC institute Delegation Visits Xinjiang Agricultural University

On March 6, the CAREC Institute's delegation led by Dr. Huang Jingjing, Deputy Director One, visited Xinjiang Agricultural University to meet with Mr. Xie Shuqing, Party Secretary of the university.

Mr. Xie Shuqing warmly welcomed the CAREC Institute and provided brief information about Xinjiang Agricultural University. He noted that the university actively promotes international cooperation and exchanges in research, technology, and education. The university has already established international cooperation platforms such as the Central Asian Research Center, the Xinjiang-Central Asian Center for Modern Agricultural Scientific and Technological Innovation and Exchange, and the Sino-Uzbek Scientific Research Center, which have actively participated in and promoted the development of higher agricultural education in the countries of the Silk Road Economic Belt.

Dr. Huang Jingjing briefed the other side on the history and activities of the CAREC Institute. An international organization headquartered in Urumqi, the CAREC Institute is dedicated to promoting regional cooperation and integration through empirical research, capacity building, knowledge sharing, and building partnerships with national and regional think tanks.

During the meeting, the parties exchanged views and discussed further joint actions to build strong relationship by resource sharing, expert training, joint research and capacity building activities. The parties further discussed the organization of the CAREC Think Tank Network Development Forum in Urumqi in 2023 to facilitate policy dialogue between think tanks and development partners and disseminate quality knowledge products and services for regional economic cooperation.

CAREC Institute Delivers an Open Lecture on Environmental Problems

On March 3, Deputy Director Two of the CAREC Institute, Dr. Iskandar Abdullaev, visited the Management Development Institute of Singapore in Tashkent (MDIS-Tashkent) to provide an open lecture on the topic “Environmental Problems: scope and solutions.” The Management Development Institute of Singapore in Tashkent was established in 2007 by Uzbekistan Banking Association and the Management Development Institute of Singapore. Its permanent partners in educational programs—the Bangor University (UK) and the University of Sunderland (UK) are known as the leading British universities. In 2020, the MDIS-Tashkent signed a partnership agreement with a new UK partner—Teesside University.

During his lecture, Dr. Abdullaev spoke about the main environmental issues experienced by Central Asian countries. These countries face water challenges such as declining quality and quantity of water, increased competition for water resources, degradation of the water environment, and an increase in the frequency of water-related natural disasters due to climate change. Countries also experience high levels of land degradation associated with over-irrigation, salinization, agricultural and industrial activities. As household consumption grows, so does the amount of waste, in particular the

amount of potentially hazardous waste in the residential, medical and transport sectors. The Central Asian region is highly vulnerable to climate change, which brings serious challenges due to higher and longer heat waves, melting glaciers and increased droughts, floods, biodiversity loss, desertification and ecosystem degradation in terms of flora and fauna species. There are institutional shortcomings in addressing these issues—outdated regulations, path dependence of institutions, weak capacity and strategic vision, planning and funding. Dr. Abdullaev emphasized the important role of multilateral environmental cooperation in addressing these environmental issues both at the regional and national levels in the countries of Central Asia.

During the meeting with the leadership of the MDIS-Tashkent, Dr. Abdullaev discussed potential areas of cooperation between the CAREC Institute and the MDIS-Tashkent through research exchange programs and knowledge sharing activities. The parties discussed the possibility of organizing the CAREC Think Tank Development Forum in Tashkent in the near future.



Open lecture in the Management Development Institute of Singapore in Tashkent.

CAREC Institute E-Learning Platform Featured in ADBI's New Book

Chapter 10 of ADBI's recent book *"A World in Crisis, a World in Progress: Growing Better Together"* examines the CAREC Institute's innovative knowledge-sharing services during the COVID-19 pandemic. The chapter was written by Dr. Eisa Khan Ayoob Ayoobi, Chief of the Capacity Building Division, and Mr. Gary Huang, E-Learning Specialist of the CAREC Institute.

During the pandemic, the CAREC Institute transformed its capacity building activities from fully physical to virtual. With ADB financial support, the CAREC Institute has developed an e-learning platform which is distinct from those which are used by traditional educational institutions. The platform supports the CAREC Institute's mandate to offer thematic or programmatic knowledge support to senior CAREC government officials whose work has had a direct impact on regional economic cooperation and integration in the CAREC region. The target audience of the CAREC Institute has different work schedules, career goals and a tendency to acquire new knowledge and skills, and the developed e-learning platform of the CAREC Institute is unique in terms of characteristics and functionality for multi-purpose use.

The CAREC Institute's platform has large cloud space for hosting hours of video recordings, PowerPoint presentations, other digital learning modules and learning materials. It contains tabs for capacity building workshops, research forums and conferences, and interviews so that users can categorize all learning materials for own convenient learning. After studying all online materials, virtual participants can apply for electronic certification. The CAREC Institute continues to develop new interactive modules and constantly supplements the content of the platform with new materials. Through the platform, the CAREC Institute reaches thousands of participants through its live streams and thematic workshops. This virtual site is accessible to all users from anywhere at any time.

The e-learning platform has enabled the CAREC Institute to transform its approach to delivering knowledge services from traditional face-to-face learning to hybrid learning programs consisting of virtual and face-to-face sessions. We are always glad to see you among the participants of the e-learning platform to gain new skills and develop your own professional skills.

CAREC Institute Contributes to Discussions on a Potential CAREC FTA

On March 20-21, Dr. Ghulam Samad, Senior Research Specialist of the CAREC Institute, attended and moderated the National Workshop and Training on Potential CAREC-wide Free Trade Agreement and the National Training on Preparing to Negotiate a Potential CAREC-wide Free Trade Agreement in Islamabad, Pakistan.

The workshop was organized by the Asian Development Bank (ADB), the Ministry of Commerce of Pakistan and the Policy and Management Consulting Group (PMCG). The workshop aimed to raise awareness among a broad range of stakeholders of the potential of the CAREC region and the benefits that a CAREC-wide Free Trade Agreement can offer. It facilitated a broad expert discussion with a wide range of stakeholders at the national level, such as representatives of the public

and private sectors, labor unions and civil society organizations. During the workshop, ADB consultants shared the results from the research report on a CAREC-wide FTA, and public officials shared information and provided comments about trade policy.

Dr. Ghulam Samad moderated a training which was organized to raise policy makers' awareness of the potential benefits of a CAREC-wide FTA. Junior and mid-level government officers already working on the trade related issues in ministries and agencies of Pakistan have gained skills on negotiating, designing, formulating and implementing the free trade agreements.

Research Digest: Supporting SMEs During the Pandemic

The Chapter 1 *“Cross-Country Policy Comparison of Supporting SMEs During the COVID-19 Pandemic: Recovery Strategies for SMEs in the Economies of Central Asia”* of the CAREC Institute’s Second Annual Book is authored by Brendan Duprey and Aizhan Salimzhanova. The chapter highlights major SMEs challenges in Central Asia during the COVID-19 pandemic crisis.

Analysis shows that the COVID-19 pandemic impacted on the performance of SMEs due to slowed economic growth and lockdown policies. In particular, some sectors were impacted, including the tourism, hospitality, services, construction, and manufacturing industries.

Regulatory measures such as lockdowns and border closure have significantly affected trade and consumption in Central Asia—especially because the countries in the region are highly dependent on the export of raw materials, primary commodities, and agricultural products. The lockdown and movement control strategies forced SMEs to be temporarily closed down. The impacts from those regulations are likely to lead to job losses and to the disruption of the economic ecosystem, leading to financial difficulties and even bankruptcies. There is also a risk of increased inequality (for women, migrants, informal workers, and the rural population).

The impact of the crisis on SMEs, which have fewer reserves, required government support to cushion the blow. During the period of the most stringent quarantine measures, governments introduced measures to support SMEs and entrepreneurs such as tax and financial measures, the simplification of administrative procedures and requirements, and the suspension of inspections and audits. Emergency support programs—such as target loan portfolios, loan guarantees, and funds to support SMEs—the scope and scale of which were determined by the state budget, became the central element of the anti-crisis packages. Exemption from taxes and social contributions and, in some cases, a deferral of payment for utilities and rent were introduced.

The authors suggest some policy measures to help SMEs to deal with the consequences of pandemic. Governments should further diversify their economies to decrease vulnerabilities to economic

shocks and increase support for SMEs, providing access to finance and development support and export promotion.

The governments also need to support entrepreneurial training programs through training centers with focus on such subjects as searching for investors and mentors, knowledge sharing, and networking to invest in the human capital skills and attitudes needed to meet the challenges and demands of the contemporary labor market and economic system after the pandemic.

Governments need to further reduce the economic burden for SMEs by exempting them from personal income and social taxes during the pandemic period, and/or providing them with subsidies and grants to ensure their resilience and sustainability. The SMEs should not be overloaded with regulatory and legislative requirements in the hard times of the pandemic. Government support programs should be based on the survey assessment of the real needs of firms, particularly of various sectors. In addition, SMEs might also need more financial assistance such as interest-free or low-interest loans, loan forbearance, and tax reductions.

The informal workers are largely hit by the pandemic as they do not have access to social benefits and assistance, while the informal businesses face great obstacles to accessing finance. The financial sector should extend its lending to underserved SMEs by easing collateral requirements, giving partial credit guarantees, and providing a standard loan application process.

For optimizing the work of SMEs, the stakeholders need to have a common platform for a constructive and transparent dialogue to discuss necessary policy actions which help SMEs overcome the crisis and ensure long-term sustainable growth.

Finally, the countries of Central Asia need to apply long-term structural economic reforms if they want to improve the business environment and move towards a more private sector-led growth model.

Research Digest: Corporate Social Responsibility and Sustainable Economic Development

The chapter 4 *“Corporate Social Responsibility and Sustainable Economic Development in Kazakhstan: Implications for Mongolia”* of the CAREC Institute’s Annual Book is authored by Anastasiya Vorobyeva, Yelif Ulagpan, Ablay Dosmaganbetov, Aigerim Tleukhanova, Akbota Batyrkhan, and Stefanos Xenarios. The chapter assesses the Corporate social responsibility (CSR) performance in Kazakhstan and Mongolia by focusing on CSR projects related to environmental and socioeconomic development in selected representative companies from the extractive industries. The authors apply the impact evaluation method using different environmental and socioeconomic indicators to identify the effectiveness of CSR initiatives in the selected companies. They also crosscheck the relevance of the indicators and the validity of the findings through benchmarking reports of the Extractive Industries Transparency Initiative in Kazakhstan and Mongolia.

Kazakhstan and Mongolia have major industrial activities related to extractive industries with large environmental footprints locally and nationally. Many mining industries in both countries have adopted environmental, social, and governance indicators in their sustainability reports while focusing on industrial safety, occupational safety, and environmental protection by improving labor conditions. Moreover, the state agencies support improving CSR standards on a national level. However, there are still significant challenges to be met to improve CSR in environmental policy, which is intertwined with the economic sustainability of several firms. A few current CSR initiatives are owing to misconceptions of CSR as a general social assistance tool. Further, many companies face difficulties implementing relevant national environmental codes; yet, there is an unclear and premature regulatory framework on the operational status of CSR initiatives. There are no authorized monitoring bodies yet from the state’s perspective, while some NGOs and research centers fragmentarily evaluate the effectiveness of CSR projects.

The authors also find that although the culture and practice of CSR have been developing more actively in the past few years, it is demonstrated mainly in large companies with an international profile in Kazakhstan and Mongolia. The information about CSR strategies, principles, and policies is provided by large companies on their websites. However, there is little information on the implementation of the activities in this direction such as what percentage of independent directors work in the company, how decisions are made, how company employees can get information, how community activists can reach the management and get financing

for solving existing environmental or socioeconomic problems. Most CSR initiatives of Kazakhstan’s companies are focused on social issues and charity with a short-term impact, while mechanisms and practices to promote the SDGs, such as human rights protection, are poorly developed. Regarding the share of CSR spending, the common areas of investment for the companies are the education sector, scholarship programs and donations to local communities, and the provision of healthcare facilities during the pandemic. While these projects benefit society, the companies need a more strategic, holistic CSR commitment to attain long-term contributions to the regions and communities where they operate.

The authors argue that the CSR practices have great potential in Kazakhstan and Mongolia and are essential for companies operating in both countries. The authors recommend considering CSR an essential part of the economic development course of these countries. Both Kazakhstan and Mongolia should use CSR as an instrument for tackling environmental and socioeconomic issues and incorporate it into a new monetary policy. Furthermore, the countries need to adopt the CSR concept on a legislative level and for local executive bodies to mandate, facilitate, partner with, and endorse CSR projects. It will help to articulate and strengthen the roles of CSR stakeholders and converge the views of the key players: the government (policies), business (CSR strategies), and civil society (initiatives and NGOs).

Since most of the risks are related to the weak regulation of the legal environment owing to the absence of a governing body and comprehensive regulatory framework on CSR, the national governments should focus on strengthening the legal environment of CSR. The governments need to consider incentivizing socially responsible companies with successful CSR policies through tax deductions and accreditation systems. Genuine state support, solid legal framework, and political backing will ensure proper CSR implementation on a national level. Moreover, companies need to focus on the positive and negative effects on the environment and society in which they operate.

Finally, to avoid misinterpretations of the operational profile of the extractive industries and the CSR policies at local and national levels, the countries need to improve communication and collaboration among stakeholders (such as state, business, and civil society) in the planning and designing of CSR activities in both countries.

Call for Book Chapters for the Third CAREC Institute Research Conference

The CAREC Institute is pleased to announce the call for book chapters and the Third CAREC Institute Research Conference "Prospects for an Inclusive Green Growth and Sustainability in the CAREC Region," which is scheduled for 5-6 September 2023. The selected papers will be presented at the Third CAREC Institute Research Conference. The conference aims to provide a platform for conducting high-quality research on the given topic and an opportunity for research networking. Potential authors are invited to submit original articles, case-studies, and reviews pertinent to the topics of the conference. The submissions will be commissioned by the Publication Board and External Review Board of the CAREC Institute, comprising independent reviewers with solid research and professional experience on the topics. Upon acceptance, the selected manuscripts will be presented in the conference and published as chapters of the digital CAREC Institute Annual Book.

Timeline of paper submission and activities is:

1 May 2023	Receipt of abstracts
25 May 2023	Notifications of accepted abstracts
17 July 2023	Receipt first drafts of manuscripts
10 August 2023	Feedbacks to first draft of manuscripts
5-6 September 2023	Third CAREC Institute Annual Research Conference
15 September 2023	Receipt of final drafts of manuscripts

For more information, including topics of papers, submission procedure, paper format, structure, style, and referencing guidelines, please see [the following document](#).

For any question, please contact Ms. Emma Tong at emmat@carecinstitute.org.

CAREC Chai Workshop: Scoping Study on Climate Change in the CAREC Region: Issues and Actions



CAREC CHAI IV

Scoping Study on Climate Change in the CAREC Region: Issues and Actions

About the Webinar
The CAREC Institute, in collaboration with the CAREC Secretariat and the Asian Development Bank, will hold the 4th CAREC Chai event to discuss issues and actions of the 4th CAREC Chai event to discuss issues and actions of the CAREC Program's scoping study "Supporting Regional Actions to Address Climate Change as a Cross-Cutting Theme Under CAREC 2030."

10 April 2023
19:00 – 20:55 (UTC+8)
Webinar

Register Via ZOOM

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.