

# Newsletter

## Kazakhstan Ratifies the Intergovernmental Agreement on the Establishment of the CAREC Institute

On June 5, the President of the Republic of Kazakhstan Mr. Kassym-Jomart Tokayev signed the law "On ratification of the Agreement on the Establishment of the Institute of Central Asian Regional Economic Cooperation." The law was reviewed and adopted by the Mazhilis and the Senate of the Parliament of the Republic of Kazakhstan on April 26 and May 18, respectively. Kazakhstan signed the Agreement on February 21, 2022.

The CAREC Institute is jointly shared, owned, and governed by eleven member countries: Afghanistan, Azerbaijan, the People's Republic of China, Georgia, Kazakhstan, the Kyrgyz Republic, Mongolia, Pakistan, Tajikistan, Turkmenistan, and Uzbekistan. The governance of the CAREC Institute is represented by the council of eleven-member country representatives comprised of high-level government officials from the line ministries designated by their respective governments. The Governing Council is vested with the mandate and responsibility to guide, oversee, and supervise the strategic objectives and plans,

organizational structure, appointment of the management, rules and regulations, annual budget, and audit statements of the Institute. The chairmanship of the Governing Council is held by the country chairing the CAREC Program, following the system of alphabetical rotation among CAREC member countries. All decisions are made by the Governing Council based on the consensus of all countries. Kazakhstan will assume the chairmanship of the Governing Council of the CAREC Institute in November 2023.

The CAREC Institute is an intergovernmental organization dedicated to promoting economic cooperation through knowledge generation, capacity building and knowledge sharing in the CAREC region. With the ratification of the Agreement, Kazakhstan became a full member of the CAREC Institute.

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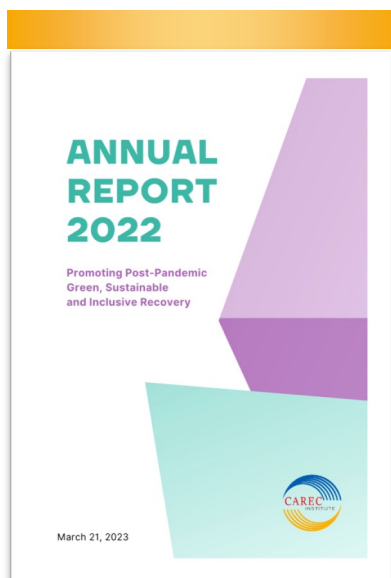
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## CAREC Institute Annual Report 2022



The CAREC Institute's Annual Report for 2022 is now available on the Institute's website. The report provides a brief overview of the Institute's research, capacity building and knowledge sharing activities on promoting post-pandemic green, sustainable and inclusive recovery in the CAREC region.

The 21<sup>st</sup> CAREC Ministerial Conference, held in late 2022, commended the Institute's expanded activities, which contribute to the formation of effective policies by CAREC member countries and the implementation of ADB projects. In 2022, the CAREC Institute successfully hosted the Sixth CAREC Think Tank Development Forum and the Second Annual Research Conference on topics of post-pandemic economic recovery. Institute's quarterly economic monitors, policy briefs, and research reports have made a valuable contribution to the regional policy dialogues. Its growing e-Learning platform and trainings serve as powerful tools for cross-regional capacity building and learning. The CAREC Institute's knowledge sharing, advocacy, and

media outreach continue to play an important role in developing and disseminating high-quality and user-friendly knowledge products.

The Institute continues to expand its research portfolio by supporting research projects through the ADB-CAREC Institute Visiting Fellows Program, CAREC Think Tank Network Research Grants Program and new partnerships.

## CAREC Institute Presents Its Achievements at the CAREC Senior Officials' Meeting

On June 14, Mr. Kabir Jurazoda, Director of the CAREC Institute, spoke at the CAREC Senior Officials' Meeting about the main achievements of the Institute in 2022 and its workplan for 2023. The Annual Senior Officials' Meeting is the operational-level mechanism of CAREC that monitors progress at the cluster and sector levels and is vested with the authority to consider and endorse complex multi-country and multisector projects.

Mr. Kabir Jurazoda noted that in line with its Strategy for 2021-2025, the CAREC Institute continues to support CAREC member countries through research, capacity building, and knowledge sharing. CAREC Institute's major contribution in 2022 was *the background report* for the 21<sup>st</sup> CAREC Ministerial Conference which contains an analysis of recovery options and proposals for enhancing regional cooperation for green, sustainable, and inclusive recovery. In 2023, the CAREC Institute implements several research projects using its own and external experience. The Institute continues its research on CAREC FTAs and trade potential for expanding trade in goods and services. A new study on digital CAREC will examine blended learning in flipped classrooms in the CAREC region. This year, the Institute launched the third phase of a civil aviation study on the potential for air transport cooperation between China and the five CAREC member countries. The CAREC Institute continues the CAREC Regional Research Project on Vulnerability to Climate Change, assessing the potential damage that could lead to increased climate change in the water, agriculture, and energy sectors of the five Central Asian countries. In addition, the CAREC Institute has already initiated a new study on gap analysis in the financial management of the water sector in Central Asia to identify problems and propose potential financing schemes for countries. In the second half of the year, the Institute will start developing a roadmap for regional financial cooperation to accelerate the development of fintech in CAREC countries, as well as examine the socio-economic implications of the current geopolitical uncertainties for the CAREC economies.

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The CAREC Institute has hosted two research conferences on the challenges of post-pandemic recovery and new economic uncertainties. The research conferences stimulate research cooperation and capacity building to create cutting-edge research products that will enable CAREC countries to remain at the forefront of sustainable development and economic integration. As a result of the conferences, the Institute published two annual books. The Institute will hold its third research conference in September and now is receiving research papers for the CAREC Institute Third Annual Book.

The Institute actively conducts capacity-building activities based on its own research knowledge, working closely with other international organizations to organize seminars in areas of regional cooperation that require more urgent attention. In 2023, the CAREC Institute started a new WASH project, which will set up a virtual CAREC WASH Center to promote knowledge sharing, technological innovation, and best practices among CAREC countries. As the pandemic is ending, the Institute starts conducting capacity building activities in hybrid and face-to-face formats. Video recorded capacity building workshops and digital learning modules with Russian translations are uploaded on the CAREC Institute e-Learning platform. The CAREC Institute continues to produce CAREC Quarterly Economic Monitor, research reports, economic and policy briefs, monthly e-newsletters, knowledge adaptations, flyers, infographics, videos, etc.

The CAREC Think Tank Network (CTTN) activities are evolving with its members contributing to regional research and policy dialogues. The CAREC Institute will launch the CTTN blog and host the Seventh CAREC Think Tank Development Forum on “Embracing Digital Technology for Sustainable Economic Development” in August in Urumqi, the PRC. The Institute continues to expand its collaboration with international and national institutions through strengthened research partnerships, capacity-building, and knowledge-sharing. New partnerships have been established with several academic institutions and think tanks, and other new partnerships are under negotiation.

Director Kabir Jurazoda and Mr. Khalid Umar, Head of Strategic Planning Division of the CAREC Institute, participated in a side meeting with PRC Representative Mr. Jin Lu, Deputy Director General of the Department of International Economic and Financial Cooperation, Ministry of Finance of the PRC. The parties discussed research projects and related products of the CAREC Institute, as well as issues of establishing new partnerships between the Institute and other international and national think tanks, and the financial sustainability of the Institute.



Director Kabir Jurazoda with PRC Representative Mr. Jin Lu.

## Muztagata Forum on China-Pakistan Economic Corridor

On 18 June, the Second Muztagata Forum—an International Symposium on China-Pakistan Economic Corridor, was held in Kashi, Xinjiang Uygur Autonomous Region of the People's Republic of China. The forum commemorated “the Belt and Road” and the 10<sup>th</sup> anniversary of the construction of the China-Pakistan Economic Corridor (CPEC). The forum was organized in collaboration with the Research Center of China Pakistan Economic Corridor of the State Ethnic Affairs Commission (Kashi University), CAREC Institute, Shenzhen Pairing Assistance to Xinjiang Front Headquarter and Kashi Economic Development Zone.



Director Kabir Jurazoda speaks at the Muztagata Forum.

Speaking on the occasion, the Director of the CAREC Institute, Mr. Kabir Jurazoda, noted that the six CAREC corridors connect the region's key economic centers and landlocked countries to other Eurasian and global markets. The fifth CAREC corridor, connecting the PRC with South Asia and the Middle East, passes through Pakistan and continues to the Arabian Sea. In addition, several roads provide links to ports on the Arabian Sea along the sixth CAREC corridor. All CAREC corridors represent an axis of growth and a belt of development, providing complementary benefits, cooperation, mutual benefit, and shared prosperity throughout the region and beyond. Although Pakistan is currently facing difficult economic challenges, after a three-year pandemic, all CAREC countries are actively seeking to rebuild their economies, and China's efforts are evident. The development of CAREC economic corridors is the path to economic regionalization in the face of weakening globalization.

Forum's discussions on the topic “Prospects for China-Central Asian Cooperation and CPEC under the Greater Changes” were led by Dr. Huang Jingjing, Deputy Director One of the CAREC Institute. Dr. Ghulam Samad, Senior Fellow at the Institute, made a presentation during this panel session, sharing invaluable knowledge and research on various aspects of CAREC integration and trade. Cooperation discussions centered on issues such as infrastructure development, energy cooperation, trade and investment, digital communications and socio-economic development. Dr. Ghulam Samad noted that the development of the CPEC will promote further regional economic integration in the CAREC region, with the cities of Gwadar in Pakistan and Kashi in the PRC becoming the main trade gateways connecting China, the Middle East and Central Asia. In turn, CAREC connectivity will continue to be critical to building regional cooperation mechanisms such as policy coordination, knowledge and experience sharing, joint development of trade infrastructure, promotion of cross-border trade, integration of regional networks, and more.

The Muztagata Forum is held annually with the aim to facilitate academic collaboration, research, and policy discussions among key stakeholders to promote high-quality development research and strengthen the cooperation between the academic circles of China and Pakistan.



# CAREC Institute Held the Third Meeting of Its Financial Sustainability Working Group

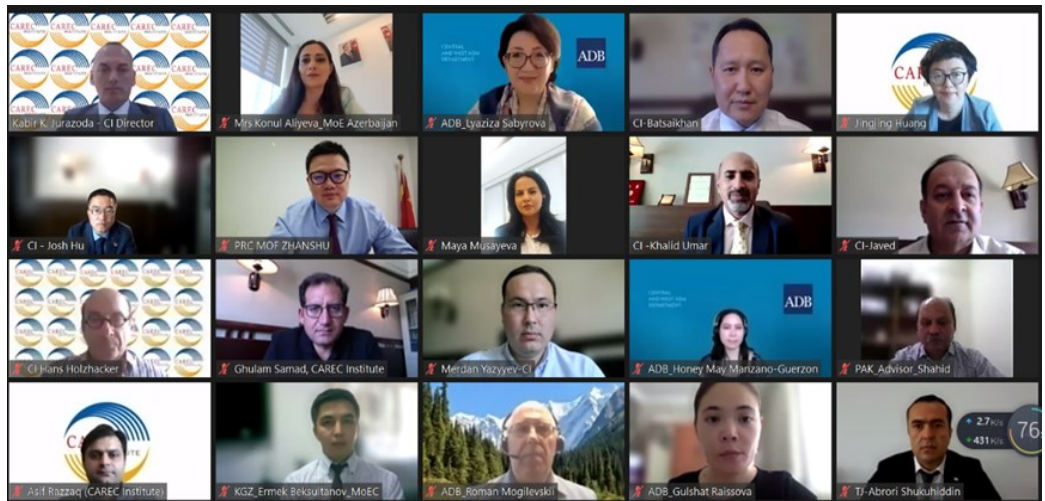
On June 2, the CAREC Institute held the 3<sup>rd</sup> Meeting of its Financial Sustainability Working Group to discuss voluntary contributions from member countries, alternative funding sources, resource mobilization action plan, and the Institute's financial resource management.

Director of the CAREC Institute, Mr. Kabir Jurazoda, in his welcoming speech, noted that from 2019 to 2023, the Institute received steady support in annual donations from the People's Republic of China and technical assistance from ADB, a one-time donation from Pakistan in 2021, and project support from other international development financial institutions.

The CAREC Institute recognizes the importance of member country contributions as a reflection of member country ownership of the Institute and its activities. This will also help improve institutional capacity to produce new and wider range of knowledge services. The Institute will be better able to meet the specific needs of an individual member country. This mutual relationship will further strengthen the ties between the member country and the CAREC Institute, and expand cooperation networks with international and domestic research institutions, think tanks, and the private sector, which in turn will also benefit member countries.

Mr. Josh Hu, Chief of the Human Resources and Finance Division of the CAREC Institute, spoke about funding projections of the Institute for 2023-2025. The CAREC Institute has already experienced a significant gap between the budget and actual contributions received, which has created a budget implementation problem with potential liquidity risk. He presented three financial scenarios for the CAREC Institute for 2024-2025. All three scenarios indicate an urgent need to mobilize financial resources to cover the operational costs and expenses for the Institute's expanding research work. He noted that the CAREC Institute will prioritize own activities through reorganization, review staff roles and work, continue attracting more research grants or contributions from other institutions, and introduce pay-for-service activities.

Mr. Khalid Umar, Chief of Strategic Planning of the CAREC Institute, provided information on the progress of implementing the CAREC Institute's Resource



Participants of the meeting of the Financial Sustainability Working Group of the CAREC Institute.

Mobilization Work Plan. In May 2022, the CAREC Institute formed an internal Resource Mobilization Task Team. Since then, the task team has prepared a list of 67 potential donors with information sheets for each donor, a calendar of calls for grant proposals by major donors, CAREC Institute's pitch documents, factsheets, publicity documents, and other documents for meetings with third-party donors. "Based on these outputs, the CAREC Institute is in the process of uploading CAREC Institute profiles on high-potential donor databases, preparing engagement plans and concrete proposals for potential grants," said Mr. Khalid Umar.

Members of the Financial Sustainability Working Group also discussed how to strengthen the Institute's resource mobilization work, outlined a process for providing financial and in-kind contributions from their countries, and provided recommendations for the CAREC Institute's engagement with third-party donors and development partners. The meeting participants also discussed the possibilities of co-sponsoring activities and events at the country level and creating country-level research funds aimed at joint research with the CAREC Institute.

The Financial Sustainability Working Group of the CAREC Institute was established in 2020 on the advice of the Governing Council of the CAREC Institute. The group draws its membership from all member countries and is mandated to deliberate upon various options for diversifying CAREC Institute's financial resource base.

## Meeting with the PRC National Development and Reform Commission

On June 8, a high-level joint delegation of the National Development and Reform Commission (NDRC) of the People's Republic of China and the Development and Reform Commission of the Xinjiang Uygur Autonomous Region, headed by Mr. Xu Jianping, Director-General of the Regional Opening-up Department of the NDRC, visited the office of the CAREC Institute.

Dr. Jingjing Huang, Deputy Director One of the CAREC Institute, welcomed the delegation and briefed the members on the CAREC Institute's mission, research products, and knowledge-sharing activities. She noted that the operational clusters of the CAREC Strategy are well aligned with the five-pronged approach of the Belt and Road Initiative (BRI), and four of the six economic corridors of the BRI run through the CAREC region. As the knowledge hub of the CAREC Program, the CAREC Institute continues to produce and share new knowledge among the CAREC countries and seeks opportunities to collaborate with Chinese knowledge institutions to contribute to research and capacity building activities and provide a dialogue platform for joint strategic objectives of the CAREC and the BRI.

Mr. Xu Jianping emphasized the importance of the work of the CAREC Institute in promoting economic cooperation among Central Asian countries. He noted the China-Central Asia Summit held on May 18-19, 2023, in Xi'an as a new impetus for cooperation on post-pandemic and green economic recovery between countries both within the BRI and CAREC initiatives. The National Development and Reform Commission promotes and implements the Belt and Road Initiative in accordance with the principles of extensive consultation, wide contribution, and shared benefits. The Commission advises the PRC Government on BRI policy coordination, connectivity of infrastructure, unimpeded trade, financial integration, and closer people-to-people ties. He suggested that the CAREC Institute increase the number of knowledge products by focusing on key research demanded by the countries of Central Asia and the exchange of Chinese experience, knowledge and technologies that contribute to sustainable economic development in the region.



Dr. Jingjing Huang meets members of the high level delegation in the CAREC Institute.



## CAREC Institute Contributes to Discussions on Sustainable Future for Central Asia

On June 6, Mr. Kabir Jurazoda, Director of the CAREC Institute, spoke at the plenary session of the International Conference “Central Asia: Towards Sustainable Future Through Strong Regional Institution,” dedicated to the 30<sup>th</sup> anniversary of the International Fund for Saving the Aral Sea (IFAS). The conference is organized by the IFAS Executive Committee with the support of the Government of the Republic of Tajikistan in cooperation with development partners, from June 5-7, 2023, in Dushanbe, Tajikistan. The conference aimed to highlight the role of the IFAS as a unique platform for water and environmental cooperation in Central Asia, reflect on past achievements, provide insight into current areas of cooperation, and develop a program for the future vision.

Mr. Kabir Jurazoda noted that CAREC countries face enormous challenges in the water sector, such as losses of up to 60 percent of irrigated agricultural water; risks in public, state-owned and heavily regulated water sector which make the sector unattractive for private sector investment; and difficulties in managing the water infrastructure built for large collective farms for modern agricultural production. “Therefore, strengthening all aspects of the knowledge base for water management is fundamental at the national and regional levels; and regional coordination is becoming increasingly important as countries pursue sovereign development goals towards water and energy self-sufficiency,” the Director said.

The CAREC Institute published the report *“Water Infrastructure in Central Asia: Promoting Sustainable Financing and Private Capital Participation,”* which includes an assessment of infrastructure financing needs, bottlenecks, types of financing, potential for mobilizing private capital, and financing priorities for water infrastructure in irrigated agriculture of the five Central Asian countries. Increased international financing for sustaining large-scale water infrastructure and the construction of new hydro-technical facilities have also been explored. The report finds that the existing financial system for water resources management lacks efficiency and effectiveness. The investment environment in the water sector does not support private finance. Therefore, malfunctioning of the infrastructure owing to aging and delayed operation and maintenance became regular at all water systems across the region. The report calls on the countries of the region and international development institutions to intensify their efforts to create sustainable mechanisms for financing the water sector.

The Institute also produced the report *“Water-Agriculture-Energy Nexus in Central Asia through the Lens of Climate Change”* which examines the climate vulnerabilities of Central Asia’s water, agriculture, and energy sectors at the province level, using an index-based approach that quantifies their exposure, sensitivities, and adaptive capacities. The energy sector assessment considers the challenges associated with meeting projected increases in electricity demand, as well as a global imperative to achieve carbon neutrality by the middle of the century.

The Institute hosts regular CAREC Water Dialogues to facilitate expert discussions with key development partners, leading experts, and national stakeholders. Participants in these policy dialogues noted that Central Asian countries can benefit from the transition to green energy if they develop strong and effective mechanisms for regional cooperation and knowledge sharing. “As a generator of knowledge in the region, the CAREC Institute will always work closely with our partners, shareholders, and other regional research institutions to provide the necessary knowledge products, research results, and capacity building activities that can be translated into practical policy action for the benefit of the countries of the region” concluded Mr. Kabir Jurazoda.



Director Kabir Jurazoda speaks at the IFAS conference.

## Capacity Building Digest: Road Asset Management

The CAREC Transport Strategy 2030 identifies the Road Asset Management (RAM) as one of the strategic directions reflecting the commitment of CAREC member countries to implement investment and transport initiatives along CAREC corridors with a focus on multimodal connectivity, road asset management, and road safety. The implementation of such initiatives requires more knowledge products and activities to develop the institutional capacity of member countries. In this regard, the CAREC Institute provides strategic support by producing research papers and conducting strategic advocacy for the development of CAREC transport corridors, as well as providing a series of trainings on road safety and RAM in member countries.

RAM is an integral strategic aspect of regional connectivity that aims to optimally allocate resources for the management, operation, preservation, and enhancement of road infrastructure to meet the needs of current and future road users. It determines the optimal distribution of investments across different roads to maximize the benefits of road improvements and reduce road user costs over time.

RAM also helps CAREC countries remain proactive in their collective approach to managing the CAREC region's road assets. Traditionally, countries, whether independently or jointly, have allocated certain annual budgets to repair damaged roads. This traditional approach is reactive, where the relevant authorities first wait for road sections to be damaged and then repair them. RAM is proactive and takes anticipatory measures to keep roads safe and maintain them sustainably from preventable damage. It also obliges road authorities to collect data for the anticipatory management of road assets.


In 2015, the first workshop was held, which introduced national experts to modern RAM practices. The importance of improving RAM was highlighted at the CAREC 18<sup>th</sup> Transport Sector Coordinating Committee Meeting (TSCCM) in Tashkent, Uzbekistan, on 25-26 April 2019. During this meeting, the CAREC Institute promised to hold RAM improvement and road safety workshops in CAREC countries in 2020. As the results, the second RAM workshop was held in Dushanbe, Tajikistan, in February 2020, and a four-day virtual workshop on RAM Systems on 10-13 August 2020 involving relevant senior CAREC government officials and experts. These workshops provided a broad platform for interaction with key CAREC RAM influencers and experts, as well as for expert discussions on various aspects of RAM.

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In-country workshop on RAM in Dushanbe, Tajikistan (2023).





In order to determine the individual needs of member countries for RAM skills, during 2020-2021, a RAM maturity assessment through self-assessment was completed for each CAREC member country that showed a significant gap in competencies in various aspects of RAM across countries. Based on this assessment, the CAREC Institute has transformed its capacity building interventions to avoid one-off events and to offer cascading and research-based capacity building to member countries.

Starting from 2022, the CAREC Institute, in collaboration with ADB, delivers country-specific workshops to address the diverse capacity needs of member countries. Workshops were held in a hybrid format—a combination of in-person and virtual presenters—in Azerbaijan and Georgia in 2022 and in the Kyrgyz Republic and Tajikistan in 2023. Workshops will be held consecutively in the remaining CAREC countries. The main objective of workshops is to provide the target participants with specific guidance on RAM maturity assessment, methods of data collection and utilize their support for country-specific RAM assessments. The workshops are fully interactive and in the form of training of trainers. During the four days of the workshop, participants review the country's RAM implementation process and learn how to collect, manage and maintain asset data. Additional sessions on greenhouse gas (GHG) emissions and mitigation measures help the national experts develop their own country-specific plans to reduce greenhouse gas emissions. The workshops also help build a core group of competent asset managers in each member country who will work collaboratively with similar teams from other CAREC countries to support each other in moving forward the CAREC sustainable transport agenda.

For more information about RAM workshops, visit our [website](#) and [e-Learning platform](#).

## CAREC Institute Contributes to the Book About Kazakhstan

On 9 June 2023, at the Astana International Forum 2023, CAREC Institute Chief Economist Dr. Hans Holzhacker took part in the launching of the book “The New Kazakhstan—Steering the Steppe amid a Global Storm” with a foreword by well-known economist Nouriel Roubini, and edited by Marc Uzan from the “Reinventing Bretton Woods Committee.”

Dr. Holzhacker contributed to the book with the essay “Disruption, Catching up, and Gravity in the CAREC region—and the role of Kazakhstan.” The authors of the book covered a broad range of topics relevant to Kazakhstan but also to the broader CAREC region and beyond, starting from political and economic reforms over connectivity, geoeconomic fragmentation and regional cooperation to the green transition and the role of technology and of specific sectors such as agriculture and fisheries. All authors emphasized the severity of the challenges the world and the region are facing but also pointed to opportunities.

Dr. Holzhacker’s main message was that regional cooperation could be an important factor for re-accelerating the catching up process of the CAREC region with developed countries, for the embracing of new technologies and for the green transition. By providing economies of scale and scope it could further increase the weight of the CAREC countries in the global economy. He pointed out that Kazakhstan is the largest contributor to intra-CAREC trade besides China and is well aware of its role as a potential driver of intensified CAREC cooperation and integration.

## ANNOUNCEMENTS



HYBRID EVENT

**Symposium on China - Central Asia Cooperation on Digital Economy Innovation and Governance**

5 July 2023, 14:00-18:00 (UTC+8)

Online via ZOOM/ Offline BTBU west campus

zoom  
Register via Zoom



**Research Conference**

**Prospects for an Inclusive Green Growth and Sustainability in the CAREC Region**

Tentative dates : September 5-6, 2023

The Third CAREC Institute Research Conference “Prospects for an Inclusive Green Growth and Sustainability in the CAREC Region” aims to foster connection between research and policy making by systematically documenting policy-oriented research and creating CAREC-customized up-to-date narratives around inclusive and green economic growth.

### 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.