

Newsletter



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Participants of the 14th meeting of the CAREC Institute's Governing Council.

The 14th meeting of the CAREC Institute's Governing Council was held on December 1, 2023, in Tbilisi, Georgia, to review the Institute's 2023 Progress Report, 2024-2025 Rolling Operational Plan, and 2024 Budget, Recruitment Plan, and Staff Exchange Program. Mr. Abzal Abdikarimov, Vice-Minister of National Economy of the Republic of Kazakhstan and the CAREC National Focal Point, chaired the meeting.

Mr. Kabir Jurazoda, Director of the CAREC Institute, presented the Institute's 2023 Progress Report. He noted that, in 2023, the CAREC Institute resumed normal operations and international staff returned to the headquarters office in Urumqi that has a positive impact on the Institute's overall performance. The CAREC Institute continues macroeconomic monitoring in the CAREC region by producing quarterly economic monitors in three languages: English, Russian, and Chinese, which are becoming popular among national policymakers. During 2023, the Institute's staff produced two economic briefs, five policy briefs, three research papers, five knowledge adaptations and twelve newsletters. The Institute implements seven in-house research projects and provided research grants to four national think tanks and five fellowships to independent researchers from the CAREC region. The number of joint webinars and projects with key partners has also increased: the Institute conducted 20 capacity-building activities this year. The CAREC Institute established three new partnerships in 2023 and is working on three more new partnerships with institutions in the CAREC region.

The Director noted that research conferences and forums of the CAREC Institute stimulate research collaboration 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. The CAREC Institute successfully held the Seventh CAREC Think Tanks Development Forum in Urumqi and the Third Annual Research Conference online. The Second Annual Book of the CAREC Institute was published as a collection of research papers by independent researchers from the CAREC region. With the support of the Ministry of Finance and the local authorities of Xinjiang Uygur Autonomous Region of the People's Republic of China, the Institute's office will be reallocated to a new location in Urumqi's business area. "The most remarkable news of this year is the ratification of the Intergovernmental Agreement of the Institute by the Republic of Kazakhstan. The agreement has now been fully ratified by all founding countries of the CAREC Institute," said Mr. Kabir Jurazoda.

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Deputy Director One Dr. Jingjing Huang presented the 2024 Budget and Recruitment Plan of the CAREC Institute. She noted the importance of diversifying the CAREC Institute's resource base by attracting additional contributions from key partner organizations and member countries that can expand the institute's activities, bringing greater benefits to CAREC Institute member countries through diversified knowledge sharing and capacity-building activities. "Furthermore, the Institute is considering a restructuring plan to devote more resources to research services without any impact on current staff and budget," said Dr. Jingjing Huang.

CAREC Institute's 2024-2025 Rolling Operational Plan was presented by the Chief of the Strategy Planning Division, Mr. Khalid Umar. The Institute's research activities will focus on three main directions: i) The Economics of Disruptive Technological Change and Innovation, especially the green energy transition with a focus on green finance, sustainable/circular industry policies, and digitalization issues of infrastructure, fintech, e-commerce, and Industry 4.0; ii) Economic Corridors and Connectivity, including trade facilitation, CPMM, digital corridors, transit versus local corridor utilization; and iii) Socioeconomic Impact and Inclusivity, including such subjects as future of work, training and (re-) qualification, internal and external migration. In the next two years, the capacity-building activities will be tightly aligned with research activities, optimizing geographical outreach and use of e-learning capabilities by designing and delivering hybrid and blended learning capacity building programs. The CAREC Institute will continue external communications and outreach, knowledge adaptation and advocacy campaigns, building new partnerships with regional media.

Members of the Governing Council shared their views on the 2024-2025 Rolling Operational Plan and budget. The PRC representative stated that it is important to conduct in-country consultations so that CAREC member countries can contribute to identifying research topics needed to inform policies at the national and regional levels. He assured China's continued support for the CAREC Institute. The ADB representative supported the Institute's proposal on a more focused, three-pronged approach to research, and suggested to focus on improving the Institute's knowledge products and institutional effectiveness. Members of the Governing Council commended the progress of the CAREC Institute in 2023 and endorsed its planned activities for 2024 to provide necessary analytical and capacity-building products and services for promoting regional connectivity, trade and economic cooperation. They specifically asked the CAREC Institute to help member countries, through knowledge products, better understand climate and disaster risks, and support risk-sensitive policies and investments, in line with the CAREC Climate Change Vision document approved by CAREC ministers the day before (i.e. on November 30).

The Governing Council is an apex decision-making body of the Institute that reviews the Institute's progress and approves work plan, budget and institutional rules and policies. It draws its membership from all eleven countries of the CAREC Program, and currently CAREC Program's National Focal Points serve as members of Governing Council. 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. Currently, under the CAREC Institute Governing Council, there are Advisory Council and two committees – Selection and Recruitment Committee, and Budget and Audit Committee.

New CAREC Institute Deputy Director Two on Board

Dr. Kuat Akizhanov (citizen of the Republic of Kazakhstan) joins the CAREC Institute as the new Deputy Director Two.

Dr. Kuat Akizhanov has experience in public service. Prior to joining the CAREC Institute, he worked as the Head of the Economic Research Department at the Kazakhstan Institute of Strategic Studies under the President of Kazakhstan in 2022-2023 and the Director of the State Borrowing Department at the Ministry of Finance of the Republic of Kazakhstan in 2010-2015. His public service also includes various positions in the ministries of justice, labor and social protection and at the President of Kazakhstan Administration.

Mr. Kuat Akizhanov holds PhD in Social and Policy Sciences from the University of Bath (UK), an MA in Public Policy and Management from the Institute for Development Policy and Management of the Manchester University (UK) and an LL.M in international law and arbitration from the University of Virginia School of Law (USA). Dr. Akizhanov served as an associate professor at the Higher School of Economics of KazGUU in Astana (Kazakhstan), as well as a visiting lecturer at the OSCE Academy in Bishkek (the Kyrgyz Republic) and the Institute for East European Studies of the Freie Universität Berlin (Germany). As a lecturer, he also taught at the University of Birmingham, International Development Department (UK). He has received the Study UK Alumni Award for Social Action in Kazakhstan and has been named a CERGE-EI Foundation Teaching Fellow.

Dr. Akizhanov brings professional experience, knowledge and expertise in the fields of public policy, international development and economic governance. Dr. Akizhanov, in his new role as Deputy Director Two, will contribute to the CAREC Institute's mission by supporting research that promotes economic and financial stability, trade, connectivity, water resource management and others.



Dr. Kuat Akizhanov — Deputy Director Two of the CAREC Institute.

CAREC Institute Signed the Memorandum of Understanding with Export-Import Bank of China

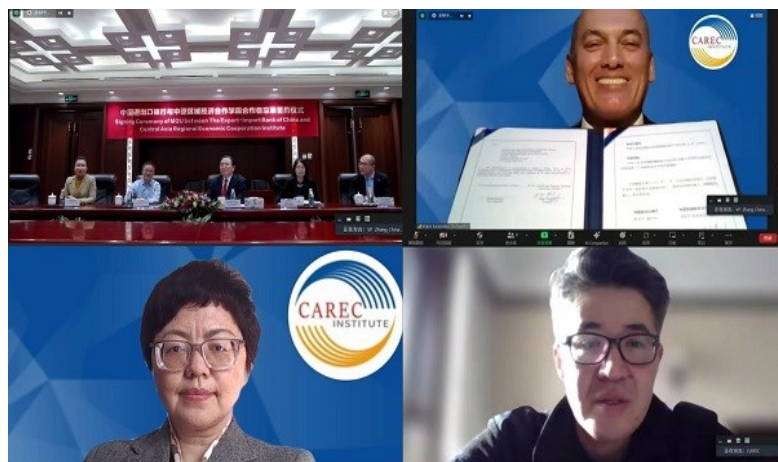
On December 27, the CAREC Institute and the Export-Import Bank of China signed the Memorandum of Understanding for cooperation in the areas of knowledge sharing, knowledge generation and capacity building.

During the signing ceremony, Mr. Kabir Jurazoda, Director of the CAREC Institute, emphasized the important role of Chinese organizations in knowledge cooperation in the CAREC region. The People's Republic of China is a key leading participant in the CAREC Program, providing significant support to the knowledge activities of the CAREC Institute. The headquarters of the CAREC Institute is also located in Urumqi, Xinjiang Uygur Autonomous Region of China. "The CAREC Institute and the Export-Import Bank of China will combine their vast knowledge resources to work on building the shared prosperity in the CAREC region. The signing of the Memorandum of Understanding is a testament to our commitment to cooperation for regional economic development of Central Asia," said Mr. Kabir Jurazoda.

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Vice President of the Export-Import Bank of China, Dr. Zhang Wencai congratulated both parties on the new Memorandum of Understanding, reaffirming parties' willingness to work together on research and capacity building in the areas of regional economic integration, free trade, climate change, energy

transformation, sustainable development, digitalization and other issues of interest to CAREC member countries. He noted that the CAREC Institute is in a unique position to promote regional cooperation. The Export-Import Bank of China is a policy bank which has clear-cut market positioning, well-defined business portfolio, unique functions, sufficient capital, good governance, strict internal control, safe operation, high-quality service and sustainable development capability. Its financial support is aimed at foreign trade, cross-border investment, the Belt and Road Initiative, international industrial capacity and equipment manufacturing cooperation, science and technology, cultural industry, "going global" endeavors of small and medium enterprises, and the building of an open economy.



The signing ceremony of the Memorandum of Understanding between the CAREC Institute and with the Export-Import Bank of China.

CAREC Institute signed the Memorandum of Understanding with the Centre for Analysis of Economic Reforms and Communication

On December 2, the CAREC Institute and the Centre for Analysis of Economic Reforms and Communication (CAERC) of the Republic of Azerbaijan signed a Memorandum of Understanding affirming their intention for cooperation in strengthening regional cooperation and integration to promote sustainable economic development and

shared prosperity. The document was signed by the Director of the CAREC Institute, Mr. Kabir Jurazoda, and the Executive Director of the CAERC, Professor Vusal Gasimli.

During the signing ceremony, which took place in Baku, Azerbaijan, Mr. Kabir Jurazoda noted the great importance of cooperation between the CAREC Institute and Azerbaijan's think tanks, especially the CAERC, on joint research projects for the inclusive and sustainable development of the CAREC region. Professor Vusal Gasimli added that this memorandum will allow the two institutions to conduct joint research projects in supporting economic cooperation between CAREC member countries, particularly in the context of heightened attention on the development of the middle corridor.

The partnership aims at supporting the mechanisms for the exchange of knowledge and experience between the two institutes. The parties agree to jointly organize and participate in forums, conferences, trainings, seminars, and academic and professional meetings, provide necessary mentorship and learning opportunities for young professionals, conduct joint research, and foster capacity building activities. The parties agreed to organize regular consultation meetings to determine priority areas for joint activities under the newly signed Memorandum of Understanding.



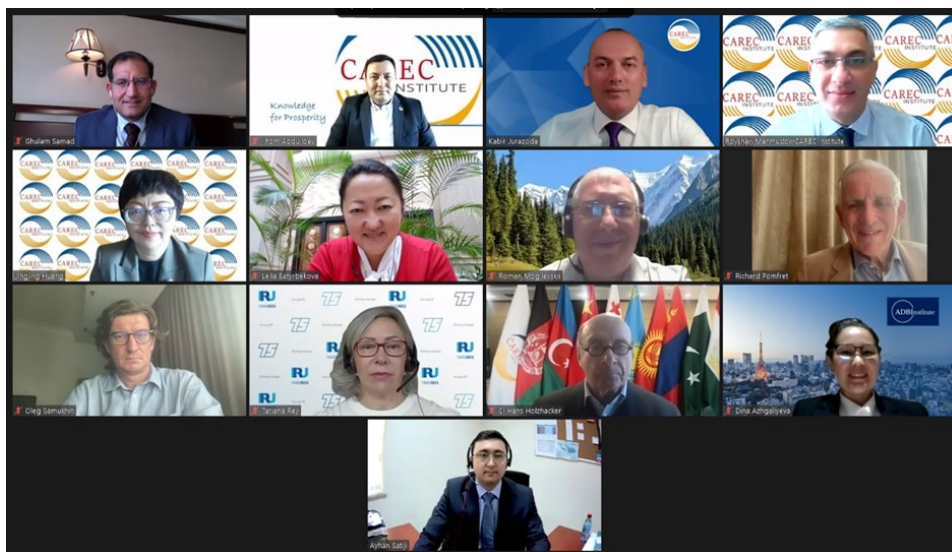
The signing ceremony of the Memorandum of Understanding between the CAREC Institute and the CAERC.

CAREC Institute Held the Sixth Chai Dialogue on Middle Corridor Development

On December 6, the CAREC Institute, in collaboration with the CAREC Secretariat and the Asian Development Bank, held its 6th CAREC Chai webinar on “Enhancing the Middle Transport Corridor: Unlocking Opportunities in the Heart of Eurasia.” The purpose of this event was to facilitate a comprehensive dialogue on unlocking the potential of the Middle Corridor and enhancing its efficiency, aligned with the objectives of the CAREC Strategy 2030.

Director of the CAREC Institute, Mr. Kabir Jurazoda welcomed the participants of the Chai webinar and noted the important role of the Trans-Caspian International Transport Route (TITR), known as the “Middle Corridor”, in improving the connectivity of the CAREC region. The Middle Corridor offers significant opportunities by providing a shorter route, less impacted by geopolitical disruptions for transporting goods between China, Central Asia, the South Caucasus, and Europe. “However, challenges such as high costs, limited port capacity, regulatory hurdles, competition with other routes and geopolitical uncertainties pose obstacles to its further development,” said Mr. Kabir Jurazoda. “Success depends on aligning political relations, regional infrastructure, and technological advancements.”

Keynote presentations were provided by CAREC Institute’s staff. Senior Research Specialist Dr. Ghulam Samad spoke about the role of the Middle Corridor in strengthening connectivity in Eurasia. He presented the findings of the 2022 Corridor Performance Measurement and Monitoring (CPMM) draft report on developments along the TTIR. The CPMM data shows that the Caspian crossings were more costly than overland shipments. In terms of time, Caspian crossings showed that the driving was faster compared to overland for both directions. However, the stops en-route resulted in significant delays due to the shipment waiting in the port for the vessel to arrive or for the shipment to be cleared for the onward journey. Mr. Rovshan Mahmudov, Senior Capacity Building Specialist, presented a SWOT analysis of the development of the Middle Transport Corridor and policy recommendations for national governments, as well as regional and international stakeholders. He noted the importance of investing in hard and soft infrastructure to ensure smoother and more efficient transport connectivity along the corridor, implementing digitalization initiatives at border crossings, harmonizing the national regulations, introducing a robust risk management



Participants of the Sixth CAREC Chai Dialogue.

strategy, and implementing training and education programs to address the issue shortage of skilled labor and create a skilled workforce to effectively operate the corridor.

During the open dialogue, leading economists and transport experts representing various international organizations – Dr. Roman Mogilevskii, Senior Economist at the ADB, Professor Richard Pomfret from the University of Adelaide, Mr. Oleg Samukhin, Senior Transport Specialist at the ADB, Dr. Dina Azhgaliyeva, Senior Research Fellow at the ADBI, Mr. Ayhan Satiji, Head of Turkic World Research Center, Ms. Leila Batyrbekova, Transport Expert from Kazakhstan, and Ms. Tatiana Rey-Bellet, Director on TIR and Transit at the International Road Transport Union – provided feedback on research findings presented by the CAREC Institute and shared their thoughts on the development of the Middle Corridor. The panel discussion was moderated by Dr. Ilhom Abdulloev, Senior Specialist on Research and Knowledge Connectivity at the CAREC Institute. Experts spoke about current issues and trends affecting cargo transportation along the corridor, new initiatives from their organizations that promote the use of the corridor and, therefore, improve connectivity in the CAREC region. All experts noted the importance of trade facilitation initiatives in the areas of digitalization, customs efficiency, use of TIR and CMR, simplification of procedures for receiving transit permits and visas for drivers, and development of soft infrastructure along the corridor. Through regional cooperation, the Middle Corridor can be optimized to realize its full potential as an economic corridor for the shared prosperity of CAREC countries.

CAREC Institute Held the Seventh Chai Dialogue to Discuss Regulatory Frictions in Digital Payments

On December 8, the CAREC Institute, in collaboration with the CAREC Secretariat and the Asian Development Bank, organized the 7th CAREC Chai webinar under the topic of “Regulatory Frictions in Digital Payments: Cross-Border Interoperability.” The webinar aimed to foster discussion on how countries can overcome regulatory frictions for digital payments in the CAREC region.

Mr. Kabir Jurazoda, Director of the CAREC Institute, welcomed the webinar participants and noted that cross-border payments face various challenges which hamper international trade and hence economic growth. While technological advances have made trade easier, they alone cannot fully address the complexities inherent in cross-border payment transactions due to differences in regulatory frameworks across jurisdictions, creating frictions and inconsistencies. Removing these regulatory barriers is an important step toward creating a cross-border payments system. “Through regional collaboration to harmonize regulatory standards and simplify compliance processes, we can create a more streamlined and interconnected payments ecosystem,” said Mr. Kabir Jurazoda.

The keynote presentation was provided by Ms. Leslye Sihuay Diburga, Senior Specialist of Cambridge Suptech Lab at the Cambridge Centre for Alternative Finance University of Cambridge. She noted the four most significant regulatory frictions for bank and non-bank payment service providers: i) data privacy and security regulations; ii) compliance with AML/CFT requirements; iii) differences in regulatory and oversight frameworks; iv) limited

access to payment systems and infrastructure. To address them, she recommends that national governments make improving cross-border payment interoperability as a key policy objective by including enhancing cross-border payments in regulatory mandates, establishing a holistic national interoperability policy, and promoting regulatory impact assessments of cross-border payments.

Regulatory cooperation for cross-border payments can be strengthened through existing international organizations, and by fostering regulatory sandboxes and innovation hubs. To modernize the regulatory frameworks, countries shall adopt a hybrid model combining entity- and activity-based approaches and removing regulatory barriers to accessing domestic payment systems. More importantly, governments should encourage public-private partnerships, noted Ms. Leslye Sihuay Diburga.

During the open dialogue, leading experts representing various international organizations – ADB consultants Mr. George Kvirikashvili, Dr. Khimji Vaghjiani and Ms. Leah Castro, as well as Mr. Peter Lovelock, Head of Fair Tech Policy, Access Partnership Ltd. – provided feedback on regulatory aspects of the cross border digital payments. The panel discussion was moderated by Dr. Ghulam Samad, Senior Research Specialist at the CAREC Institute. Experts proposed to promote the adoption of internationally recognized technical standards to achieve technical interoperability, which can enable significant progress in developing a cross-border payment system that meets the needs of the modern digital economy and trade.



Participants of the Seventh CAREC Chai Dialogue.

CAREC Institute Hosts the Third Water Virtual Policy Dialogue

On December 4, the CAREC Institute held its Third Water Virtual Policy Dialogue on “Water Infrastructure in Central Asia: Promoting Sustainable Financing and Private Capital Participation.” The dialogue brought together leading water sector experts from the CAREC region to discuss issues and policies for long-term sustainable financing of the water sector in Central Asia.

Director of the CAREC Institute Mr. Kabir Jurazoda welcomed the participants and speakers of the dialogue and noted that with the growing demand for water due to high consumption and water intensity agricultural production, governments in Central Asia need innovative strategies to make more productive and efficient use of this vital resource. To support the CAREC governments with knowledge, the CAREC Institute conducts research on water, climate change and agriculture, produces reports and policy briefs with important policy recommendations, and organizes capacity building trainings and policy dialogues. Aspects of sustainable financing of the water infrastructure are one of research areas of the CAREC Institute. In 2023-2024, the CAREC Institute implements research to analyze gaps in financial management of the water sector in Central Asia. The purpose of the study is to analyze the critical financing needs of the water sector, understand the main priorities of water infrastructure and identify the water financing gap for regional and national water infrastructure in Central Asia..

Dr. Iskandar Abdullaev, visiting professor at the Centre for International Development and Environmental Research of Justus Liebig University in Germany and former employee of the CAREC Institute, spoke about the challenges of water sector financing in Central Asian countries based on the recent CAREC Institute report “Water Infrastructure in Central Asia: Promoting Sustainable Financing and Private Capital Participation.” Countries in the CAREC region still face some barriers in the water sector, such as large losses of irrigated agricultural water; risks in the public, state-owned and heavily regulated water sector make foreign direct investment, private financing and other forms of financing unattractive; and the water infrastructure built for the Soviet large collective farms became difficult to manage and largely unsuitable for modern agricultural production. Dr. Abdullaev recommends that the Central Asian governments implement more market-oriented policies which can encourage private companies to invest in water services. Involving private partnerships could bring more technological innovation to the water sector, increasing the efficiency of water resource development and use. Countries need to create an enabling investment environment in the water sector, through improved infrastructure and relevant economic and financial regulations to support private funding to bridge the sector’s financing gap.

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Participants of the Third Water Virtual Policy Dialogue.

During the open dialogue, leading water sector experts in Central Asia – Mr. Shakhboz Akhmedov, Country Manager Uzbekistan of Sungrow Power Supply Ltd., Dr. Caroline Millow, GIZ Green Central Asia Project Lead, Dr. Georg Petersen, Water Resources Expert at HYDROC Germany, Dr. Stanislav Chuyev, Senior analyst at the Eurasian Development Bank, Dr. Bakhrom Gaforzoda, national expert from Tajikistan and Dr. Azizbek Karimov, national expert from Uzbekistan – spoke about various policy measures and global best practices that Central Asian countries can implement in developing water infrastructure and promoting private sector participation in the sector.

Expert recommendations underscore a critical need for improved policy dialogue between scientists and policymakers. Enhancing collaboration between these two sides is vital, ensuring that policymakers actively listen to the insights of scientists, and vice versa. Moreover, there's a call for better coordination not only among Central Asian countries but also with international institutes engaged in water projects within the region.

A key takeaway is the importance of well-coordinated infrastructure projects, coupled with enhanced public awareness about these initiatives. Legislative improvements, including reforms in land ownership policies, emerged as another crucial area for discussion, with an emphasis on public-private partnerships. Incorporating effective anti-corruption

measures around infrastructure projects, promoting transparency, and actively engaging the private sector in water infrastructure projects are essential components of the envisioned path forward.

The collaboration between the public and private sectors is crucial for addressing the complex and evolving challenges in the water sector. It allows for a combination of public resources and private sector efficiency, ultimately contributing to the sustainable development and management of water resources. This partnership ensures that water infrastructure projects are not only well-funded but also effectively and sustainably implemented for the benefit of communities.

The experts recommend the creation of a comprehensive strategy accompanied by detailed tasks to efficiently implement water-related projects. A well-structured strategy, delineating clear tasks and responsibilities, will be instrumental in ensuring the successful and timely execution of water projects in the region. This strategic approach aims to enhance coordination, mitigate potential challenges, and ultimately contribute to the effective and sustainable development of water infrastructure in Central Asia.

All materials and recording of the policy dialogue have been uploaded to the [CAREC Institute's e-learning platform](#) and are accessible to a broad audience across the CAREC region and beyond.

JOB ADVERTISEMENT: Senior Research Specialist on Energy (Extended)

The CAREC Institute invites applications for the position of **the Senior Research Specialist – Energy**, an international staff member in the Research Division and under the guidance of the Chief Economist/Chief of Research Division. Applicants should be nationals of the CAREC member countries and meet the qualifications and requirements stated in [the Terms and Reference \(TOR\)](#).

Applications should be emailed to Ms. Jia Ni (hr@carecinstitute.org, jiani@carecinstitute.org) **by 7:00 p.m. Beijing time, 2 January 2024 (Tuesday)**. The CAREC Institute is an equal opportunity employer, and women are encouraged to apply. Only short-listed candidates will be contacted.

Candidates are required to certify that all information provided on any employment application form, resume, or CV is complete, true, and accurate to the best of their knowledge. Candidates should understand that information may be verified, and any misrepresentation of facts may be considered the cause for dismissal regardless of when it is discovered by the 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.