



CAREC INSTITUTE PROGRESS REPORT 2023

April 2024¹

Reference Document
Senior Officials' Meeting
Central Asia Regional Economic Cooperation
30-31 May 2024

¹ Information as of 31 December 2023

CAREC Institute Progress Report

Submitted to CAREC Senior Officials' Meeting (SOM)

April 2024

1. Governance

- Mid-Term Review (MTR) - With ADB's support, CI has undertaken the Mid-Term Review (MTR) of its Strategy 2021-2025 to assess the progress of the Central Asia Regional Economic Cooperation (CAREC) Institute Strategy 2021-2025 and its Results Framework. Specifically, the MTR examined the relevance of the Strategy; assessed the effectiveness of CI in achieving the outcomes defined in the Strategy and the results framework; reviewed the performance of CI's governance structures, monitoring and evaluation, reporting, and quality assurance mechanisms; identified key issues and constraints that are affecting CI's performance; and provided recommendations to support improved performance of the Institute. The MTR is under the Governing Council's review. After receiving GC's input and feedback, CI will prepare an action plan to implement key recommendations.
- The Governing Council (GC) serves as an apex decision-making body for the CI and provides advice and guidance on core organizational matters such as budget, Rolling Operational Plan (ROP), recruitment, management evaluation, etc. The 14th meeting of the GC was held back-to-back with the Ministerial Conference (MC) in December in Tbilisi, Georgia. After taking over the CAREC Program's chair from Georgia, Kazakhstan presided over the meeting.
- The Advisory Council (AC) acts as a sounding board for the CI for new ideas and perspectives on a score of issues, including enhancing operational efficiency, setting strategic priorities, and improving the quality of knowledge output. The fifth meeting of its Advisory Council was held on October 19 to discuss the current and future directions of research projects, the draft ROP for 2024-2025, and the mid-term review of the implementation of the Institute's Strategy for 2021-2025.
- CI's new Deputy Director Two, Dr. Kuat Akizhanov – a Kazakhstan National – joined CI in December 2023.
- CI's New Office - With solid support from the administration of the Xinjiang Uyghur Autonomous Region (XUAR), Urumqi City, particularly the Xinjiang Finance Department, the CI secured the rent-free relocation of the CI headquarters office to a new commercial location in the Shuimogou District of Urumqi, representing another significant step towards strengthening a vital partnership between CI and its host province. The new office premises are provided per the Host City Memorandum signed with the Xinjiang Uyghur Autonomous Region (XUAR) and Urumqi City administration in November 2020.

2. Financial Management

- CI's financial sustainability is critical to accomplishing its mission and objectives, which are underlined in its IGA and Strategy. The Government of the PRC and ADB remain the main contributors to the CI's activity. CI member countries formed the Financial Sustainability Working Group (FSWG), which discussed different funding options in its first meeting in 2020. The 3rd Meeting of FSWG was organized in June to discuss voluntary contributions from member countries, alternative funding sources, resource mobilization action plan, and the Institute's financial resource management.
- In 2023, the CI successfully managed core funding from the PRC and additional financial and in-kind support from other entities, including IsDB, UNICEF, International Cooperation and

Service Center of Civil Aviation Administration of China (CAAC), Beijing National Accounting Institute (BNAI), ADB-PRC Regional Knowledge Sharing Initiative (RKSI), Xinjiang Government and local commercial banks. ADB's ongoing technical assistance to CI has been extended for 24 more months until September 30, 2025 (the initial expiration date was September 30, 2023).

- The financial contribution from the PRC is at the same level as in 2022, about \$ 4 million, including office rent paid by the Xinjiang Government. In addition to contributions from member countries, Technical Assistance (TA) from the Asian Development Bank (ADB) has been another critical support for CI.
- Ernest & Young (EY) China, CI's external auditor for the 2022 audit, concluded that the financial statements of CI have been drawn up in accordance with International Financial Reporting Standards (IFRS), giving an accurate and fair view of CI's financial state in 2022.

3. CAREC Think Tank Network (CTTN) Activities

CTTN is a network of over 30 leading think tanks in the CAREC region. CI serves as the Secretariat to the CTTN. The network strives to promote regional knowledge sharing and cooperation. Under the CTTN, CI coordinates and organizes the following activities:

- CTTN Blog – an interactive knowledge-sharing platform for CTTN members, was launched during the Seventh Think Tank Development Forum (CTTDF) in 2023 in Urumqi, the PRC. The blog offers an opportunity for CTTN member think tanks to share their country-specific knowledge focusing on CAREC priority clusters with a larger audience. The blog postings are accepted in two languages – English and Russian- to increase their outreach and scope.
- Seventh CAREC Think Tank Development Forum (CTTDF) - The Seventh Think Tank Development Forum focusing on "Embracing Digital Technology for Sustainable Economic Development" was held on 17-18 August in Urumqi, the PRC. TTF is CI's flagship annual event. Starting in 2016, the forum has become an attractive regional gathering of renowned think tanks, government officials, the private sector, development partners, and media to deliberate on pressing regional issues.
- CTTN Research Study - "From Ideas to Impact: Accelerating Climate Solutions through Innovative Development" - is underway, and the first draft papers will be presented at the Eighth Think Tank Development Forum, scheduled for 27-28 August 2024 in Almaty, Kazakhstan. Commissioned in the context of CAREC Climate Change Vision/Action and TTF thematic focus, the grants focus on exploring ideas for sustainable economic growth, regional climate vulnerabilities, climate financing, and regional cooperation to tackle climate challenges.

4. Partnerships

The CI continues to expand its cooperation with regional and local institutions and academia to strengthen its research, capacity-building, and knowledge partnerships. By the end of 2023, the CI has established MoU partnerships with 22 institutions, most recently signing new cooperation agreements with the Eurasian Fund for Stabilization and Development (EFSD), Beijing Technology and Business University (BTBU) and Beijing National Accounting Institute (BNAI), the Center for Analysis of Economic Reforms, Communication (CAERC) of Azerbaijan, the China Export and Import (EXIM) Bank and Eurasian Development Bank (EDB).

5. Progress on Economic Monitoring and Research

CI's workstream on economic monitors focuses on macroeconomic analysis and understanding the region's current and emerging socioeconomic trends. In 2023, the Chief Economist Team (CET) successfully performed the following activities according to its work plan:

- Further established the CI QEM as a well-received knowledge product published quarterly in three languages (Chinese, English, and Russian); contributed QEM key information and messages in pieces/breakdowns in Chinese, English, and Russian to the CI microblog.
- Prepared in 2023 and published in Jan 2024, an Economic Brief on "Navigating Digital Transformation in the CAREC region: An Organizational Approach to E-Government Implementation" and on "Promoting Electric Vehicles (EV) Deployment in the CAREC Region" after 8 in the previous three years, covering economic impacts of the COVID-19 pandemic on the CAREC region, inflation threats, environmental, social, and governance development, green investment, etc.
- Led an ADB TA project titled "Household access to energy in the Fergana Valley—a multidimensional survey-based assessment in three CAREC countries", conducted a related workshop in November 2023, and published the final report in English and Russian in March 2024.
- Participated as speakers in several workshops, conferences, and webinars in 2023, including in person in the Astana International Forum, an UNIDO workshop on industrial policy in Mongolia, an CAERC (Azerbaijan)-organized panel on the Middle Corridor at the XXXII International Economic Forum in Karpacz, Poland, at the Asia-Pacific Forum on Green and Low-Carbon Development, held in Hunan on October 21.

6. CI Research Conference and Annual Research Book

The CI successfully conducted the third research conference, "Prospects for an Inclusive Green Growth and Sustainability in the CAREC Region," on 20-21 September 2023. The third Conference discussed over 11 chapters on three key thematic areas: i) Climate change and sustainability; ii) Energy Transition and Sustainability; iii) Regional Integration, Trade, and Sustainability. The Third Annual Book is preparing to be published by June 2024. The CI's Second Annual Book, "Resilience and Economic Growth in Times of High Uncertainty,"-the outcome of the discussions of the second Research Conference- was published in January 2023

7. Thematic Research Activities

In 2023, the CI aimed to produce seven research studies, organize a research conference, and publish its flagship CAREC Institute Annual Research Book. In 2023, the CI has completed two projects from 2022 and launched five new projects in 2023 per the approved ROP, which are listed in the Table below:

Table 1. List of research projects of CI for 2023

| | Project | Description |
|---|---|---|
| 1 | Comparative Analysis of Trade Facilitation Indicators Using CPMM Data | This study compares trade facilitation indicators, particularly time delays and costs incurred at the Border Crossing Points (BCPs) in the 6 CAREC corridors and 60 BCPs for road transport in the CAREC region. This study also analyzes how COVID-19 impacts the trade facilitation indicators descriptively. |
| 2 | CAREC Region Trade Integration: CAREC FTA (Phase II) | The study explores the trade potential in the CAREC region to enhance trade in goods and services. It will present an overview of trade integration in the CAREC region to highlight the possibility of a formal trade arrangement aligned with CITA 2030. Moreover, it will also explore the readiness of the CAREC FTA to enhance the facilitation of WTO Trade Facilitations Agreements. |

| | | |
|---|--|---|
| 3 | A roadmap for fintech-led regional financial cooperation in the CAREC region | The study develops a concrete roadmap for accelerated progress of fintech in the CAREC region emanating from deeper regional economic and financial cooperation. The roadmap will assess the possible establishment of a regional financial innovation hub to further develop expertise and drive innovation in the regional financial sector. The report is yet to be published by ADB. |
| 4 | Digital CAREC Phase III- Blended Learning through Flipped Classrooms in the CAREC Region Designing a Data-Driven Flipped Classroom Module | The country and region-specific blended learning modules are required to incorporate all the region-specific dynamics while integrating technology into the business-as-usual schools. Against the above backdrop, this study is designed primarily to provide a region-specific blended learning module that aims to improve the quality of education through flipped classrooms. The project started in late 2023 and will be completed by mid-June 2024. |
| 5 | 6. Water sector financial governance gap analysis in Central Asia | The project aims to map the water sector's major water financing needs and identify potential financing schemes for Central Asia (mostly focusing on major water infrastructure). The project will use the results of the CAREC Institute's previous research on water sector financing and additional information from other similar projects, activities, and research to assess financing requirements of the water sector with or without climate change. |
| 6 | Climate inaction across the water-agriculture-energy nexus and potential benefits of improved intersectoral and regional cooperation project | The project seeks to identify what damage can cause the accelerated climate change for the water, agriculture, and energy sectors of the five Central Asian countries and to investigate the potential benefits of a water-energy-agriculture nexus approach. It intends to contribute to the future directions of the CAREC program's climate scoping study, the water pillar, and energy strategy. Both reports and policy briefs were published on the CI website in April 2024. |
| 7 | Civil aviation in CAREC countries, phase 2-3 | Research for the restoration and development of air transport between China and five selected CAREC member countries: Kazakhstan, Uzbekistan, Turkmenistan, Tajikistan, and the Kyrgyz Republic. The report was published in Chinese. |

In addition to the above activities and publications, the Research Division has successfully completed, in partnership with UNESCAP, the Digital and Trade Facilitation Survey for selected CAREC countries and published a report. Also, RD has successfully published a joint journal publication, "ASIA-PACIFIC SUSTAINABLE DEVELOPMENT JOURNAL Vol. 30, No. 2, November 2023 " with UNESCAP. ADB much appreciated this extra layer to CI's publications. In 2023, the Visiting Fellows Program was successfully completed, culminating in working papers, policy briefs, and DevAsia ADB summaries. To work closely with the World Economic Forum, RD contributed to a paper, overcoming regulatory frictions in cross-border digital payments. Published two policy briefs about Trade Facilitation in the CAREC Regions and Central Inspections for Low-Carbon Chinese Cities: Policy Intervention and Mechanism Analysis.

8. Progress on Capacity Building activities

The CAREC Institute has reorganized its capacity building (CB) approach, offering a more structured and comprehensive set of programs to target participants from CAREC member countries. This aligns with the Institute's Rolling Operational Plan, which establishes a minimum annual target of 12 core CB programs. Each core program is designed to be in-depth, consisting of a series of extended activities. For instance, the country-specific workshops on Road Asset Management for Kyrgyzstan and Tajikistan exemplified this approach. Delivered over two weeks, these workshops included multiple sessions and site visits, providing participants with a hands-on learning experience that complemented theoretical knowledge. Similarly, the Institute facilitated thematic policy dialogues on pressing issues like digital trade, sustainable water governance, and climate change mitigation. Additionally, the CAREC Chai Series addressed critical regional challenges by fostering knowledge exchange and collaboration.

In 2023, the CAREC Institute significantly expanded its CB efforts, delivering a total of 21 workshops. The CI employed a mix of virtual and in-person options to diversify delivery formats. Sixty percent of activities were conducted entirely virtually, offering wider accessibility and cost-efficiency. The remaining activities were delivered in a hybrid format, blending virtual and in-person components within member countries to facilitate deeper engagement and networking opportunities. Nearly 19% of activities were executed through cascade training, empowering participants to become trainers and further extending the CB programs' reach. Furthermore, the CI prioritized research-based activities, with over 65% of events in 2023 directly linked to the CI's research projects. This ensured that participants received knowledge grounded in sound research and analysis, strengthening the relevance and effectiveness of the CB programs.

The CI's CB programs in 2023 addressed a critical range of thematic areas for regional development. These included trade and trade facilitation (15%), transport and connectivity (23%), climate change, energy, and water management (38%), economic and financial stability (14%), and digital CAREC (10%) (Figure 1). These programs attracted over 1,500 participants from member countries and stakeholders. Overall evaluations of hybrid events from participants were positive, reflecting the value and effectiveness of the programs.

Thematic areas of CB programs

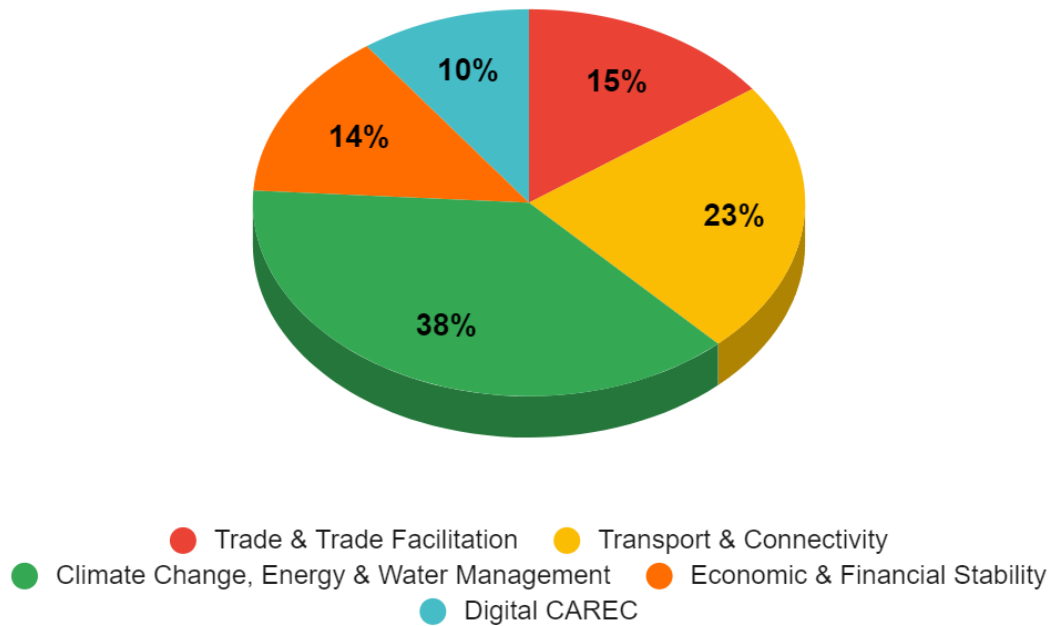


Figure 1: Thematic areas of CB programs in 2023

Collaboration with national, regional, and international partners remains central to the CI's CB strategy, aligning with its goal of being the CAREC region's knowledge broker. In 2023, the CI collaborated with various implementing partners and consultants to enhance the quality of workshops and webinars. Additionally, it strategically increased the CI's technical role in areas where it possesses in-house expertise, fostering a more collaborative and knowledge-sharing environment.

By leveraging a combination of physical and virtual capabilities, the CI has significantly expanded its knowledge support through its e-learning platform, which has become a cornerstone of the CI's CB strategy. Since June 2020, all delivered CB activities have been recorded and uploaded to the e-learning platform, providing an extensive library of resources. Notably, other partners, including ADB and ADBI, also utilize the platform. Throughout 2023, the platform witnessed impressive content and user engagement growth, with 64 digital learning modules (DLMs) uploaded, including 159 videos, presentations, online courses, and other relevant materials. Fifteen DLMs were produced in both English and Russian. This expansion reflects the CI's commitment to providing accessible, up-to-date knowledge resources. The platform's popularity is evident in the surge of visitors (35,128) and visits (197,059) recorded in 2023 (Figure 2). While these figures indicate a positive trend, the CI acknowledges the need for further development in collecting data on user demographics and platform usage patterns. This will allow for a more comprehensive understanding of user needs and facilitate targeted content creation.

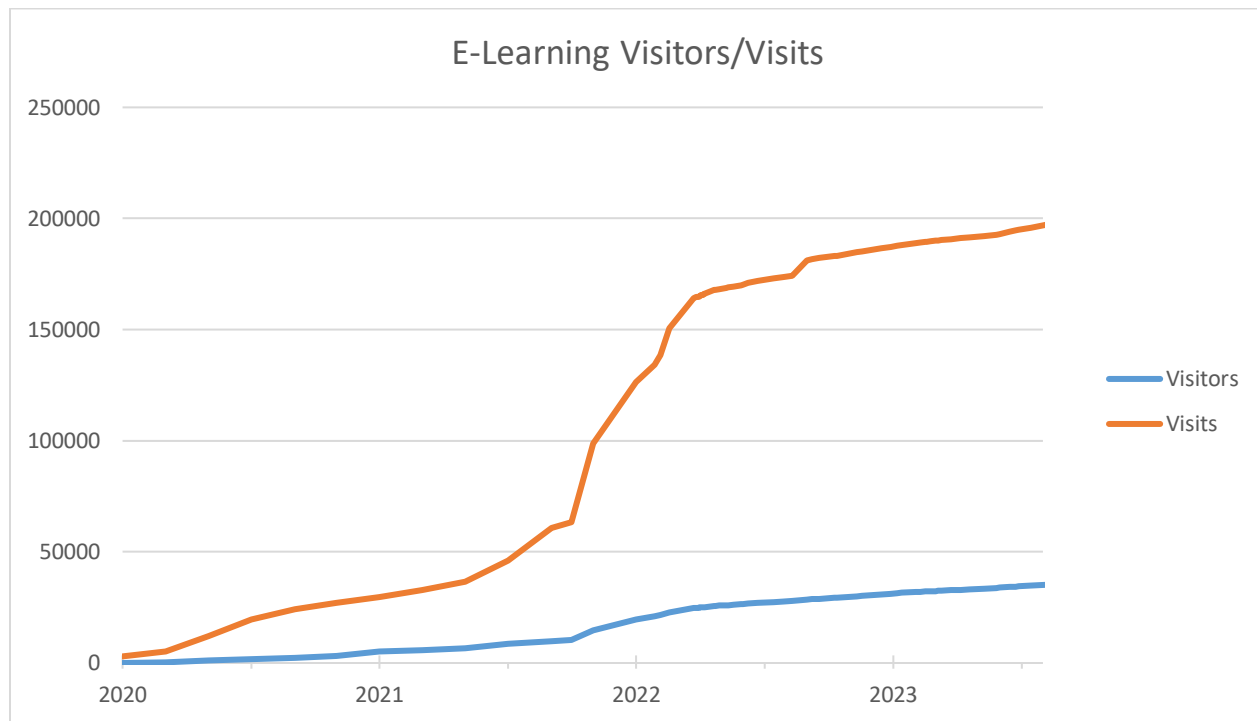


Figure 2. CAREC Institute E-Platform Statistics 2020-2023

In conclusion, the CI has significantly increased both the quantity and quality of its CB efforts, offering a greater volume of high-quality programs that effectively serve a wider range of stakeholders. More importantly, the Institute's CB services are impactful and accessible, ensuring active engagement from the target audience throughout the full cycle of the capacity development process. Additionally, all activities are interconnected, fostering knowledge transfer and avoiding isolated, one-off events. Looking ahead to the post-pandemic era, the Institute is well-positioned to intensify its CB efforts through a hybrid approach. This will involve sustaining virtual activities while gradually reintroducing in-person elements through blended formats, offering face-to-face and virtual participation.

9. Progress on Knowledge Management activities

The KM team continues to promote CI's role as a knowledge hub in 2023 by customizing its knowledge products based on the stakeholder analysis, expanding its dissemination channels, improving the quality of KM products, providing support to the Publication Board of the CAREC Institute, and synchronizing with research and capacity-building activities.

Key Knowledge Products. E-Newsletter - The CAREC Institute's newsletter is an important instrument in providing information and knowledge to the public. The newsletter required improvement as it did not have a unique and distinguishable design, provision of "inside stories" and highlights of "quotations" from presentations and speeches, research digests, etc. The KM team has continuously tried to improve this product's quality and content. From April 2022, the CI newsletter has adopted a new contemporary design with dynamic colors. From May 2022, the CI Newsletter started to have a section dedicated to research digests of articles published by CI and became available in English, Chinese, and Russian in a single design. All newsletters were issued on time and shared with subscribers. A total of 55 newsletters were produced and disseminated from May 2019 to December 2023. It currently reaches more than 3100 stakeholders monthly. The KMD team conducted the Newsletter Satisfaction Survey among its readers to further improve its structure and content: 48% percent of survey participants rated the new design of the newsletter as excellent, 39% rated it as good, and 93% were satisfied with the regularly receiving newsletter.

Knowledge Outreach and Advocacy. KM team continues to promote CI's knowledge products through the website, social media platforms, the Development Asia platform, and the email network in a timely manner. Considering the language demands of member countries and reaching a wider audience, some knowledge products have been produced in multiple languages.

The Development Asia partnership continued with five more additions as of December 2023 on the Development Asia platform, amounting to 25 knowledge adaptations. KMD team continues to operate the social media platforms, disseminate CI's knowledge of products, events, and news on the social media platforms, and interact with the followers. KMD team continues to operate the social media platforms, disseminate CI's knowledge of products, events, and news on the social media platforms, and interact with the followers. As of December 24, 2023, with 2,739 followers, CI has made a total of 6685 posts on the LinkedIn account, with 342,500 impressions. Besides these, with 33,025 followers, CI has made 562 posts and gained over 1,210,900 impressions and reading times on its Weibo account. Moreover, there are 580 posts made in total, and it gained 1850 followers on its WeChat account. In 2023, the KMD team started to design polls and quizzes for CI's research reports on LinkedIn. The first poll about the Digital FDI report was of good engagement with our audience.

Inter-Division Cooperation. The KMD team has adopted a proactive approach to work more closely with other divisions. Maintaining and Updating Stakeholder List - The KM team has started to build up CI's stakeholder list since its functioning in 2019. However, the list was not categorized and updated with the latest changes. Therefore, the KMD team has made efforts to update the list by working with other divisions. In this way, KM will continue to expand CI's external distribution list and better disseminate CI's knowledge products and events to our target audience. In-House Design - The KM team has continuously improved the in-house design capacity. The team has completed ten covers, 23 flyers, and ten covers for various publications and provided designs, PowerPoint templates, greeting cards, and quoted cards for various activities since the last Senior Official's Meeting. Besides this, the KMD team started to produce the infographic for CI's research reports, with the first infographic for the Digital FDI report now available on the website. The infographic has attracted much interest from the LinkedIn audience.

Wider Dissemination of Key Activities - The KM team has worked closely with other divisions to disseminate announcements about CI's workshops, events, seminars, and job vacancies. The announcements were disseminated through multi-platforms and reposted by partner organizations, and the reminder emails were distributed through the email network. The 7th CTTDF received extensive media coverage with 52 reports and attracted a readership of 2.5 million people. Additionally, the 3rd Research Conference also garnered substantial attention, with 32 media reports and 1.5 million readers. This signifies a significant level of interest and engagement with the Institute's activities.

KMD team had produced promotion videos for the Research Conference and videos for the CAREC Think Tank Development Forum on a cost-effective basis. And the team had engaged with media coordinators to increase media coverage of this flagship event of CI. As a result, this event has been widely covered by well-recognized media outlets in the PRC, Central Asian countries, and Pakistan. Furthermore, the team has successfully produced the CAREC Insights video series, which delves into diverse topics concerning digital technology's influence on economic progress in the CAREC region. These videos present insightful interviews with experts, exploring a spectrum of digitalization aspects, including triumphant e-commerce narratives, the evolution of digital trade, fintech advancements, digital infrastructure enhancement, and the pivotal role of think tanks in fostering policy research and disseminating knowledge. This comprehensive video series not only elucidates the multifaceted impacts of digitalization but also serves as a valuable resource for policymakers, entrepreneurs, and researchers seeking to navigate the digital landscape in the CAREC region.

The demand for knowledge products and services from CAREC member countries is growing. The KMD team will open a social media platform, which is popular in the CAREC region, to disseminate CI's knowledge products and services to a broader audience in 2024. KMD has produced CI's "Major Publication" booklet, which contains the latest research reports, policy and economic briefs, periodicals, and other papers produced by the CAREC Institute. The institutional booklet was updated with contemporary design and new information for use in CI's external communication with international and national stakeholders. KMD produced CI's Factsheet for 2022 and infographics for divisions, containing essential information about the CAREC Institute and its activities.

Publication Board – KMD provides support to the CI Publication Board to ensure the quality of new publications. To ensure timely review of papers by the Publication Board, the KMD updated the CI Publication Policy and developed the Anti-Plagiarism Policy. Publication Board members review all new publications, and decisions are timely documented using the board minutes and decision memos. KMD ensures that the final versions of reviewed papers incorporate suggestions of the Publication Board before proceeding with editing and reformatting of papers for publication.

Project activities:

Partnership on WASH- KMD continued work with external partners on WASH.CI signed the inter-governmental agreement with the UNICEF regional office on a new WASH project in April 2023. In partnership with UNICEF and ADB, CI will establish a virtual CAREC WASH center to raise awareness, strengthen capacity, and promote knowledge sharing, technological innovation, and best practices among CAREC countries.

CPMM – The KM team continues active engagement in CPMM advocacy by producing CPMM briefs and related PR activities. The KMD team presented a note with recommendations for improving CPMM briefs to the joint CI-ADB CPMM team. As a result, ten newly designed and structured CPMM briefs, accessible in English, Russian, or Chinese languages, depending on countries' preferences, were developed and distributed among key stakeholders. These briefs have received valuable comments and feedback from the key stakeholders and will further enrich the content and ensure its relevance to the needs of stakeholders involved in CAREC's economic cooperation initiatives.

ANNEXES

Annex 1 – Research work under the CTTN Grants Program

| No | Title | Status |
|----|--|------------------------|
| 1 | Scope of Digital Trade Integration for Pakistan and Central Asian States: An Action Plan | In Publication process |
| 2 | Digitalization of Infrastructure and Decarbonization in Central Asia: Opportunities and Challenges | In Publication process |
| 3 | The Role of Special Economic Zones in the Digital Transformation of Central Asia | In Publication process |

Annex 2 - Staff Papers in 2022-2023

| No | Author & Title of the Paper | Status |
|----|---|-----------|
| 1 | Ghulam Samad. Tariff differential subsidy (TDS) effects and welfare gains in Pakistan | Published |
| 2 | Ghulam Samad. Advancement of Science and Technology: Future Prospect of Blue Economy | Published |
| 3 | Ghulam Samad. Public Sector Enterprises (PSEs) in Post-Privatization: Evidence from Pakistan | Published |
| 4 | Ghulam Samad. Geographical Proximity and Trade Impacts in the Central Asia Regional Economic Cooperation Program Region | Published |
| 5 | Hans Holzhaecker. Disruption, Catching up, and Gravity in the CAREC region | Published |
| 6 | Asif Razzag. Do climate technologies and recycling asymmetrically mitigate consumption-based carbon emissions in the United States? New insights from Quantile ARDL | Published |
| 7 | Asif Razzag. Digital finance and green growth in China: Appraising inclusive digital finance using web crawler technology and big data | Published |
| 8 | Asif Razzag. Central inspections of environmental protection and transition for low-carbon Chinese cities: policy intervention and mechanism analysis | Published |
| 9 | Asif Razaq. Fiscal pressure and carbon intensity: A quasi-natural experiment based on education authority reform | Published |